

2023

**SUPERALLOY
INDUSTRIAL**

Sustainability Report



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About This Report

Welcome to the third Sustainability Report issued by SuperAlloy Industrial Co., Ltd. (hereinafter referred to as SAI). This report comprehensively covers SAI's sustainable business strategies in environmental sustainability, social engagement, and corporate governance (ESG). We aim to provide our stakeholders with a deeper understanding of our efforts and achievements in practicing sustainable development. We will continue to issue this report on an annual basis.

Scope of This Report

Guidelines	<ul style="list-style-type: none"> • Global Reporting Initiative (GRI) – GRI Standards 2021 • Sustainability Accounting Standards Board (SASB) – Auto Parts • Task Force on Climate-related Financial Disclosures (TCFD) • United Nations Sustainable Development Goals (SDGs) • Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
Reporting Period	This report covers the year 2023 (from January 1, 2023, to December 31, 2023).
Scope of Disclosure	<p>This report focuses on the operations of SuperAlloy Industrial in Taiwan and does not include the German subsidiary. Financial information is provided within the scope of consolidated financial statements.</p> <p>Headquarters Address: No. 80, Sec. 3, Yunke Road, Douliu City, Yunlin County</p> <p>Factory Address: Yunlin Factory 1: No. 80 and No. 82, Sec. 3, Yunke Road, Douliu City, Yunlin County</p> <p>Yunlin Factory 2: No. 39 and No. 41, Sec. 3, Yunke Road, and No. 6, Kejia 3rd Road, Douliu City, Yunlin County</p> <p>Pingtung Factory: No. 323 and No. 325, Daxi Road, Pingtung City</p>
Restated Information	<p>Greenhouse Gas Inventory Data: The 2022 data were previously self-estimated in the last report. This report provides verified and revised data.</p> <p>Occupational Injury Statistics: Updated 2021 and 2022 data to align with government reported figures.</p>
Data Measurement	The data disclosed in this report are derived from internal statistics and survey results, presented using internationally accepted indicators and units. Financial and operational performance data are extracted from the annual report, prepared in accordance with International Financial Reporting Standards (IFRS), and are denominated in New Taiwan Dollars (NTD). Verification is conducted by PwC Taiwan. For more details, please refer to the financial statements.
Assurance Statement	We have commissioned TÜV NORD Taiwan to conduct verification and obtain an assurance statement. This report adopts the AA1000AS v3 Type 1 moderate assurance standard, referencing the GRI Standards 2021 and SASB Standards. TÜV NORD and SAI are independent entities. Apart from evaluating and verifying SAI's Sustainability Report, there are no financial relationships between TÜV NORD and SAI.

Report Management

The information and data in this report are provided by respective departments. Integrity and accuracy are preliminarily reviewed by department heads, and further validated, content planned, and editorial revisions are coordinated by the Sustainable Development Promotion Team.

The final compilation of the Sustainability Report undergoes assurance by external third-party organizations to ensure confidence. It is then submitted for review by the Sustainable Development Committee under the Board of Directors. Upon approval by the Chairman of the Committee, the final draft is prepared for public disclosure.

Contact Information

If you have any questions, feedback, or suggestions regarding this report, we welcome you to contact us through the following channels:

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Publication Dates

Last issue date: June 2023
 Current issue date: June 2024
 Next issue date: August 2025

Message from Management

Greetings to our long-term supporters and friends of SuperAlloy Industrial's sustainable development:

Despite continuing challenges in 2023, including global economic fluctuations, inflation, and geopolitical issues, the gradual normalization of shipping costs and the smoothing of supply chains have contributed to a rebound in global passenger car sales. Notably, the luxury car market has maintained steady demand regardless of economic conditions, driving consistent growth. This positive trend has significantly boosted the utilization rates of SAI's Yunlin and new Pingtung factories. As a result, our consolidated annual revenue for 2023 reached NT\$7.779 billion, representing a year-over-year growth rate of 21.52%, a historic high. We extend our gratitude for your support and the dedicated efforts of all our employees.

Since the establishment of the "Sustainable Development Committee" in 2022, we have consistently embedded the principles of ESG into our policy decisions. In 2023, we further established a comprehensive implementation framework, defining four major pillars and commitments as the blueprint for SAI's sustainable development. These pillars are: advancing towards net-zero emissions, co-creating a sustainable supply chain, building a happy enterprise, and promoting shared prosperity. Each pillar is accompanied by clear strategic goals and action plans, aiming to enhance SAI's contribution to sustainability and its value. In terms of corporate governance, the newly elected Board of Directors in 2023 includes two female directors, with independent directors making up 40% of the board. This not only demonstrates SAI's commitment to diversity in governance but also includes the appointment of Professor LIOU Wan-Yu, who has a professional ESG background, as an independent director, significantly bolstering SAI's ESG sustainability competitiveness.

Looking ahead, SAI is confident in its overall operational growth and has applied for listing on the stock exchange at the end of 2023. We anticipate that listing will further enhance our corporate image and value, attract and retain top technical talent, and diversify our capital market fundraising options. The entire SAI management team will continue to strive towards our mission of providing customized low-carbon wheel solutions and leading the green transformation of the automotive supply chain. Together with all our employees, customers, and suppliers, we will build a green supply chain, achieve green growth, and promote shared prosperity for all!

Chairman of the Board of SAI

黃聰榮



Sustainability Performance Highlights

Environmental



31.6%

Percentage of recycled aluminum used
in raw materials

2.01 million kWh

Total electricity saved by four major
energy-saving programs

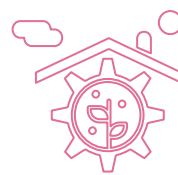
1.3486 million kWh

Renewable energy generation

16.4% Reduction

in carbon emission intensity compared
to the previous year

Social



Cost reduction of NT\$
5,959.54 million from
quality improvement initiatives

38,300 Hours

of total employee training

16,036 Participants

in occupational safety training

20.25%

Female leadership ratio

Economic/ Governance



21.52% Growth

in revenue to NT\$7.779 billion compared
to the previous year

ISO 27001

Information Security Management
System Certification achieved

**Aluminum Stewardship
Initiative (ASI)**

Performance Standard Certification
achieved

40%

Independent directors ratio

Note: The solar power generation site was completed in March 2023; therefore, the generation data is from March 30 to December 31, 2023.

[Advancing Towards Net-Zero Emissions] Aluminum Waste Circular Economy Reduces Carbon Emissions by Over 95%, Accelerating Sustainable Industry Transformation

The process of refining bauxite into primary aluminum is highly energy-intensive and results in significant carbon emissions, while bauxite mining causes ecological damage. In response to the 2050 net-zero carbon target, low-carbon products have become a focal point for major automakers. SAI recycles aluminum alloy scrap generated during the production process, remelting it into 100% recycled aluminum. This recycled aluminum is then forged into wheels for premium car manufacturers. Compared to traditional primary aluminum, this process reduces carbon emissions by over 95%. This achievement has been certified and mass-produced by renowned automakers such as CHRYSLER, Porsche, and BMW. Additionally, in 2022, SAI received the prestigious National Brand Yushan Award for "Best Product".

Recycling Aluminum Blocks/Chips: Reducing Emissions by 360,000 metric tons annually

Aluminum alloy is the primary raw material for SAI products, with approximately 70% of the aluminum alloy used in forged wheels consisting of scrap material. To enhance material recycling rates, we recycle waste aluminum alloy generated during the production process, such as aluminum blocks and chips. Using highly automated HERTWICH melting equipment, we produce SAI RESAICAL® Aluminum, which is 100% recycled aluminum. This process reduces carbon emissions by over 95% compared to primary aluminum. Annually, we can recycle approximately 40,000 metric tons of aluminum, which reduces carbon emissions by about 360,000 metric tons. (Note: Each ton of recycled aluminum reduces the environmental impact of bauxite mining by 6 metric tons and reduces carbon dioxide emissions by 9 metric tons.)

Certified by ASI and National Brand Yushan Award, Preferred by Major Automakers like BMW and Porsche

The SAI RESAICAL® Aluminum 100% recycled aluminum wheels significantly reduce carbon emissions while maintaining the same quality and safety as primary aluminum wheels. Consequently, in 2023, we received the ASI (Aluminium Stewardship Initiative) Performance Standard V3 certification. Our recycled aluminum wheels have also been certified by six internationally renowned automakers, including Porsche, BMW, LEXUS, CHRYSLER, Jaguar Land Rover, and Toyota. In 2022, we stood out among over 500 outstanding enterprises to win the National Brand Yushan Award for "Best Product" and "Outstanding Enterprise." In April 2023, we were honored with a presidential commendation.

Aiming for a Low-Carbon Future: Striving to Achieve 50% Recycled Aluminum Usage by 2025

In 2023, SAI used a total of 11,658.72 metric tons of recycled aluminum, accounting for 31.6% of our total aluminum consumption. Looking forward, we will continue accelerating our industry's progress towards net-zero emissions. Our targets are to reach a 40% usage rate of recycled aluminum by 2024, 50% by 2025, 60% by 2026, and 65% by 2030. By maintaining a stable usage of recycled aluminum as our primary aluminum alloy material, we aim to become the best partner for our customers and supply chain in achieving net-zero and carbon neutrality!



Personally Commended by President Tsai Ing-wen at the Presidential Office in April 2023

[Creating a Sustainable Supply Chain] Four Strategies to Enhance Sustainability Risk Management

To implement sustainable supply chain risk management and drive the entire supply chain towards a low-carbon future, SAI has launched a co-creation sustainable supply chain initiative with two main pillars: "Promoting a Low-Carbon Supply Chain" and "Enhancing Sustainable Risk Management." This initiative is supported by four key strategies, including planning an "Large Enterprises Leading Small Enterprises" intelligent program for key suppliers to establish smart energy management modules, prioritizing the procurement of local suppliers to reduce raw material carbon footprint, conducting carbon footprint assessments of suppliers to enhance supply chain transparency and lay the foundation for future Scope 3 emission reductions, and establishing the "Safety and Health Family" to assist local small and medium-sized enterprise (SME) suppliers in improving workplace safety conditions and strengthening supply chain resilience.

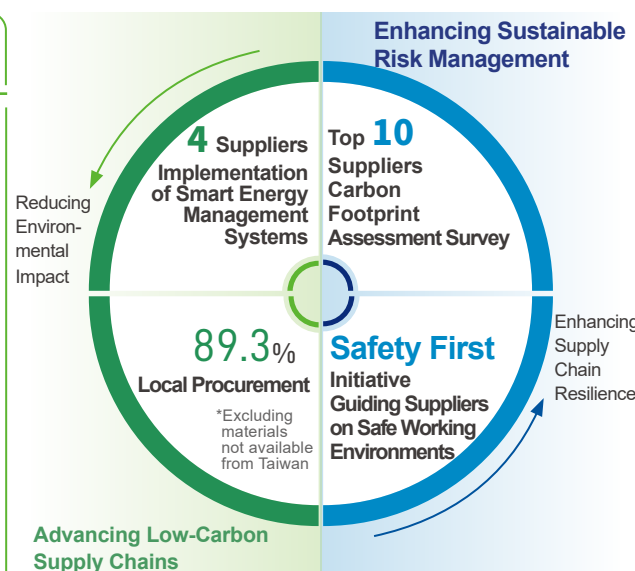
Driving Low-Carbon Supply Chains to Reduce Environmental Impact

"Large Enterprises Leading Small Enterprises" Smart Initiative: Implementing Energy Management with 4 Key Suppliers

In response to the lack of experience and relevant personnel among suppliers in smart applications, SAI will promote the "Large Enterprises Leading Small Enterprises Smart Initiative" from 2023 to 2025. This initiative will assist 4 suppliers in implementing the "Supplier Intelligent Energy Management Platform." The platform will monitor and regulate data at 5 key power monitoring points for each supplier, and will provide IoT-enabled smart meters and other devices to help suppliers achieve intelligent management of electricity, water, and gas consumption. Additionally, the system is capable of integrating with other systems to support smart management needs, further enhancing energy use efficiency.

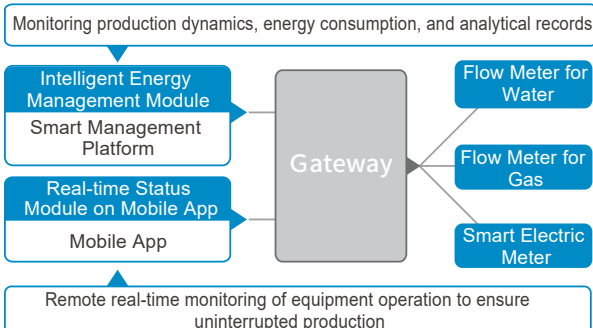
Adopting a Highly Localized Procurement Strategy to Reduce Transportation Carbon Footprint

In procurement strategy, apart from aluminum ingots that need to be sourced internationally due to unavailability in Taiwan, priority is given to local suppliers. As of 2023, Taiwanese suppliers accounted for 94.81% of the total. Excluding procurement amounts for materials unavailable in Taiwan, local procurement in 2023 accounted for 89.29% of total procurement. The goal for 2026 is to achieve $\geq 90\%$ local procurement, continuing to reduce the carbon footprint of raw materials.



Advancing Low-Carbon Supply Chains

Supplier Intelligent Energy Management Platform of the "Large Enterprises Leading Small Enterprises" Program



Enhancing Sustainability Risk Management to Strengthen Supply Chain Resilience

Survey of Carbon Footprint Assessments Among Top 100 Key Suppliers to Drive Implementation of Carbon Footprint Assessments

To monitor the implementation of supplier carbon footprint assessments, which will serve as the basis for effectively reducing Scope 3 emissions, SAI plans to progressively conduct carbon footprint assessments and periodic surveys on the top 100 suppliers. Carbon footprint assessments will be integrated into the evaluation criteria for key suppliers, incentivizing them to conduct greenhouse gas assessments. As of 2023, assessments have been conducted on the top 10 suppliers, with one having achieved greenhouse gas assessment certification.

Future Goals

By 2024, complete carbon footprint assessment surveys for the top 100 suppliers.

By 2026, conduct carbon footprint assessments for at least 5 out of the top 20 suppliers.

By 2030, conduct carbon footprint assessments for at least 6 out of the top 20 suppliers.

"Safety and Health Family" Leading Local SMEs to Establish Safe Workplaces

SAI has established the Safety and Health Family, with local core enterprises taking the lead role. Leveraging their extensive occupational health and safety experience, they collaborate to assist subcontractors and supply chains, including Shin Yun Natural Gas Co., Ltd. and Gin Wang Forklift Truck Co., Ltd., among 24 other SMEs, in improving their work environments. This initiative fosters a familial bond and mutual learning through observation, creating a collaborative model where public entities, SAI, and subcontractors and suppliers work together to fully integrate labor health and environmental responsibility practices, thereby cultivating a competitive and successful mutual assistance model.

[Fostering a Happy Enterprise] SAI Family Day X International Day of Persons with Disabilities, Shaping a Diverse and Inclusive Culture

SAI upholds the principles of SDG 10, advocating for the elimination of all forms of discrimination and ensuring equal opportunities. Embracing the spirit of the Convention on the Rights of Persons with Disabilities (CRPD), in 2023, SAI collaborated with Yunlin County Government and the Yunlin Spinal Cord Injury Association to commemorate the "International Day of Persons with Disabilities." This event was integrated with SAI's Family Day activities, focusing on integrating the rights and welfare of persons with disabilities to enhance awareness of sustainability and inclusive diversity among colleagues.

Diverse Participation in an Inclusive Workplace: Sustaining a Happy Enterprise

Diverse Participation



SAI
巧新科技

雲林縣政府
YUNLIN COUNTY GOVERNMENT



By integrating the rights and well-being of persons with disabilities as the theme of the event, SAI aims to embed sustainability and social responsibility education into participants' lives. Serving as a catalyst, SAI leverages its corporate influence by supporting products crafted with care by disabled friends and sheltered workshops, alongside employees. Through this initiative, which involves over a thousand employees and their families, SAI seeks to attract broader community attention and amplify the impact of the event. This commitment exemplifies practical support for "diverse participation" and embodies "leadership in happiness."

Promotion of Arts and Culture



The Paper Windmill Theatre was invited to perform "Sweet Potato Forest Adventure," using its engaging storyline to convey environmental sustainability issues to both children and adults, attracting an audience of up to 3,000 people. County Magistrate Chang Li-Shan expressed gratitude to the SAI Fu-De Social Welfare and Charity Foundation for sponsoring this performance by the Paper Windmill Theatre, providing Yunlin residents with more opportunities to experience cultural and artistic performances. This event offered a holiday parent-child art feast and collectively promoted children's art education.

Education through Entertainment







By integrating the concepts of social diversity and equality with sustainable resource practices throughout the event activities, "Sustainability Relay" incorporates the 8 principles of the Convention on the Rights of Persons with Disabilities (CRPD) to promote public awareness of diversity. Additionally, the event blends the United Nations Sustainable Development Goals (SDGs) into the "Flip Our World" activity, inviting participants to engage in educational entertainment. This approach educates the public while raising awareness and encouraging greater attention to these important issues.

[Promoting Mutual Prosperity] Mobilizing Hundreds of Employee Volunteers to Create a Social Impact Reaching Nearly 10,000 People

SAI, committed to the mission of "sustainable operation and social care," has long invested in cultural care, arts and recreation, and educational initiatives through the Yunlin SAI Fu-De Social Welfare and Charity Foundation. Guided by the philosophy of "creating infinity, dreams never extinguish," the Company actualizes the "Three Hearts" of Yunlin, connecting more acts of "goodwill" through practical actions, spreading heartfelt "love" locally, and embodying Taiwan's "warmhearted" spirit of charity. From 2023 to February 2024, SAI has implemented 9 initiatives promoting mutual prosperity, creating a social impact that reached 9,700 individuals.

Employee Volunteer Service Learning: 110 Participants, with the Addition of "3 Days Paid Volunteer Leave" in 2024

To amplify its social impact on the local community and its employees, SAI mobilized its workforce to engage in service learning, with 110 employee volunteers participating, personally delivering warmth to every corner of society in need. Additionally, to encourage each employee to contribute their talents and voluntarily participate in social welfare activities, the Company will introduce "3 Days Paid Volunteer Leave" into its HR policy in 2024. This initiative aims to foster personal growth, enhance individual skills and experiences, and support various groups in need, promoting mutual prosperity and well-being in society.

Creating Infinity, Enduring Dreams	Mission	Sustainable Development Goals (SDGs)	Approach	Implementation Projects	Implementation Results	
	Sustainable Operations and Social Responsibility as Our Mission		Community Care	<ul style="list-style-type: none">• Warmth delivery to elderly living alone• Support for persons with disabilities• Assistance for underprivileged families	<ul style="list-style-type: none">• 5 projects• 84 employee volunteers• Support for 3,509 people in need	<div>9 Cases Social Impact Projects</div> <div>110 Individuals Employee Volunteer Engagements</div> <div>9,700 Individuals Impacted by Social Initiatives</div>
			Education Rooted Initiatives	<ul style="list-style-type: none">• Organizing corporate visits• Supporting vulnerable children	<ul style="list-style-type: none">• 2 projects• 16 employee volunteers• Benefitting 1,851 students	
			Arts and Culture	<ul style="list-style-type: none">• Supporting theater performances• Co-organizing charity concerts	<ul style="list-style-type: none">• 2 projects• 10 employee volunteers• Event impacting 4,340 participants	
						

An aerial photograph of a two-lane road winding through a dense, lush green forest. A white car is driving on the road. Overlaid on the image are several digital elements: a large blue circle with a white outline, a smaller blue circle inside it, and a white number '1' in the center. The text 'CH' is positioned to the left of the '1'. The title 'Forging a Sustainable Future' is written in white at the bottom left. In the bottom right corner, there is a list of three items: '1-1 Sustainable Development Blueprint', '1-2 Sustainability Governance', and '1-3 Materiality and Stakeholders'.

CH 1

Forging a Sustainable Future

1-1 Sustainable Development Blueprint

1-2 Sustainability Governance

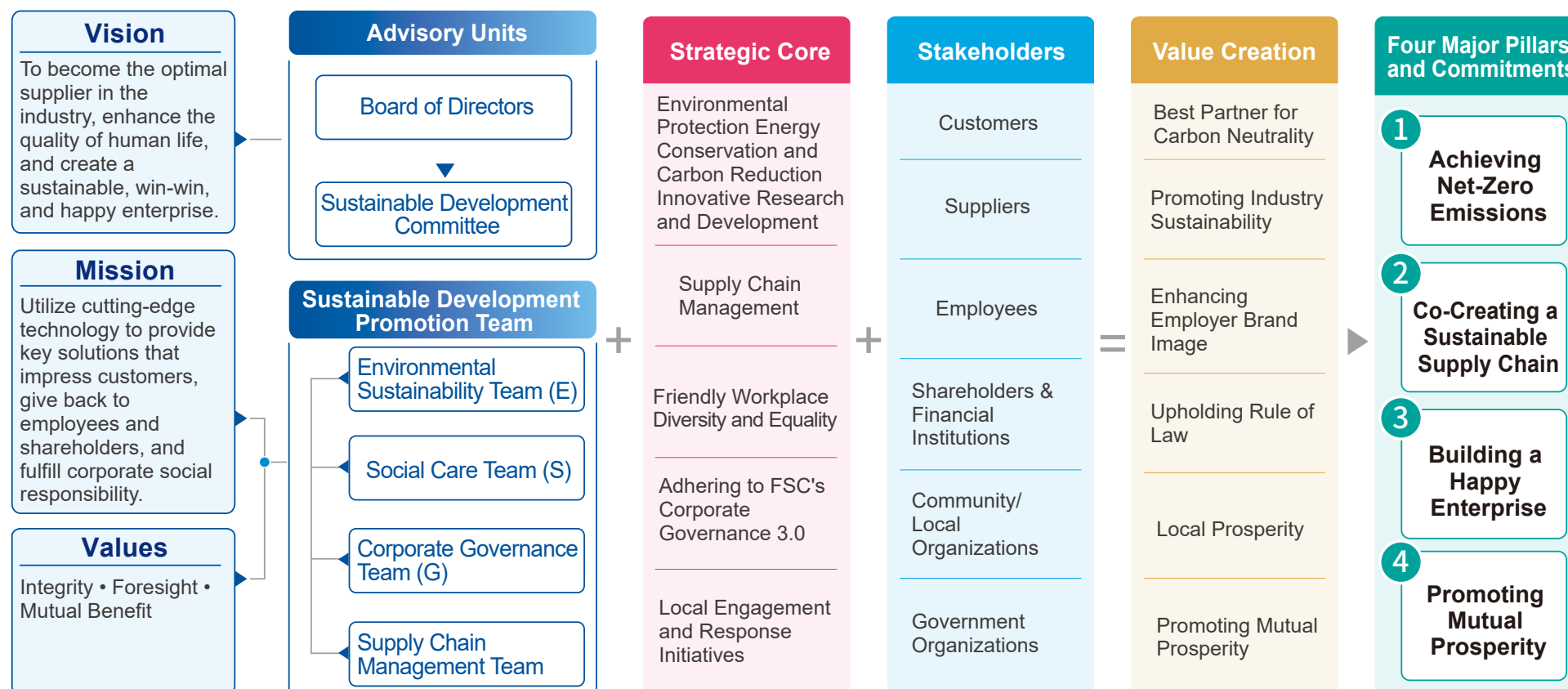
1-3 Materiality and Stakeholders

1.1 Sustainable Development Blueprint





Core Strategies for Sustainable Development







SAI envisions creating a sustainable, win-win, and happy enterprise. Utilizing its core business competencies and advanced technology to fulfill its sustainability mission, the Company upholds values of integrity, foresight, and mutual benefit. By referencing the United Nations Sustainable Development Goals (SDGs), SAI has established four major sustainability pillars and commitments: "Achieving Net-Zero Emissions," "Co-Creating a Sustainable Supply Chain," "Building a Happy Enterprise," and "Promoting Mutual Prosperity." These pillars drive SAI's efforts in practicing sustainable development.

SAI Sustainable Development Blueprint



Short, Medium, and Long-Term Sustainability Goals

Four Major Sustainability Pillars	Main SDGs	Items	2024 Goals	2025 Goals	2026 Goals	2030 Goals
Achieving Net-Zero Emissions		Energy Management	Reducing energy consumption by 1% annually.	<ul style="list-style-type: none"> Reducing energy consumption by 1% annually. Achieving a renewable energy ratio of 10% of contracted capacity. 	Reducing energy consumption by 1% annually.	Reducing energy consumption by 1% annually.
		GHG emissions	<ul style="list-style-type: none"> Achieving a 1% reduction in carbon emissions compared to the 2022 base year. Verified through ISO 14067 	Verified through ISO 14064-2 for emission reduction plans	Achieving a 4% reduction in carbon emissions compared to the 2022 base year.	Achieving a 7% reduction in carbon emissions compared to the 2022 base year.
		Green Innovation Products	Recycled Aluminum Usage Rate $\geq 40\%$	Recycled Aluminum Usage Rate $\geq 50\%$	Recycled Aluminum Usage Rate $\geq 60\%$	Recycled Aluminum Usage Rate $\geq 65\%$
			Aluminum Scrap Refining $\geq 50\%$	Aluminum Scrap Refining $\geq 50\%$	Aluminum Scrap Refining $\geq 70\%$	Aluminum Scrap Refining $\geq 70\%$
			Recycled aluminum smelting production yield $\geq 98\%$	Recycled aluminum smelting production yield $\geq 98\%$	Recycled aluminum smelting production yield $\geq 98\%$	Recycled aluminum smelting production yield $\geq 98\%$
		Waste Management	Organic solvent consumption for unit wheel rims reduced by 20%.	Organic solvent consumption for unit wheel rims reduced by 30%.	Organic solvent consumption for unit wheel rims reduced by 30%.	Organic solvent consumption for unit wheel rims reduced by 50%.
		Air pollution control	Evaluation and planning for additional prevention and control equipment	Reducing by 3% compared to the 2022 base year	Reducing by 3% compared to the 2022 base year	Reducing by 3% compared to the 2022 base year
		Water Resource Management	Wastewater recycling rate of Factory 2 $\geq 30\%$	Wastewater recycling rate of Factory 2 $\geq 30\%$	Wastewater recycling rate of Factory 2 $\geq 60\%$	Wastewater recycling rate of Factory 2 $\geq 80\%$

Four Major Sustainability Pillars	Main SDGs	Items	2024 Goals	2025 Goals	2026 Goals	2030 Goals
Co-creating Sustainability Supply Chain	 	Sustainable Supply Chain	Top 100 suppliers signing "SAI Supplier Code of Conduct"	Top 200 suppliers signing "SAI Supplier Code of Conduct"	Top 200 suppliers signing "SAI Supplier Code of Conduct"	100% of all suppliers signing "SAI Supplier Code of Conduct"
			Proportion of local procurement in Taiwan \geq 85% (excluding aluminum materials not produced in Taiwan)	Proportion of local procurement in Taiwan \geq 90% (excluding aluminum materials not produced in Taiwan)	Proportion of local procurement in Taiwan \geq 90% (excluding aluminum materials not produced in Taiwan)	Proportion of local procurement in Taiwan > 90% (excluding aluminum materials not produced in Taiwan)
			Investigation of carbon footprint assessment status among top 100 suppliers	At least 5 out of the top 20 suppliers undergoing carbon footprint assessment	At least 5 out of the top 20 suppliers undergoing carbon footprint assessment	At least 6 out of the top 20 suppliers undergoing carbon footprint assessment
Building a Happy Enterprise		Talent Attraction and Retention	Establishment of employee stock trust	Participation in employee stock trust > 60%	Participation in employee stock trust > 60%	Participation in employee stock trust > 70%
			Conducting employee engagement survey	Employee engagement index > 60	Employee engagement index > 60	Employee engagement index > 70
		Talent Cultivation and Development	Average managerial training time > 24 hours	Average managerial training time > 32 hours	Average managerial training time > 32 hours	Average managerial training time > 40 hours
			Development of key talent pool > 15 person-times	Development of key talent pool > 20 person-times	Development of key talent pool > 20 person-times	Development of key talent pool > 25 person-times
		Diversity, Equality, and Inclusion	Offering Mandarin Chinese courses for foreign migrant workers	Offering Mandarin Chinese courses for foreign migrant workers	Offering Mandarin Chinese courses for foreign migrant workers	Offering Mandarin Chinese courses for foreign migrant workers
			Organize Songkran Festival and Ball Games Competition	Organize Songkran Festival, Ball Games Competition, and Screening of Thai Films	Organize Songkran Festival, Ball Games Competition, and Screening of Thai Films	Organize Songkran Festival, Ball Games Competition, and Screening of Thai Films
Promoting Mutual Prosperity		Social Welfare and Participation	Employee volunteer participation > 100 person-times	Employee volunteer participation > 120 person-times	Employee volunteer participation > 120 person-times	Employee volunteer participation > 150 person-times

1.2 Sustainability Governance

Governance of Sustainable Development

To align with global sustainability trends and embed sustainability into corporate culture, SAI has established the "Sustainable Development Committee" and "Sustainable Development Promotion Team." The Sustainable Development Committee is responsible for charting the Company's sustainability path, while the Sustainable Development Promotion Team develops implementation plans and goals to enhance the sustainability framework, continuously creating value for stakeholders.

Sustainable Development Committee

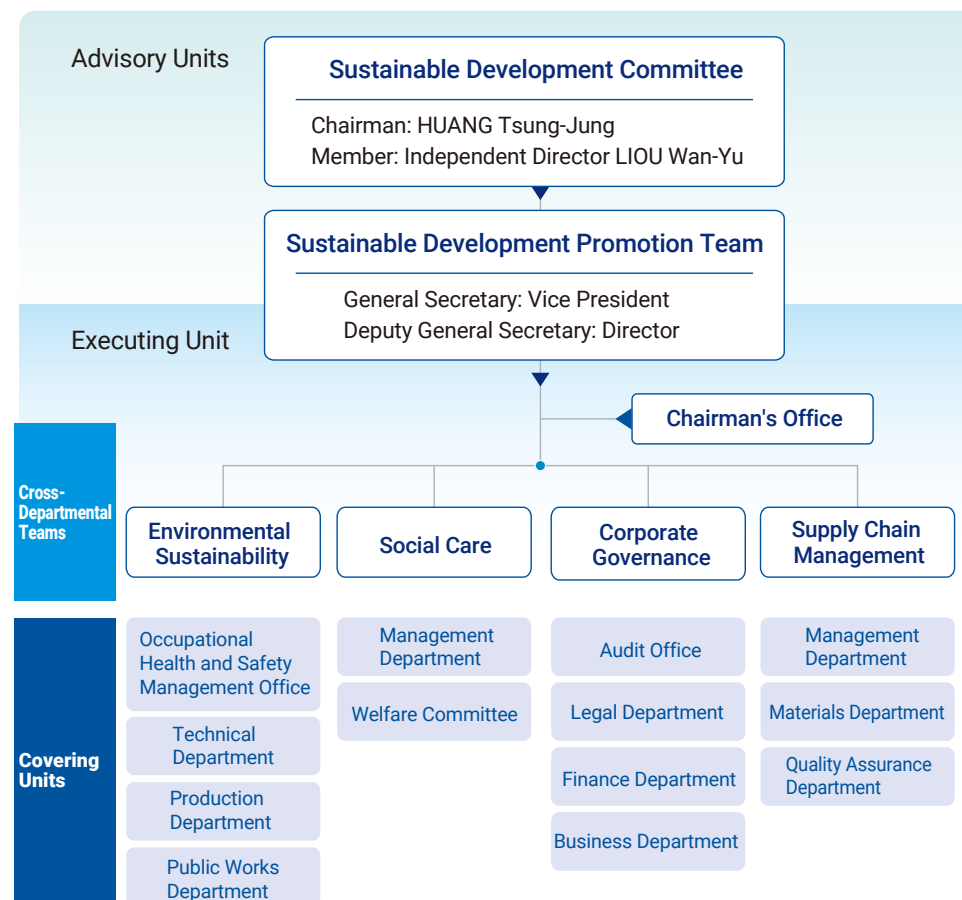
The Sustainable Development Committee is chaired by the Chairman and consists of one independent director with expertise in sustainability. An additional independent director is expected to join the committee. The committee is responsible for setting the strategic direction and vision for sustainability development at SAI, guiding the Sustainable Development Promotion Team and various units in implementing sustainability goals. Prior to the publication of the sustainability report, the Sustainable Development Committee reports to the Board of Directors on the progress of sustainability goals, presenting at least annually to the Board.

Sustainable Development Promotion Team

The Vice President serves as the Executive Director, with the Assistant Vice President as Deputy Executive Director, convening departments to form four teams: Environmental Sustainability, Social Care, Corporate Governance, and Supply Chain Management. Relevant department heads are appointed as conveners responsible for overseeing the operations of each team. Each team aligns with SAI's sustainability pillars, devising and implementing corresponding strategies and objectives, and is responsible for engaging stakeholders through communication and alignment. The Executive Director and Deputy Executive Director assist in driving and monitoring these efforts, providing regular updates to the Board of Directors on the execution of the Sustainable Development Committee's initiatives.

In 2023, to enhance the sustainability competencies of employees, one member of the task force will participate in an "Enterprise Sustainability Management Certification Training Program," totaling 80 hours. This member will be responsible for driving and implementing SAI's sustainability initiatives. Additionally, during the Sustainable Development Committee meetings, Professor LIOU Wan-Yu from National Chung Hsing University will be invited to guide the committee and task force members on strategies for achieving net-zero emissions in the enterprise.

Governance of Sustainable Development Structure



[Expert Guidance] Prof. LIOU Wan-Yu from National Chung Hsing University guides SAI's Sustainable development




Prof. LIOU Wan-Yu, from the Department of Forestry at National Chung Hsing University, serves as an independent director of SAI and is a member of the Sustainable Development Committee. With expertise in environmental resources, natural carbon sinks, and climate change, Prof. Liu shares strategies for achieving net-zero emissions in enterprise during committee meetings, guiding SAI in implementing net-zero initiatives.







1.3 Materiality and Stakeholders

Stakeholder Communication

To meet the expectations of our stakeholders, SAI follows the AA1000 Stakeholder Engagement Standards (AA1000 SES), identifying seven key stakeholders based on five criteria: dependency, responsibility, influence, diverse perspectives, and tension. The identified key stakeholders are customers, employees, shareholders, government organizations, banking institutions, suppliers, and community/local groups. We provide various communication channels to enhance feedback and dialogue with stakeholders. This year's assessment continues the results from the previous year, with plans to reassess every three years.

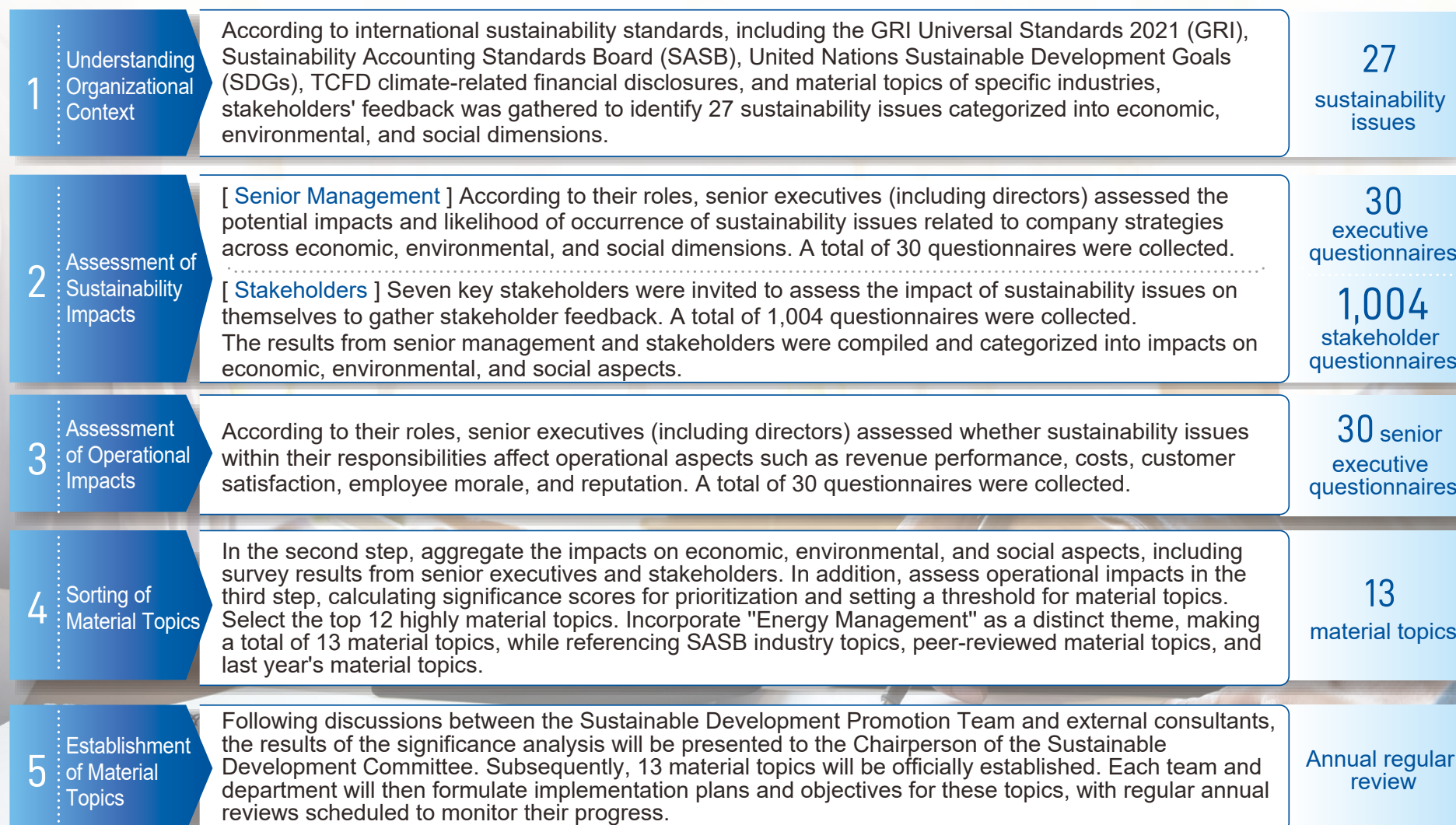
Stakeholders	Significance of Stakeholders to the Company	Communication Methods and Channels	Communication Frequency	Key Issues of Concern	Response Sections	Communication Effectiveness
 Customers	SAI provides excellent services and product quality to meet customer needs and expectations.	Customer Visits Process Audits Product Audits Quality System Audits Quality Issue Meetings Customer Scorecard Evaluations	Immediate Annually Occasion Twice a year Immediate Monthly	Information Security Risk Management Product Quality and Safety	2.4 Risk Management 4.3 Quality Management 4.4 Customer Service	<ul style="list-style-type: none"> A total of 21 customer audits were conducted in 2023 79% of customers scored 80% or above on the scorecards in 2023
 Employees	Employees are the most important asset of a company and a critical factor for operational success. At SAI, we adhere to the principles of meritocracy and proper talent allocation, ensuring that employees can work with peace of mind, fully demonstrate their expertise, and contribute their capabilities to achieve the Company's goal of sustainable operation.	Labor-Management Meetings Employee Performance Reviews Manager Communication Meetings Welfare Committee Meetings Opinion Surveys Internal Communication Channels Complaint Consultation Channels	Quarterly Three times a year Biweekly Quarterly Occasion Immediate Immediate	Talent Attraction and Retention Labor Relations Occupational Health and Safety	5. Building a Happy Enterprise	<ul style="list-style-type: none"> Employee remuneration and benefits expenditures accounted for 16% of revenue in 2023. The Welfare Committee held 5 meetings in 2023. There were zero employee complaint reported in 2023.
 Shareholders	The sustainable operation and development of SAI rely on the long-term support and trust of shareholders.	Annual General Meeting of Shareholders Monthly Revenue Announcements Domestic Interview Meetings Overseas Investor Forums	Annually Once a month One session per month Annually	Information Security Integrity in Business Operations Innovative Products and Technologies	2.4 Risk Management 2.5 Integrity in Business Operations 4.2 Innovative Research and Development	<ul style="list-style-type: none"> A total of 37 significant announcements were issued in 2023.

Stakeholders	Significance of Stakeholders to the Company	Communication Methods and Channels	Communication Frequency	Key Issues of Concern	Response Sections	Communication Effectiveness
 Government Organizations	SAI adheres to governmental laws and regulations, and collaborates in advancing various regulatory frameworks.	Document Management and Circulation Market Observation Post System Company Official Website External Audit	Immediate Immediate Immediate Occasion	Information Security Integrity in Business Operations Green Innovation Products Raw Materials Management Waste Management Labor Relations Occupational Health and Safety	2.4 Risk Management 2.5 Integrity in Business Operations 4.1 Innovative Research and Development 3.4 Waste Management 5.1 Happy Workplace 5.4 Occupational Safety	<ul style="list-style-type: none"> There were a total of 6 government audits in 2023.
 Banking Institutions	Banking institutions are important partners of SAI, actively supporting green finance initiatives, demonstrating commitment to environmental sustainability.	Environmental Compliance Statement	Occasion	Risk Management Information Security Integrity in Business Operations Intellectual Property Management	2.4 Risk Management 2.5 Integrity in Business Operations 4.1 Innovative Research and Development	<ul style="list-style-type: none"> Invested US\$1 million in green deposits with a bank.
 Suppliers	Suppliers are important partners of SAI, fostering long-term relationships to achieve corporate sustainability.	Supplier Evaluation Environmental and Safety Risk Assessment Supplier Code of Conduct	Annually Immediate Immediate	Economic Performance Information Security Integrity in Business Operations	2.2 Operational Performance 2.4 Risk Management 2.5 Integrity in Business Operations	<ul style="list-style-type: none"> Key Supplier Evaluation (Class A, Class B, Outsourced Suppliers) Completion Rate: 100% Audited 6 critical suppliers, all of which had no major violations. 73 out of the top 100 suppliers have completed signing the Supplier Code of Conduct.
 Community/Local Organizations	SAI demonstrates commitment to social welfare and community engagement by annually sponsoring or donating to local disadvantaged groups and community activities.	Document Management and Circulation Market Observation Post System Company Official Website	Immediate Immediate Immediate	Waste Management Air Pollution Control Social Welfare and Participation	3.4 Waste Management 3.5 Air Pollution Control 6.1 Social Impact	<ul style="list-style-type: none"> Employee volunteer service totaled 110 person-times. Social participation activities reached 9,700 participants.

Materiality Identification Process

SAI has gathered international sustainability standards and significant industry themes, consolidating 27 sustainability issues. Referencing GRI Standards 3: Material Topics 2021 and the EU's Double Materiality principle, the Company assessed the positive and negative impacts and likelihood of occurrence on the economy, environment, and people (including human rights), as well as their operational implications. Surveys were conducted with board members, senior executives, and external stakeholders, alongside consultations with external advisors. Ultimately, the Director of the Sustainable Development Committee decided on 13 material topics, with the Sustainable Development Promotion Team developing management policies and specific objectives accordingly.

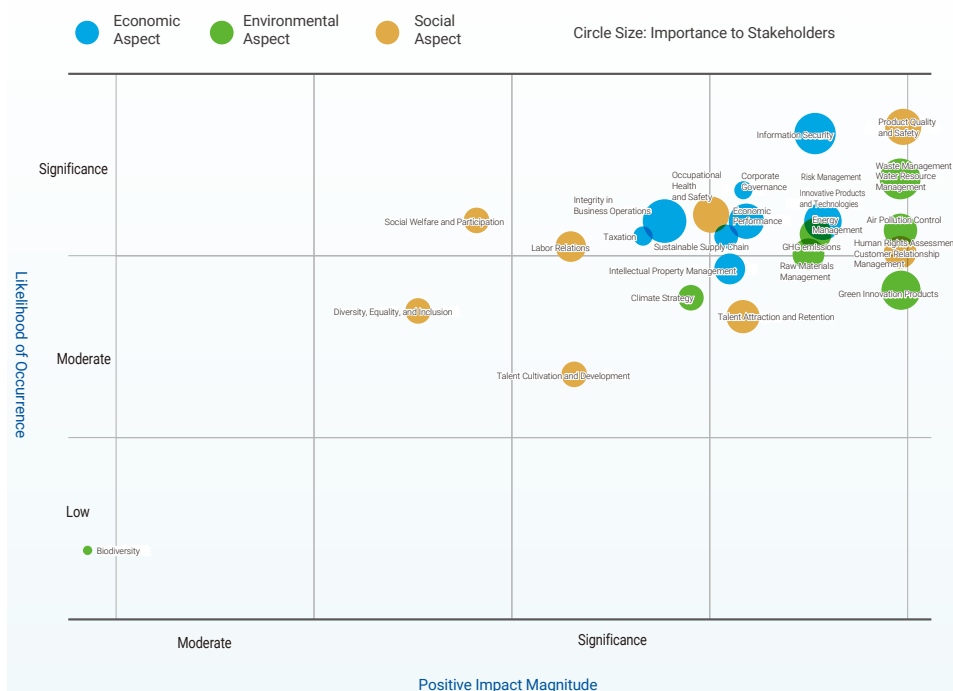
Materiality Identification Process



Positive and Negative Impacts

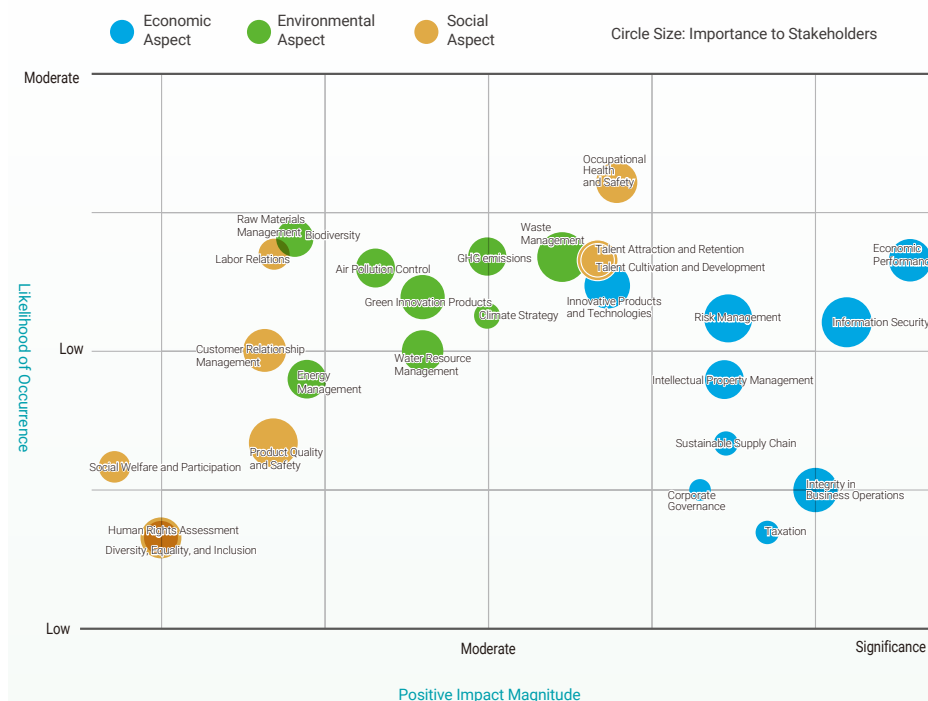
To assess the Company's impacts on economic, environmental, and social aspects, senior executives (including directors) evaluate the magnitude and likelihood of positive and negative impacts. Separate matrices for positive and negative impacts are developed to strengthen management of issues with low positive impacts and high negative impacts. Continuous efforts are made to enhance overall positive impact.

Positive Impact Matrix



Most sustainability issues exhibit high positive impact potential and likelihood, with biodiversity showing relatively lower positive impact. The Company has assessed the impact on local ecological environments at Taiwan factory sites and will continue to track international trends and industry cases to enhance biodiversity's positive impact.

Negative Impact Matrix



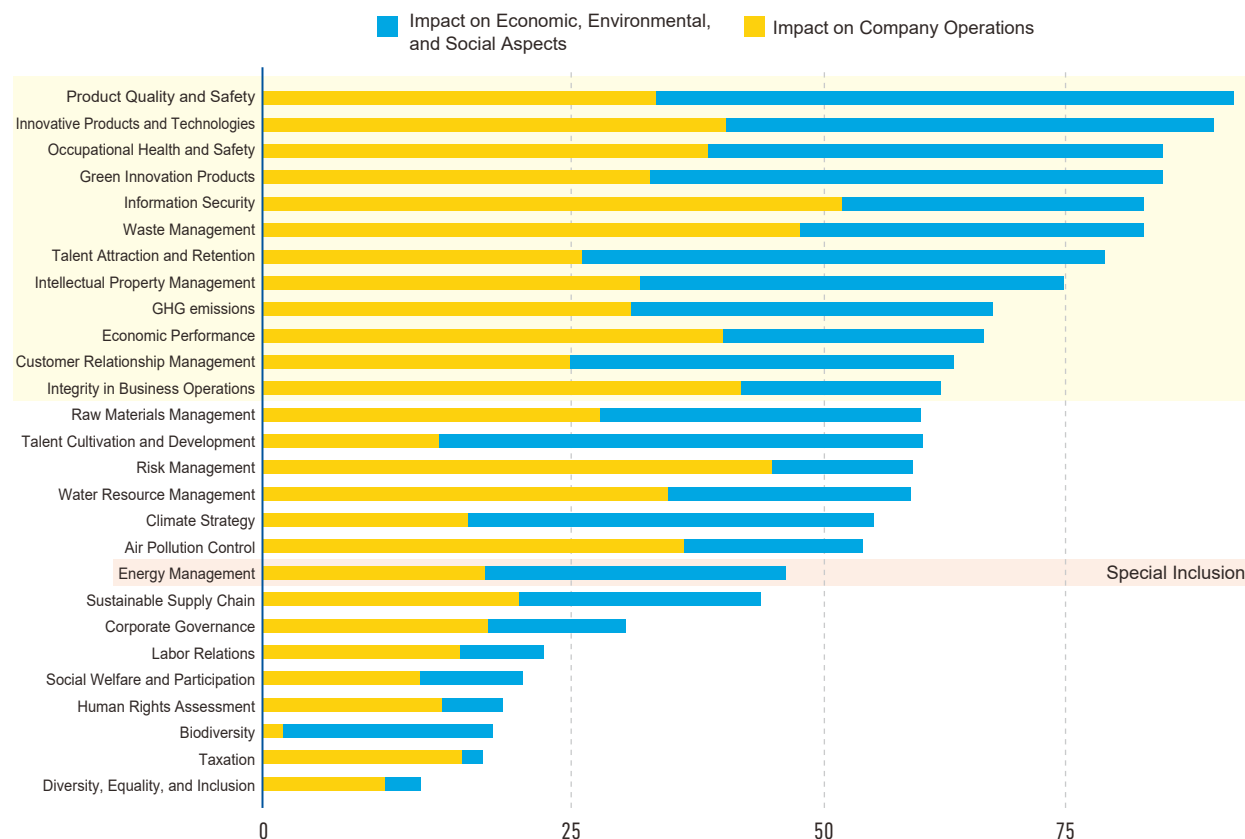
No sustainability issues in this assessment present a high likelihood of negative impacts. Issues with overall higher impact include economic performance and occupational health and safety. We will continue to enhance our brand image and operational strategies, strengthen occupational health management and audits to create a zero-accident work environment.

Note: Among the 27 sustainability issues assessed, none fall under low positive impact or high negative impact likelihood categories. For optimal chart size, this area has been omitted from the matrices.

Materiality Matrix

The Company adopts the Double Materiality principle as proposed by the European Union, integrating economic, environmental, and social impacts along with operational impacts into significance analysis considerations. The integrated ranking calculation is as depicted in the following figure. Additionally, we consider SASB industry topics, peer-reviewed material topics, and last year's material topics. We have consolidated the "Raw Materials Management" issue with "Green Innovative Products" and included "Energy Management" as a distinct topics, establishing 13 material topics.

Materiality Sorting



Changes in Material Topics

This reporting year saw the addition of 5 new material topics compared to the previous year: Product Quality and Safety, Green Innovative Products, Occupational Health and Safety, Waste Management, and Talent Attraction and Retention. These changes primarily stem from modifications in the methodology for calculating significance scores this year. Consequently, material topics from the previous year, such as "Raw Materials Management" and "Risk Management," have slightly decreased in significance to moderate levels. The Company remains committed to monitoring topic changes to mitigate significant impacts.

Aspects	Material Topics in 2023	Changes compared to 2022 Topics
Environmental Aspect	● Green Innovation Products	Newly added
	● Waste Management	Newly added
	● GHG emissions	
	● Energy Management	
Social Aspect	● Product Quality and Safety	Newly added
	● Occupational Health and Safety	Newly added
	● Talent Attraction and Retention	Newly added
	● Customer Relationship Management	
Economic/Governance Aspects	● Innovative Products and Technologies	
	● Information Security	
	● Intellectual Property Management	
	● Economic Performance	
	● Integrity in Business Operations	

Material Topic Impact Boundaries

Aspects	Material Topics	Impact Description and Significance Causes		Corresponding Indicators	Value Chain Impact Boundary		
		Impact on Economic, Environmental, and Social Aspects	Impact on Company Operations		SuperAlloy Industrial Co., Ltd.	Upstream Suppliers	Downstream Customers/Consumers
Environmental	Green Innovation Products	[Positive Impact] Supporting Green Innovation Continuously innovate and develop green products to reduce energy and resource consumption during the manufacturing process and product usage stages, thereby mitigating environmental impacts and driving industry-wide green innovation.	Investing additional funds in green R&D and optimizing low-carbon manufacturing processes enhances product competitiveness and the Company's external image. By producing recycled aluminum in-house, we reduce raw material costs by 15-20%, mitigate exposure to price volatility, and enhance operational resilience.	GRI 301-2 GRI 301-3 SASB TR-AP-410a.1 SASB TR-AP-440a.1 SASB TR-AP-440b.1 SASB TR-AP-440b.2	●	●	●
	Waste Management	[Positive Impact] Preventing Emission Pollution Implementing waste reduction initiatives, increasing waste recycling rates, and preventing the leakage of hazardous substances mitigate environmental impacts and enhance the quality of life for local residents.	Procuring waste recycling equipment reduces raw material costs and waste generation, thereby lowering disposal costs. Regular monitoring of waste haulers and preventing pollution leakage protects the Company's image.	GRI 306: Waste SASB TR-AP-150a.1	●		
	GHG emissions	[Positive Impact] Implementing Energy Saving and Carbon Reduction By committing to a low-carbon transformation and targeting net-zero emissions, we contribute to mitigating global temperature rise.	Increased investment in low-carbon equipment and renewable energy infrastructure reduces carbon fee costs while enhancing the Company's competitiveness and external image.	GRI 305: Emissions	●		
	Energy Management	[Positive Impact] Implementing Energy Saving and Carbon Reduction Promote energy reduction initiatives by replacing high-energy-consuming equipment to decrease overall energy usage and reduce environmental impact.	Gradually phase out high-energy-consuming equipment to lower energy procurement costs. Implement energy-saving initiatives in alignment with net-zero policies, thereby enhancing the Company's external image.	GRI 302-1 GRI 302-3 GRI 302-4 GRI 302-5 SASB TR-AP-130a.1	●		
Social	Product Quality and Safety	[Positive Impact] Protecting Customer Rights Strictly ensuring product quality to provide customers with safe products and prevent any danger during product use.	Investing in relevant equipment and developing quality improvement technologies to enhance product yield and expand production capacity. This simultaneously increases customer satisfaction and enhances the Company's image.	GRI 416: Customer Health and Safety SASB TR-AP-250a.1	●		●
	Occupational Health and Safety	[Negative Impact] Endangering Health and Safety Workplace injuries occurring during operations negatively impact employee health and quality of life.	Incidents of workplace injuries reduce operational efficiency, increase operating costs, and adversely affect the physical and mental well-being of employees, damaging the Company's reputation.	GRI 403: Occupational Health and Safety	●		
	Talent Attraction and Retention	[Positive Impact] Creating Employment Opportunities Offering comprehensive benefits and competitive salaries to enhance employee satisfaction, promote employee rights, and increase overall employment willingness.	Improving employee remuneration and benefits to boost retention rates and cultivate a corporate image of a "happy workplace."	GRI 401-1 GRI 401-2 GRI 202: Market Presence	●		

Aspects	Material Topics	Impact Description and Significance Causes		Corresponding Indicators	Value Chain Impact Boundary		
		Impact on Economic, Environmental, and Social Aspects	Impact on Company Operations		SuperAlloy Industrial Co., Ltd.	Upstream Suppliers	Downstream Customers/Consumers
Social	Customer Relationship Management	[Positive Impact] Protecting Customer Rights Understanding customer needs thoroughly to offer low-carbon products and high-quality services, becoming the preferred partner for customers to achieve carbon neutrality.	Regularly reviewing and improving customer satisfaction to enhance product and service quality, manage brand image, and drive business revenue growth.	GRI 417: Marketing and Labeling GRI 418: Customer Privacy	●		●
	Innovative Products and Technologies	[Positive Impact] Driving Technological Innovation Staying abreast of industry trends and customer demands to continually offer innovative products and services, driving technological advancements across the industry.	Allocating a set percentage of annual revenue to research and develop innovative products enhances company competitiveness, meets customer needs, and stimulates revenue growth.	Custom Topic	●		●
Economic/ Governance	Information Security	[Positive Impact] Protecting Fundamental Rights Implementing robust information security management to safeguard confidential information of customers, supply chains, and employees, ensuring privacy rights. [Negative Impact] Impacting Fundamental Rights With evolving cyber threats, there is a risk of data breaches affecting confidential information of customers, supply chains, and employees, compromising rights.	Strengthening information security management enhances customer trust and prevents damage to company reputation by preventing cyber attacks and data breaches.	Custom Topic	●	●	●
	Intellectual Property Management	[Positive Impact] Driving Technological Innovation Actively applying for and maintaining relevant patents to foster a fair market competition environment and drive continuous technological innovation in the industry.	Continuously researching and managing company trademark patents to enhance competitiveness and industry reputation.	GRI 206: Anti-competitive Behavior	●		
	Economic Performance	[Positive Impact] Promoting Economic Development Enhancing company profitability, expanding market business, increasing investment in environmental protection, employee welfare, and social responsibility, while creating job opportunities to promote overall economic development. [Negative Impact] Damaging Economic Development If the Company's revenue performance falls short of expectations or if the market experiences a downturn, it may lead to budget cuts in research and development, personnel, or environmental protection, reducing overall industry competitiveness and impacting economic development.	Stable financial performance contributes to enhancing customer trust, employee confidence, and external reputation.	GRI 201: Economic Performance	●		
	Integrity in Business Operations	[Negative Impact] Impacting Fundamental Rights Failure to adhere to company code of conduct and ethical standards may lead to incidents of integrity violations, thereby jeopardizing the rights of stakeholders.	Instances of dishonesty can harm long-term customer relationships, diminish employee trust in the Company, and adversely affect the Company's external reputation.	GRI 205: Anti-corruption SASB TR-AP-520a.1	●	●	●

Material Topic Management Guidelines

Material Topics	Green Innovation Products	Waste Management	GHG emissions	Energy Management
Policy Commitments	Providing Customized Low-Carbon Wheel Solutions to lead the automotive supply chain's green transformation, assisting customers in achieving carbon neutrality goals and promoting green growth.	Establishing waste management procedures based on ISO 14001 management system standards to prevent incidents of harmful substance leaks.	Setting a long-term goal to achieve net-zero emissions by 2050, following the Financial Supervisory Commission's sustainable development path for listed companies and planning reduction strategies in accordance with ISO 14064-2.	Implementing the ISO 50001 energy management system and continuously improving process energy efficiency in alignment with national energy policies.
Management Measures	<ul style="list-style-type: none"> Concentrating on aluminum scrap generated in the manufacturing process, utilizing highly automated HERTWICH smelting equipment to produce recycled aluminum materials for use in product manufacturing, resulting in over 95% reduction in carbon emissions compared to traditional primary aluminum. Researching and developing of lightweight products to reduce energy consumption during product usage. 	<ul style="list-style-type: none"> Recycling scrap, cuttings, and offcuts from the manufacturing process by re-melting them into recycled aluminum materials for use as raw materials. Implementing organic solvent recovery equipment to continuously improve recovery rates. Accompanying waste disposal vehicles to processing facilities occasionally, conducting annual inspections of waste treatment facilities, and weekly monitoring of waste disposal vehicle GPS records. 	<ul style="list-style-type: none"> Planning assessments of supplier carbon footprint execution status and evaluating initiatives to promote significant suppliers' implementation of carbon footprint assessments. Assessing the establishment of greenhouse gas inventory and carbon footprint platforms to enhance factory decarbonization and smart transformation. Phasing out high-carbon-emitting equipment to reduce process carbon emissions. 	<ul style="list-style-type: none"> Establishing energy monitoring systems to promptly monitor energy consumption status of chillers and air compressors, and planning energy reduction targets. Installing self-use renewable energy generation systems in accordance with policies for major electricity consumers to reduce carbon emissions from electricity consumption. Identifying, monitoring, and replacing high-energy-consuming equipment to improve energy efficiency.
2023 Implementation Results	<ul style="list-style-type: none"> 31.6% adoption rate of recycled aluminum in raw materials. Recycled aluminum verified by 6 clients. 	<ul style="list-style-type: none"> 5.04% reduction in total waste compared to 2022. Promotion of organic solvent recovery, reducing organic solvent consumption per wheel by 8.4%. No significant leakage incidents affecting local environment. 	<ul style="list-style-type: none"> Verified under ISO 14064-1. 16.4% reduction in carbon intensity compared to 2022. 	<ul style="list-style-type: none"> Installation of a 1,492.4 kW solar power generation system, producing 1,348,600 kWh (Solar power generation facility completed in March 2023, data from March 30 to December 31, 2023). Energy-saving improvements in four major energy installations saving 2,017,000 kWh annually.
Indicators and Goals	<ul style="list-style-type: none"> Achieve 40% adoption of recycled aluminum in raw materials by 2024. Refine $\geq 50\%$ of aluminum scrap by 2025. Ensure 100% use of green electricity in smelting facilities by 2026. 	<ul style="list-style-type: none"> Reduce organic solvent (banana water) consumption per wheel by 20% by 2025. Conduct audits of waste transport and treatment facilities with zero deficiencies. 	<ul style="list-style-type: none"> Reduce carbon emissions by 1% compared to the 2022 base year by 2024. Verify product carbon footprint under ISO 14067 by 2024. 	<ul style="list-style-type: none"> Achieve annual energy savings of 1%. Attain a renewable energy proportion of 10% of contracted capacity by 2025. Ensure 100% use of green electricity in smelting facilities by 2026.
Management Mechanisms	<ul style="list-style-type: none"> Increased customer quality verification for recycled aluminum. Research and Development department tracks recycled aluminum yield and process optimization monthly. 	<ul style="list-style-type: none"> Conduct annual audits of waste treatment vendors. Environmental Protection Division regularly tracks and evaluates waste reduction measures. Maintain the effectiveness of ISO 14001 certification continuously. 	<ul style="list-style-type: none"> Conduct annual ISO 14064-1 greenhouse gas inventory verification. Engineering Department regularly monitors carbon emissions and plans carbon reduction initiatives. 	<ul style="list-style-type: none"> Engineering Department monitors real-time monitoring system energy consumption status. Conduct annual PDCA effectiveness assessments. Maintain the effectiveness of ISO 50001 certification continuously.
Corresponding Sections	3.4 Waste Management, 4.1 Innovation and R&D	3.4 Waste Management	3.3 GHG emissions	3.2 Energy Management

Note: The solar power plant was completed in March 2023, and the power generation data is from March 30, 2023, to December 31, 2023.

Material Topics	Product Quality and Safety	Occupational Health and Safety	Talent Attraction and Retention	Customer Relationship Management
Policy Commitments	Following ISO 9001 and IATF 16949 automotive quality management systems, we conduct design, production, installation, and services, and perform product safety certifications based on customer requirements to ensure the safety of customers and consumers.	Adhering to the ISO 45001 Occupational Health and Safety Management System, we have established SAI's Environment, Safety, and Health (ESH) policy to improve workplace safety and create a zero-accident work environment.	To strengthen our corporate culture and values by promoting the talent philosophy of "right people in the right positions, teamwork, self-discipline and accountability, and a passion for learning and innovation," enhancing our employer brand image and creating a happy workplace.	With the service policy of "customer satisfaction, full participation, and continuous improvement," with the establishment of a "Customer Satisfaction Assessment Procedure" to regularly monitor customer conditions.
Management Measures	<ul style="list-style-type: none"> Establishment of a laboratory accredited by the Taiwan Accreditation Foundation (TAF) with ISO/IEC 17025 certification. Introduction of the Makra external drum bi-axial testing equipment, the only bi-axial testing equipment in Taiwan, capable of testing products under the most stringent road and load conditions. Regular implementation of quality education and training, with a quality improvement proposal incentive mechanism. 	<ul style="list-style-type: none"> Semi-annual execution of hazard identification and risk assessment, with preventive improvements for hazard factors. Annual provision of health check-ups, special health examinations, and family health screenings for employees. Enhancement of occupational safety and health promotion training to increase employee safety awareness. 	<ul style="list-style-type: none"> Evaluation of an employee stock ownership trust mechanism and continuous optimization of employee compensation and benefits to attract and retain talent. Interviews with voluntary resigning employees to analyze reasons for departure and plan improvement goals. Development of relevant courses and activities for international migrant workers to integrate into life in Taiwan. 	<ul style="list-style-type: none"> Monthly tracking of customer scorecard results and planning improvement measures for any deficiencies. Provision of low-carbon product services to meet customers' net-zero carbon reduction needs, including 100% recycled aluminum wheels and CNC net shape forging aluminum wheels to reduce material usage.
2023 Implementation Results	<ul style="list-style-type: none"> Total hours of quality education and training: 492,870 hours Received 55 improvement proposals with a 100% implementation rate Quality improvement actions are expected to reduce costs by NT\$59,595,400 	<ul style="list-style-type: none"> Health promotion activities involved 4,618 participants Occupational safety training involved 16,028 participants No fatal occupational accidents occurred Two recordable occupational accidents 	<ul style="list-style-type: none"> Organized the "123 International Day of Persons with Disabilities and SAI Family Day," inviting employee families to participate and raising awareness of diversity and inclusion 	<ul style="list-style-type: none"> Received six customer complaints, all resolved 100% No violations of marketing and labeling regulations No complaints received regarding customer privacy breaches
Indicators and Goals	<ul style="list-style-type: none"> Continually meet the requirements of ISO 9001, IATF 16949, and ISO/IEC 17025 management systems 	<ul style="list-style-type: none"> Maintain the effectiveness of ISO 45001 certification continuously. In 2024, implement improvements for commuting occupational accidents and prevent falls from stairs and ladders 	<ul style="list-style-type: none"> Establishment of employee stock trust in 2024 In 2024, provide Chinese language courses for foreign migrant workers with a total of 15 participants, achieving a 90% pass rate Host at least one Thai cultural event in 2024, with a participation rate of 70% 	<ul style="list-style-type: none"> Achieve a customer satisfaction score of $\geq 80\%$ in 2024
Management Mechanisms	<ul style="list-style-type: none"> The President's Office holds semi-annual management review meetings to track and evaluate policy objectives. The Quality Assurance Department regularly conducts internal audits to ensure system effectiveness. 	<ul style="list-style-type: none"> Management review meetings are held regularly. Monthly inspections are conducted. 	<ul style="list-style-type: none"> The Human Resources Department holds quarterly meetings with foreign migrant workers to address their living conditions. Retention bonus system. 	<ul style="list-style-type: none"> The Customer Service Department tracks customer scorecard results monthly and provides feedback to internal responsible units for improvement.
Corresponding Sections	4.2 Quality Management	5.4 Occupational Safety	5.1 Happy Workplace	4.3 Customer Service

Material Topics	Innovative Products and Technologies	Information Security	Intellectual Property Management	Economic Performance	Integrity in Business Operations
Policy Commitments	Focusing on product lightweighting, aerodynamic design, net shape wheels, and process automation as our R&D directions, we continuously create high profitability and sustainable operations for the Company.	Following the "Information Security Policy" and ISO 27001 standards, we have established a comprehensive, feasible, and effective information security management system to provide optimal information security protection.	Committed to maintaining intellectual property rights, complying with the "Intellectual Property Rights Act" to effectively manage and promote the utilization of R&D results, thereby enhancing the Company's technological competitiveness.	Leveraging cutting-edge technologies, we aim to improve operational efficiency and profitability, with the results benefiting employees and shareholders, fulfilling our corporate social responsibility.	Engage in business activities based on the principles of fairness, honesty, trustworthiness, and transparency, and implement an integrity management policy.
Management Measures	<ul style="list-style-type: none"> Established aerospace-grade mechanical performance laboratories, corrosion laboratories, and fatigue performance laboratories to support R&D testing and verification. Collaborated with research institutions and universities, and participate in relevant seminars to promote technological advancement. Offered R&D incentive bonuses to encourage employee proposals. 	<ul style="list-style-type: none"> Implemented information security education and training, and social engineering drills for all employees to enhance information security awareness. Included customer confidential information protection in new employee training and annual education programs to enforce customer confidential information management. Conducted regular vulnerability scans and penetration tests, and implement improvement measures for identified vulnerabilities. 	<ul style="list-style-type: none"> Actively pursue patents related to energy saving, carbon reduction, and carbon neutrality green technologies. Signed confidentiality agreements with customers and suppliers to prevent the leakage of intellectual property secrets. Followed procedures for the acquisition, protection, and utilization of intellectual property. 	<ul style="list-style-type: none"> The Board of Directors plans future operational strategies, while the Finance Department is responsible for controlling costs and operational performance. Simplify production processes with highly automated net shape forging aluminum wheels, increase capacity utilization, and improve asset turnover. Increased the proportion of recycled aluminum raw materials to reduce procurement costs. 	<ul style="list-style-type: none"> Required senior executives to sign an integrity and honesty commitment. Promoted integrity management guidelines and complaint mechanisms during new employee training. Incorporated integrity management into employee performance evaluations and human resources policies, establishing clear and effective reward, punishment, and complaint systems.
2023 Implementation Results	<ul style="list-style-type: none"> Successfully developed two innovative technologies. Introduced a three-step sand-blasting machine, reducing grinding time by 50%. Mass-produced 14 models of net shape forged aluminum wheels, with 63 models under development. Achieved a 96.96% yield rate in recycled aluminum smelting production. 	<ul style="list-style-type: none"> Certified with ISO 27001:2013 Information Security Management System. Achieved 100% participation in information security education and training for all employees. No information security incidents occurred. 	<ul style="list-style-type: none"> Held 23 patents. 	<ul style="list-style-type: none"> Revenue reached NT\$7.779 billion, a 21.52% increase compared to 2022. 	<ul style="list-style-type: none"> 100% compliance with the Code of Conduct across all staff No incidents of violations of integrity management occurred.
Indicators and Goals	<ul style="list-style-type: none"> Continuously invest 2% of annual revenue into research and development. Achieved a recycled aluminum smelting production yield rate of $\geq 98\%$ in 2024. 	<ul style="list-style-type: none"> Obtained TISAX AL3 information security and prototype protection certification in 2024. Achieved ISO 27001:2022 certification in 2025. 	<ul style="list-style-type: none"> Added 2 new patents 	<ul style="list-style-type: none"> Achieved annual revenue growth of over 10%. 	<ul style="list-style-type: none"> Ensured 100% signing rate of the "Integrity and Honesty Commitment" code of conduct annually by managers at the director level and above.
Management Mechanisms	<ul style="list-style-type: none"> Established corporate R&D strategy direction to be developed and executed by the R&D department. 	<ul style="list-style-type: none"> Conducted an annual internal audit by the Information Security Audit Team. Conducted an annual internal management review by the Information Security Committee. Conducted external audit reviews twice annually. 	<ul style="list-style-type: none"> Handled applications for technical patents by the R&D department. Conducted annual ongoing awareness campaigns on trade secrets. Utilized electronic systems to manage company confidential documents. 	<ul style="list-style-type: none"> The Audit Committee conducts regular reviews of financial statements. Senior management regularly reviews financial performance. Convened the Board of Directors regularly to discuss major decisions. 	<ul style="list-style-type: none"> Conducted annual corruption risk identification and assessment.
Corresponding Sections	4.1 Innovative Research and Development	2.4 Risk Management	4.1 Innovative Research and Development	2.2 Economic Performance	2.5 Integrity in Business Operations



CH 2

About SuperAlloy Industrial Co., Ltd.

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- 2-2 Economic Performance
- 2-3 Corporate Governance
- 2-4 Risk Management
- 2-5 Integrity in Business Operations

2.1 SuperAlloy Industrial Co., Ltd.

About SuperAlloy Industrial Co., Ltd.

● Global Leader in Forged Solutions

SuperAlloy Industrial Co., Ltd. (SAI) (Stock Code 1563) was established in 1994, specializing in providing high-end customized and lightweight forging solutions for the mobility industry. In the premium/luxury car forged aluminum wheel market, SAI is the world's leading supplier of forged aluminum wheels. Over the years, we have actively invested in and mastered key technologies, providing market-leading solutions. Our mission is to give back to our employees, shareholders, and the social environment, continuously creating a sustainable environment and improving the quality of human life. We are dedicated to becoming a multi-win happiness enterprise.

SAI has a deep presence in the forged aluminum wheel market, serving 30 customers and 42 globally renowned automotive brands such as Ferrari, Porsche, McLaren, Bentley, Aston Martin, Mercedes Benz (including AMG), BMW (including Rolls-Royce and Mini), Jaguar & Land Rover, Lexus, and Lotus. We are the preferred partner for high-end vehicles and super sports car manufacturers worldwide. Headquartered in Taiwan, our sales regions cover North America, Europe, and Asia. We have offices in Germany, the United States, the United Kingdom, and the Netherlands, providing local services. Our production facilities include factories in Yunlin and Pingtung in Taiwan, and a painting plant in Germany, with a total production area of 183,599.63 square meters.

● Future: SAI is Just Beginning

SAI stands for "Sustainability, Advanced, Innovation." In the new era of mobility, SAI will continuously strive to provide sustainable, cutting-edge, and innovative customized solutions to meet the ever-changing market demands. SAI is committed to "forging" the future world through its core technology, creating unique value and experiences for all stakeholders.



1994
Year of
Establishment

NT\$ 7,779,316,000
2023 Revenue (NTD)

1,524 persons
Total Number of
Employees



Forging the Future
Sustainability | Advanced | Innovation



Company's Business Philosophy

Business Objectives

To become the optimal supplier in the industry, enhance the quality of human life, and create a sustainable and multi-win happiness enterprise.

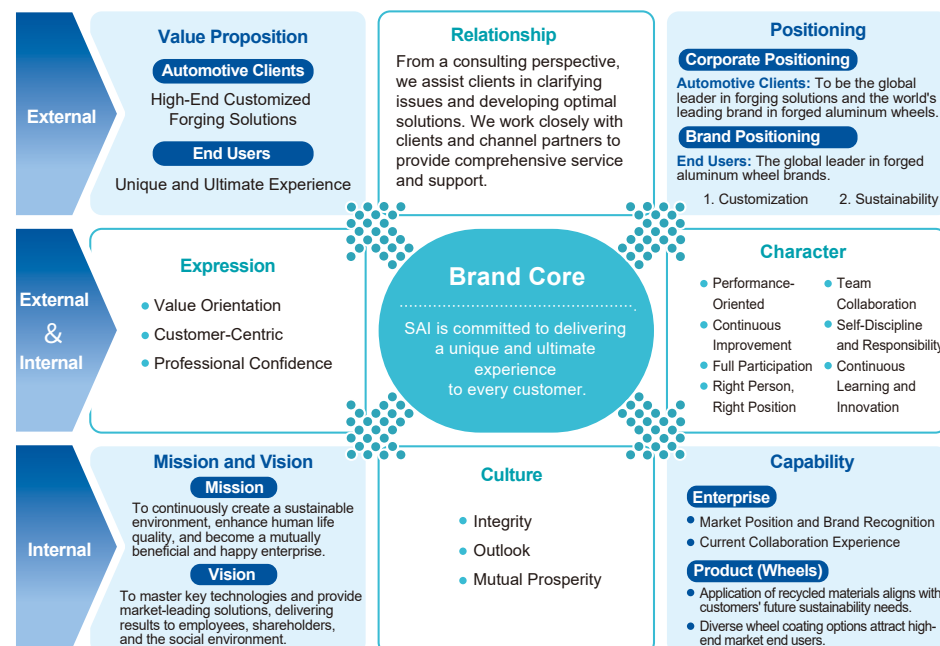
Company Culture	Integrity	External: Upholding the spirit of honesty and trustworthiness, we are committed to fulfilling promises to our customers and partners without fail. Internal: We do not shirk responsibility or cover up mistakes. We value order and discipline, maintaining a commitment to safeguarding the safety of every user in all processes and products, ensuring the highest quality standards. Our goal is to become the best partner that every stakeholder can trust and rely on.
	Outlook	Strategic Layout: We prioritize balancing short-term business growth with long-term development, focusing on cultivating key core competencies while aiming for profitability. Rooted in Taiwan, we have a global perspective. Technical Leadership: We strive for excellence in research and development, technology, and equipment, continuously optimizing our processes. Customer Satisfaction: We always plan ahead and prepare more than expected for our customers and partners, providing superior service and optimal quality to achieve customer satisfaction.
	Mutual Prosperity	Promoting industry development together with our customers and suppliers. Sharing business success with our employees and shareholders. Pursuing sustainable development in harmony with the environment.
Management Philosophy	Performance-Oriented	We have a competitive remuneration system where salaries and promotions are primarily based on employees' abilities and contributions. We encourage a balance of efficiency and effectiveness, rewarding diligent work.
	Continuous Improvement	Strive for continuous improvement in all aspects, never overlooking any issue. We address problems by thoroughly investigating their root causes to prevent recurrence.
	Full Participation	Encourage employees to boldly propose various suggestions, plans, and implementation schemes for the company. Mutual respect and trust are fostered between supervisors and subordinates and across all departments, working together to build a better SAI.
Talent Philosophy	Right Person, Right Position	Respect our employees' expertise and strengths, assigning the most suitable tasks and positions based on job standards and responsibilities.
	Team Collaboration	Value collaborative efforts, information sharing, and the transmission of experience. Achieving personal success and helping others succeed together to accomplish team goals.
	Self-Discipline and Responsibility	Emphasize self-discipline and clear, detailed planning with strong execution. We focus not only on completing tasks but also on doing them well, continuously setting higher standards.
	Continuous Learning and Innovation	Encourage ongoing learning, acquiring new knowledge, and applying it to continuous improvement and innovation.

Future Goals

As a global leader in forging solutions, SAI is committed to advancing the sustainable development of the forging industry. We actively invest in metal material recycling technologies, implement high-level monitoring technologies, and establish recycling smelting plants to oversee the entire material recovery process. Over the years, SAI has diligently enhanced diversification, employee welfare, operational management, and corporate social responsibility. We have also established a charitable foundation and continuously explore opportunities to achieve sustainability. Our goal is to provide users with exceptional experiences, showcasing our products' stylish preference and powerful performance while shaping a sustainable future.

Company Brand Core

Our brand showcases unique competitive advantages and brand spirit, emphasizing the values and significance created by our enterprise/brand. This enhances our brand's image internally and externally.



2.2 Economic Performance

Product Sales Status

SAI actively invests in and masters key technologies, focusing on providing high-end customized and lightweight forging solutions for industries such as automotive and aerospace.

With years of accumulated core technological capabilities, SAI has become a leading brand in global forged aluminum wheels, preferred partner for luxury and super sports car manufacturers worldwide. We continuously enhance forging technology, factory automation, coating processes, and design proposal capabilities, offering market-leading customized solutions that are lighter, safer, more tailored to individual needs, and competitively priced. This underscores our product differentiation and creation of value that meets customer requirements, thereby sustaining our competitive edge. SAI's primary sales regions span across Europe, the Americas, and Asia, with total product sales amounting to NT\$ 7,779,316,000 in 2023.

Main Products and Technical Services

SAI is dedicated to creating exceptional service experiences for customers, from initial technical consultation, raw material procurement, design development, manufacturing, processing, coating, logistics management, to after-sales service.

Forged Aluminum Wheels



Forged aluminum wheels are the core product, supplied to sedan, convertible, luxury, sports, SUV, armored, hybrid, and electric vehicle markets. SAI serves as a Tier 1 supplier to major automotive manufacturers, with extensive design experience spanning across European, American, and Japanese automakers, catering to global clientele.

Chassis Parts



The chassis parts integrates various components and systems. SAI possesses mature and advanced metal forming forging technology, capable of collaborating with customers to develop the most suitable forming solutions based on product shape, structure, and performance requirements. Energy efficiency, carbon reduction, the use of high-strength materials, and lightweight structural design are key trends in the automotive industry market development.

Recycled Aluminum



SAI not only focuses on providing top-notch automotive wheel and chassis component solutions but also strives to uphold environmental sustainability. RESAICAL® 100% Recycled Aluminum represents a sustainable practice of energy conservation and waste reduction, giving aluminum alloys an eternal life cycle, thus exemplifying best practices in environmental sustainability and the circular economy.

Product Sales Status

Products or Services	Sales Regions	Customer Types	Sales Volume in 2022	Sales Volume in 2023	Unit of Sales Volume
Wheels	Europe	OEM	331,468	375,876	wheels
Wheels	Americas	OEM	192,527	236,377	wheels
Wheels	Others	OEM	40,856	93,795	wheels
Aluminum	Others	Aluminum Product Processing	9,357,604	9,698,915	kg
Others	Others	Others	167,855	365,087	wheels

Note: Other major items include chassis parts, accessories, and mold design and development revenue.

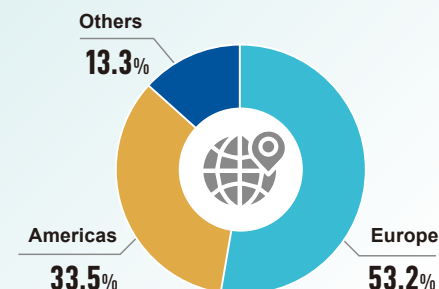
Production Output in the Last Three Years

Production Output Unit: NT\$ thousand

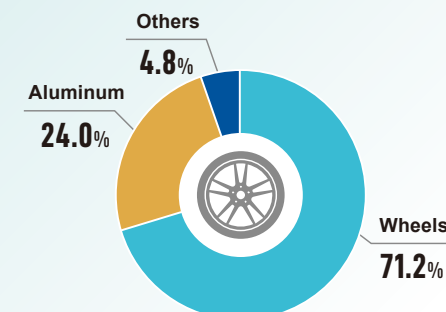
	2021		2022		2023	
	Production Volume	Production Value	Production Volume	Production Value	Production Volume	Production Value
Wheels	677	3,333,822	639	3,716,844	752	4,531,273
Aluminum	19,412	1,229,491	24,143	1,756,276	22,589	1,525,713
Others	550	736,241	225	367,808	183	307,292
Total	-	5,299,554	-	5,840,928	-	6,364,278

Note: Unit of wheel production volume is thousand units; unit of aluminum production volume is metric tons; unit of other production volume is thousand units.

Market Overview of Wheel Sales in 2023



Product Category Revenue Distribution in 2023



Top Five Customers



Lexus (Toyota)



Jaguar & Land Rover



Porsche



BMW



Mercedes Benz

Financial Operational Performance

Financial Operational Performance

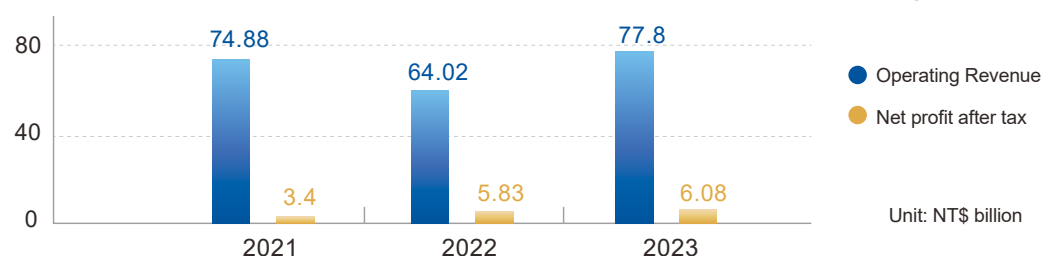
In 2023, the market saw economic recovery following the disruptions caused by the COVID-19 pandemic and the Ukraine-Russia conflict in 2022. Suppliers across various automotive manufacturers experienced delayed new car delivery schedules, resulting in order fulfillment starting in 2023. As a result, consolidated revenue reached NT\$7,779,316 thousands, marking a growth of 21.52% compared to 2022. Earnings per share amounted to NT\$2.88.

(Unit: NT\$ thousand)

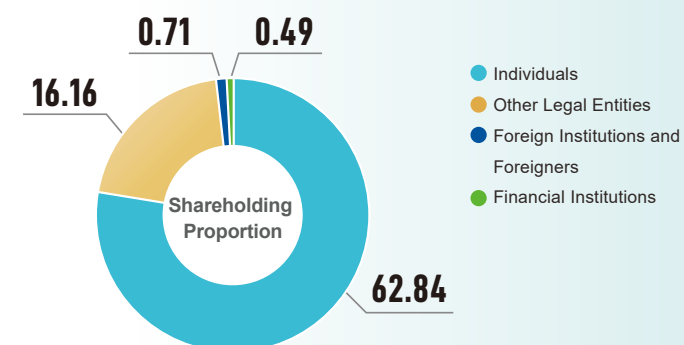
Financial Performance in the Past Three Years				
Category	Items	2021	2022	2023
Operating Financial Performance	Operating Revenue	7,487,764	6,401,739	7,779,316
	Operating Costs	5,565,695	5,189,053	6,044,901
	Gross Profit	1,922,069	1,212,686	1,734,415
	Operating Profit (Loss)	596,138	118,954	754,859
	Net profit after tax for this period	340,362	582,675	608,436
Distribution of Economic Value	Employee Remuneration and Benefits	1,117,479	1,153,278	1,219,115
	Payments to Investors	392,715	194,777	416,892
	Payments to Government	27,280	75,563	143,505
	Social Investments/Donations	1,113	45	9
	Payments to Investors: This includes shareholder dividends, interest on any form of debt or loans, and unpaid dividends to preferred shareholders. Payments to Government: The Company complies with local government regulations by paying all taxes and fines. These include business tax, income tax, and property tax. Social Investment: Expenditures by SAI, excluding expenditures by the Yunlin SAI Fu-De Social Welfare and Charity Foundation. Currently, social investments are executed by the foundation, resulting in a gradual reduction in SAI's expenditures.			

Growth Charts for Revenue and Net Profit After Tax Over the Past Three Years

For detailed information, please refer to the Market Observation Post System.



Shareholder Structure and Ownership Ratio



Application for Government Subsidy Programs

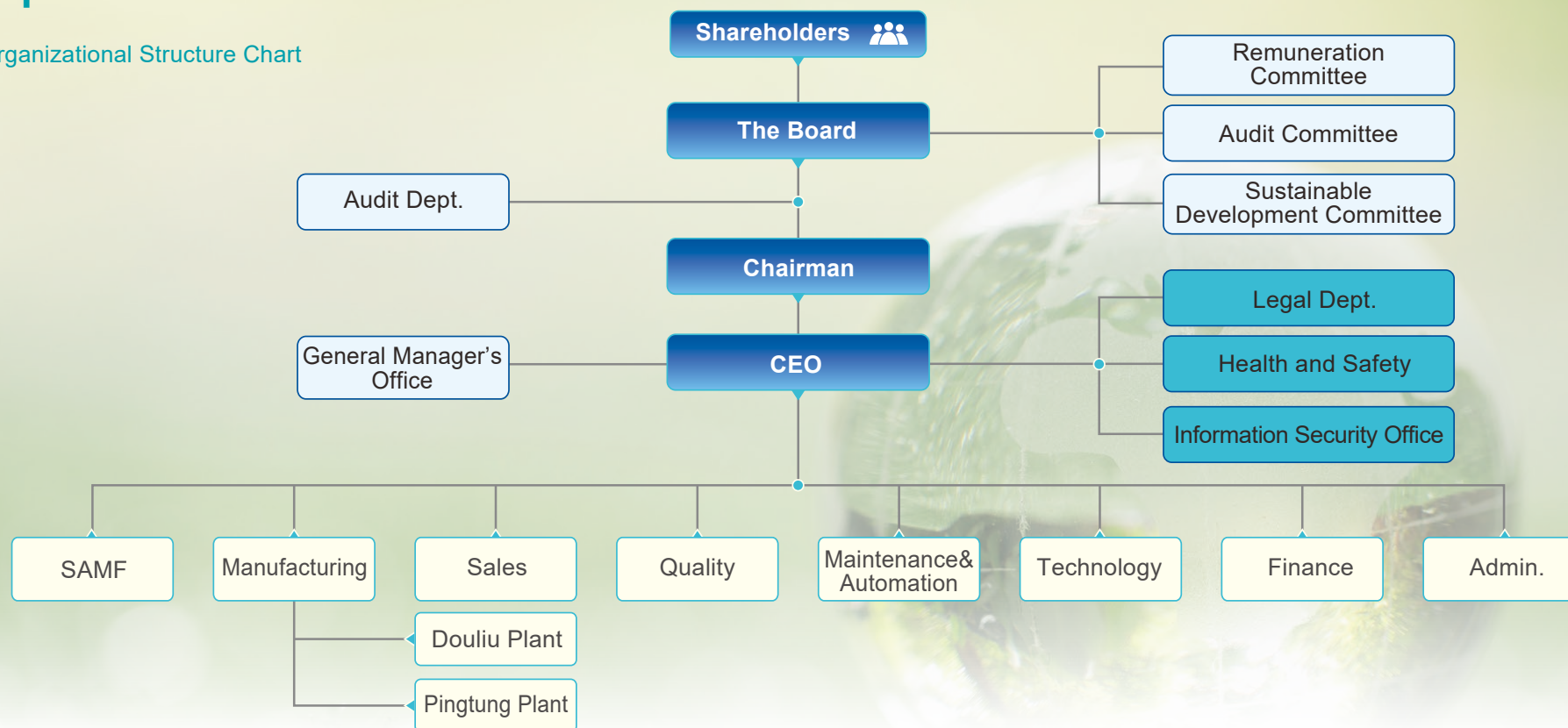
In 2023, the total amount of government subsidies received was NT\$16,050,910. In addition to employment incentives and preferential interest rates, SAI received subsidies this year for actively responding to energy-saving and carbon reduction policies by utilizing high-efficiency power equipment and accelerating the replacement of outdated equipment. Moreover, by mastering key technologies, SAI received the Ministry of Economic Affairs' Industrial Innovation Award through the "Lightweight Wheel Design and Advanced Mold Manufacturing Development Project for Electric Super Spots Cars," aimed at seizing international business opportunities.

Items	Subsidy Period	Subsidy Provider	Subsidy Amount (NT\$)
Employment Incentives	2023/01~2023/12	Ministry of Labor	1,054,196
Interest Rate Preferential Program for Rooted-in-Taiwan	2023/01~2023/12	Ministry of Economic Affairs	7,547,714
Power and Utility Equipment Subsidy	2023/01~2023/12	Bureau of Energy, Ministry of Economic Affairs	999,000
Industrial Innovation	2023/01~2023/12	Taiwan SMECF	6,450,000

2.3 Corporate Governance

Corporate Governance Framework

Organizational Structure Chart



- SAI believes that the foundation of sustainable business operations lies in a robust governance framework. Therefore, we are dedicated to establishing an effective corporate governance structure to safeguard shareholder rights, strengthen the functions of the Board of Directors, empower oversight functions, respect stakeholder interests, enhance information transparency, and adhere to principles of governance. We progressively implement various systems to continuously improve the quality and effectiveness of corporate governance, thereby pursuing maximized shareholder value and sustainable business practices.
- The Board of Directors serves as the highest governance body of the Company, responsible for setting operational directions, overseeing business performance, preventing conflicts of interest, ensuring compliance with all laws, and identifying and responding to risks. While the Board strives to protect shareholder interests, it also upholds the interests of stakeholders such as employees, customers, suppliers, communities, government, environment, and society as guiding principles, ensuring the spirit of corporate governance is effectively implemented.
- The Board convenes at least quarterly, with management providing reports to the Board. The Board has established three functional committees, which review decisions and report back to the Board for discussion. These committees assist the Board in fulfilling its responsibilities.

Director Nomination and Selection

Board member nomination and selection adhere to the "Directors Election Procedures," utilizing a candidate nomination system and cumulative voting method. According to the Company's articles of incorporation, the Board comprises seven to thirteen members serving three-year terms, elected from the list of director candidates by the shareholders' meeting, with the possibility of reelection. All members maintain independence in accordance with relevant provisions of the "Regulations Governing the Establishment and Compliance Matters of Independent Directors of Public Companies."

The Board of Directors currently consists of ten members, with four independent directors, constituting 40% of the board composition. In 2023, Ms. LIOU Wan-Yu was appointed as an independent director, bringing expertise in sustainable development and environmental protection. SAI considered existing business-related experience among non-independent directors, leading to the appointment of three additional independent directors: Mr. CHENG Ding-Wang, specializing in accounting and finance, Mr. CHEN Wun-Zong, and Mr. CHERNG Ming-Shiou, specializing in legal matters. This ensures diversity and independence among members, enhancing the professional operation of the Board in corporate governance, business decision-making, and medium to long-term strategic planning. For details on board diversity and independence, refer to page 16 of the 2023 Annual Report.

All members of the Board are prominent figures in their respective industries with extensive business experience. In accordance with SAI's "Corporate Governance Practices Guideline," Article 20 stipulates that board composition should be diverse, with no more than one-third of directors also serving as company executives. The board formulates appropriate diversity policies based on its operations, business models, and development needs. For comprehensive profiles, educational backgrounds, and other corporate affiliations of board members, please visit the Company's website.



Board Performance Evaluation

SAI's Board of Directors has established the "Board Performance Evaluation Procedures," conducting an internal board performance evaluation annually. The evaluation criteria include understanding and grasp of the Company's goals and missions, recognition of their responsibilities, participation in company operations, management and communication of internal relationships, professional competence and continuous education of the directors, effectiveness of internal control mechanisms, and ESG (Environmental, Social, and Governance) related actions. Through these criteria, the Board can comprehensively assess its performance and take appropriate measures based on the results to enhance the Company's governance standards.

Starting from 2024, SAI plans to conduct individual director annual performance assessments and link the evaluation results to individual director annual remuneration, establishing performance objectives to improve the efficiency of board operations.

Director Executive Remuneration

The standards for director remuneration follow the Company's Articles of Incorporation and the "Remuneration and Compensation Procedures for Directors, Independent Directors, Functional Committee Members, and Managers." These are approved by the Remuneration Committee and the Audit Committee, then resolved by the Board of Directors and reported to the shareholders' meeting. SAI's director remuneration includes compensation and director's fees, with no signing bonuses, hiring bonuses, severance payments, or clawback mechanisms. The Company's Articles of Incorporation also stipulate that if the Company has an annual profit, 3-15% should be allocated as employee remuneration and no more than 3% as director remuneration.

Position	Remuneration policies
Chairman	Fixed Salary: Determined by the level of participation and contribution to the Company's operations, based on industry salary standards, and adjusted according to the Company's years of service and job value. Variable Salary: Includes performance bonuses and year-end bonuses.
General Directors	Remuneration allocated based on the Company's profit and loss ratio.
Independent Directors	Fixed Compensation: Provided as a fixed monthly remuneration regardless of the Company's profit or loss.
Managers	Fixed Salary: Determined by the level of participation and contribution to the Company's operations, based on industry salary standards, and adjusted according to the Company's years of service and job value. Variable Salary: Includes performance bonuses, year-end bonuses, and employee compensation.

Director ESG Training

SAI's Board of Directors emphasizes efficiency, transparency, diversity, professionalism, and independence to strengthen corporate governance. The Board considers operational judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership, decision-making, and climate change expertise to avoid decision-making blind spots.

All of the Company's directors possess professional backgrounds in the industry and practical management experience. The Company also periodically provides directors with information on courses related to corporate governance and securities regulations. Additionally, senior executives and corporate governance officers are arranged to participate in corporate governance and securities regulations training. Courses attended by independent directors in 2023 are listed in the table to the right:

Position	Name	Training Date	Course Title	Training Hours
Independent Director	CHENG Ding-Wang	2023/05/05	Global Political and Economic Trends and Outlook: US-China Competition and Cross-Strait Relations	3
		2023/06/15	Insider Trading Prevention and Countermeasures	3
Independent Director	LIU Wan-Yu	2023/07/18	Corporate Governance 3.0: Practical Analysis of "Sustainability Reports"	3
Independent Director	CHERNG Ming-Shiou	2023/09/19	Management of Corporate Carbon Rights and Carbon Assets under Global Carbon Trading Mechanisms	3
		2023/10/17	Balancing Business Judgment and Fiduciary Duties for Independent Directors	3

For detailed information on director training, please refer to the Company's annual report.

Functional Committee

To enhance comprehensive protection of stakeholders' rights, SAI has established functional committees to integrate and manage various functional issues, thereby enhancing the operational efficiency of its governance structure.

Committee	Responsibilities	Members	Attendance Rate	Important Resolutions
Compensation Committee	Establishes and regularly reviews policies, systems, standards, and structures for director and executive performance evaluation and remuneration. Periodically evaluates and determines remuneration for directors and executives.	Committee Member: CHENG Ding-Wang, Independent Director Convenor: CHERNG Ming-Shiou, Independent Director Committee Member: CHEN Wun-Zong, Independent Director	100% (Convened 6 times in total during the 5th and 6th terms)	<ul style="list-style-type: none"> Director Remuneration Recommendation Executive Compensation Policy and Employee Remuneration Recommendation
Audit Committee	Oversight of the adequacy of financial statement disclosures, appointment (or dismissal) and independence and performance evaluation of signing auditors, effective implementation of internal controls, compliance with relevant laws and regulations, and management of existing or potential risks.	Chairman: CHENG Ding-Wang, Independent Director Committee Member: SHIH Mao-Lin, Director Committee Member: LIU Ke-Chang, Director Committee Member: LIU Wan-Yu, Independent Director Committee Member: CHERNG Ming-Shiou, Independent Director Committee Member: CHEN Wun-Zong, Independent Director	100% (Convened 10 times in total during the 2nd and 3rd terms)	<ul style="list-style-type: none"> Annual and Quarterly Financial Reports Internal Control System Company's Application for Initial Public Offering of Stocks Company's Significant Investment Projects
Sustainable Development Committee	Drafting the Company's sustainable development vision and strategy, establishing future sustainable development priorities, and overseeing the execution of sustainable development initiatives. Effectively integrating resources and implementing sustainable strategies across units, as well as engaging in dialogue and consensus-building with stakeholders.	Chairman: HUANG Tsung-Jung Committee Member: LIU Wan-Yu, Independent Director	100% (Convened once)	Setting short, medium, and long-term sustainable development goals.

Conflict of Interest

The Company's board rules stipulate integrity in operational procedures and guidelines, including provisions on directors' conflicts of interest. Directors must disclose significant conflicts of interest with matters under discussion at board meetings, involving themselves or their represented entities. They are prohibited from participating in discussions and voting if such involvement may harm the Company's interests. They must abstain from voting and discussion and cannot delegate voting rights to other directors. Directors are required to uphold mutual restraint and refrain from improper mutual support. During board deliberations, due regard must be given to the opinions of independent directors. Any dissenting or reserved opinions should be recorded in the board minutes, ensuring compliance with conflict of interest principles to safeguard the Company's interests. For situations where directors hold positions in other boards, please refer to page 22 of the 2023 annual report.

Material Information

To enhance the transparency of operational information, the Company has established the "Internal Handling of Material Information and Prevention of Insider Trading Procedures." It has appointed a spokesperson and deputy spokesperson to promptly disclose significant event information through the Company's official website and Market Observation Post System, ensuring stakeholders' rights and interests are protected. Here are notable ESG-related events for SAI in 2023:

Date of Announcement	Subject
03/27	The Pingtung factory violated the Water Pollution Control Act, and was fined with a deferred penalty by the Pingtung County Government, with a deadline for improvement.
08/21	The Yunlin Factory 2 violated the Occupational Safety and Health Act, and was fined a deferred penalty of NT\$200,000 by the Ministry of Labor.
12/08	Announcement of the establishment of the Corporate Governance Officer position.
12/18	Application for stock market listing.

For all important announcements released annually, please refer to the Market Observation Post System (Code 1563).

Stakeholder Communication Channels

For different stakeholders, SAI has established dedicated communication channels to sincerely engage and gather valuable feedback and opinions.



Stakeholders	Contact Information
Customers	Director Tseng +886-5-551-2288#646 stephen.tseng@superalloy.tw
Employees	Manager Huang +886-5-551-2288#748 gary.huang@superalloy.tw
Shareholders	Spokesperson: Executive Assistant Hsiao +886-5-551-2288#102 felicia.hsiao@superalloy.tw Acting Spokesperson: Manager Wang +886-5-551-2288#204 kelly.wang@superalloy.tw
Government Organizations	Manager Lee +886-5-551-2288#215 tony.lee@superalloy.tw
Banking Institutions	Manager Wang +886-5-551-2288#204 kelly.wang@superalloy.tw
Suppliers	Manager Huang +886-5-551-2288#748 gary.huang@superalloy.tw
Community/ Local Organizations	Manager Lee +886-5-551-2288#215 tony.lee@superalloy.tw

2.4 Risk Management

To strengthen corporate governance, promote sustainable business operations, and ensure long-term development, SAI has established a robust risk management framework. This framework aims to control risks within tolerable limits, continuously monitor internal and external issues and environmental changes, conduct operational impact analyses, and enhance capabilities to address related challenges. SAI adopts a preventive policy approach to risk management, adhering to the "Guidelines for Establishing Internal Control Systems by Publicly Traded Companies." It formulates reasonable and effective internal control systems, conducts regular and ad hoc audits by internal auditing, assesses significant risk events preemptively, establishes crisis management procedures and recovery plans, all aimed at mitigating the severity of operational impacts. Furthermore, we continuously refine our risk management mechanisms and reduce response times to enhance the integrity of our risk management practices.

SAI has established a dedicated Audit Department directly reporting to the Board of Directors, led by an Audit Manager. This department collaborates with the Audit Committee to assist the Board and management in examining and reviewing internal control systems, issuing reliable, timely, and transparent audit reports. SAI conducts regular self-assessments and continuously strengthens corporate resilience to ensure uninterrupted operations, thereby safeguarding the best interests of customers and stakeholders. For more information on our internal audit operations, please visit our company website.

Risk Identification and Management Measures

Risk management procedures encompass risk identification, analysis, assessment, response, monitoring, and reporting. Types of risks include hazard risks, operational risks, financial risks, compliance risks, etc. In 2023, SAI identified key risks and executed the following controls:

Internal Audit Process

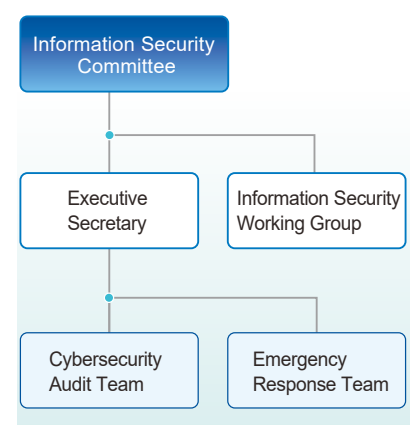


Risk Items	Risk Description	Management Measures
Occupational Health and Safety Risk	Occurrence of occupational injury incidents may lead to decreased operational efficiency, increased operating costs, and adversely impact employee health and quality of life, thereby damaging corporate image.	<ul style="list-style-type: none"> Personnel Aspect: Provide annual employee health check-ups (including special hazard health checks), family member health screenings, and conduct health seminars. Mechanical Aspect: Provide pre-job training for new employees on initial operations, supplemented with foreign language support to enhance recognition. Operational Aspect: Conduct semi-annually routine reviews and risk assessments of operational procedures, including hazard identification and preventive improvements. Environmental Aspect: Conduct semi-annually physical/chemical environmental monitoring to understand the impact of employee
Information Security Risk	With evolving cyber threats, there is a risk of data breaches affecting confidential information of customers, supply chains, and employees, compromising rights.	<ul style="list-style-type: none"> Implemented information security education and training, and social engineering drills for all employees to enhance information security awareness. Included customer confidential information protection in new employee training and annual education programs to enforce customer confidential information management. Conducted regular vulnerability scans and penetration tests, and implement improvement measures for identified vulnerabilities.
Economic Performance Risks	If the Company's revenue performance falls short of expectations or if the market experiences a downturn, it may lead to budget cuts in research and development, personnel, or environmental protection, reducing overall industry competitiveness and impeding economic development.	<ul style="list-style-type: none"> The Board of Directors plans future operational strategies, while the Finance Department is responsible for controlling costs and operational performance. By automating to streamline production processes, we aim to increase production capacity utilization and enhance asset turnover rates. Increased the proportion of recycled aluminum to reduce procurement costs.
Integrity in Business Operations Risks	Failure to adhere to the Company's code of conduct may lead to integrity breaches, harming stakeholders' interests, eroding employee trust in the Company, and compromising the Company's external reputation.	<ul style="list-style-type: none"> Required senior executives to sign an integrity and honesty commitment. Promoted integrity management guidelines and complaint mechanisms during new employee training. Incorporated integrity management into employee performance evaluations and human resources policies, establishing clear and effective reward, punishment, and complaint systems.

Information Security Management

SAI achieved ISO 27001:2013 certification in 2023, demonstrating compliance with the Information Security Management System (ISMS) requirements of ISO 27001. We effectively implement information security procedures, enhance personnel awareness and knowledge of security, regularly conduct internal audits and external reviews, and continuously strengthen information security monitoring and management through the PDCA (Plan-Do-Check-Act) cycle. This approach aims to reduce enterprise security threats from both technical and procedural perspectives. SAI has established an Information Security Policy as a management foundation, effectively mitigating risks such as theft, improper use, disclosure, alteration, or destruction of information assets due to human error, malicious intent, or natural disasters. This safeguards stakeholders and operational information assets, ensuring sustainable business operations. In 2023, there were no complaints of privacy violations or loss of customer data.

Information Security Committee Structure



Information Security Organization Roles

Information Security Committee	<ul style="list-style-type: none"> The Vice President serves as the convener and Chief Information Security Officer. Reviews management systems and establishes policy objectives
Executive Secretary	<ul style="list-style-type: none"> Provides early warning, monitors, and manages security situations. Proposes improvement suggestions and assists in conducting self-assessments.
Information Security Working Group	<ul style="list-style-type: none"> Representatives from each department, responsible for planning and executing various information security operations, such as education and training, corrective/recovery measures, and compliance with cybersecurity regulations.
Emergency Response Team	<ul style="list-style-type: none"> Key business process owners serve as team members. In case of emergencies, initiate contact and notification with relevant external stakeholders.
Cybersecurity Audit Team	<ul style="list-style-type: none"> Develop an internal cybersecurity audit plan to assess the implementation status of cybersecurity management, and prepare internal audit reports.

Information Security and Objectives

1. Ensure that the Company's critical core systems maintain a certain level of system availability.
2. Protect the Company's business activity information, including information security and prototype protection. Prevent unauthorized access and modification, ensuring accuracy and integrity.
3. Conduct regular internal audits to ensure the effective implementation of relevant operations.
4. Provide information security and prototype protection training, promoting employee awareness and enhancing their understanding of related responsibilities.

2023 Cybersecurity Education and Training / Social Engineering Exercises

Courses / Awareness Programs	Total Hours	Social Engineering Exercises
Information Security Awareness Training	1524	A total of 480 individuals were tested, with each person receiving two out of four test samples, depending on their business function. The overall open rate for all scenarios was 12.29%, and the overall click rate was 12.29%. All individuals who opened or clicked on the emails were scheduled for training to enhance their awareness of social engineering exercises.
ISO 27001 Lead Auditor Training	40	
ISO 27001 Internal Auditor Training	320	
TISAX Prototype Protection Awareness Course	1524	

2023 Cybersecurity-Related Testing / Disaster Drills

Cybersecurity-Related Engineering Tests and Protection Scans	Cybersecurity Inventory and Disaster Drills
In March 2023, the Company conducted initial scans (system vulnerability scans, website vulnerability scans, and penetration testing) and obtained an initial scan report. Following the initial scan, 669 items classified as Critical and High were remediated. In May 2023, a follow-up scan was conducted. Items that could not be immediately remediated were addressed with temporary containment solutions and included in the annual risk improvement plan. SAI's technical improvement rate for 2023 was 97.91%.	To ensure continuous operations and minimize the impact of major failures or disasters on critical business processes, the Company has established an annual disaster recovery drill plan to be conducted three times a year. The scope of the Company's information security management system includes planning emergency response and recovery procedures for nine critical business processes, including "network services" and "core systems," to ensure the sustainability of these key business processes. In February and March 2023, the Company completed disaster recovery drills for SAP/ERP, firewall, and virtual platform system service failures.

Climate Change Management

Extreme climate poses an undeniable threat to global economies and people's lives. According to the World Economic Forum's Global Risk Report 2023, "failure of climate action" and "extreme weather events" once again occupy the highest global risk positions over the next decade. SAI, adhering to the belief in the coexistence and mutual prosperity of corporate growth and the ecological environment, follows the TCFD (Task Force on Climate-related Financial Disclosures) framework to disclose information in four major areas: governance, strategy, risk management, and metrics and targets. This demonstrates the Company's resilience and response to climate change, laying the foundation for management towards achieving net-zero emissions.

Governance

The governance structure for climate change issues is overseen by the Board of Directors as the highest regulatory body. The control mechanisms for related issues are established under the Sustainable Development Committee, which comprises various functional groups, including the Environmental Sustainability Group, Corporate Governance Group, Social Care Group, and Supply Chain Management Group. These groups address the concerns of different stakeholders and collaborate with relevant company departments to plan, promote, and implement related initiatives. The committee meets at least twice a year and reports its activities to the Board of Directors at least once annually.

Strategy

The risk management policy of the Company and its subsidiaries is defined in accordance with the overall business guidelines, establishing a risk management mechanism that enables early identification, accurate measurement, effective supervision, and stringent control of various risks. Within the acceptable risk range, this mechanism aims to prevent potential losses. It continuously adjusts and improves best risk management practices based on changes in internal and external environments to protect the interests of employees, shareholders, partners, and customers, enhance company value, and achieve the optimal allocation of company resources.

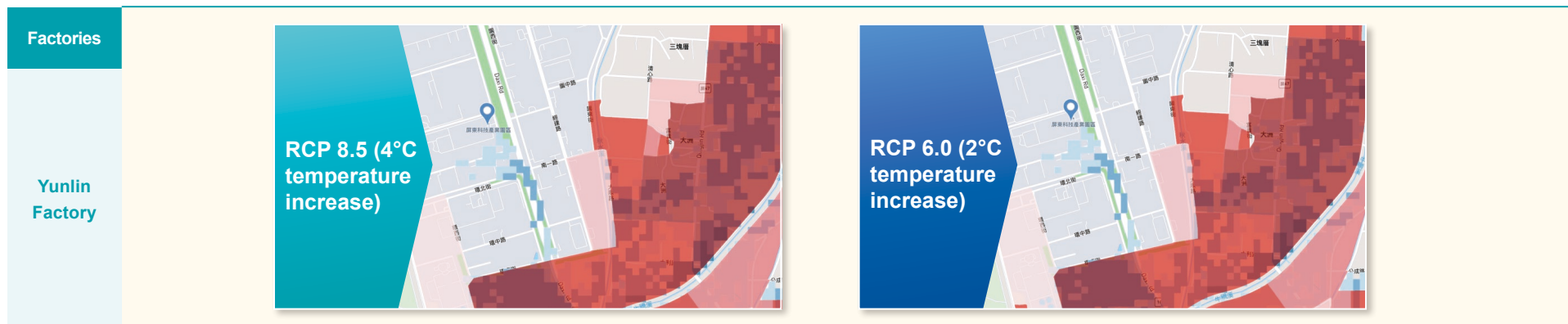
Scenario Analysis

The Company, referencing the "Climate Change Disaster Risk Adaptation Platform," evaluated the physical flood risk under the RCP 8.5 scenario (4°C temperature increase) and the RCP 6.0 scenario (2°C temperature increase). The assessment results indicate that SAI's Yunlin and Pingtung factories are located in low-risk flood areas, posing no significant financial impact.

Factories

Yunlin Factory





Risk Management

According to the Company's "Risk Management Policy," through processes such as risk identification, risk analysis, risk assessment, risk response and monitoring, and risk reporting and disclosure, each risk-responsible unit must conduct risk assessment for identified risk scenarios. Based on the residual risk level assessed, they are required to propose risk response improvement plans to effectively manage risks.

Internal target management timelines are defined as short-term for impacts under two years, medium-term for three to five years, and long-term for over five years.

Future Potential Significant Impacts

Category	Risk Items	Short-term Financial Impact	Response Measures
Entity	Increased severity and frequency of extreme weather events such as droughts	Increased operational disruptions and operating costs	Diversification of operational site selection and machining subcontractors to facilitate production transfer during factory operation interruptions
	Insufficient resources, unstable water and electricity supply	For each day of downtime, estimated costs are projected to increase by NT\$10.7 million. (Note: Daily average production costs + potential increase in transportation costs (e.g., additional air freight))	<ul style="list-style-type: none"> Sign contracts with water suppliers to provide water trucks during water shortages to maintain production. Increase the proportion of renewable energy to supply electricity to the factory during power outages.
Transformation	Greenhouse Gas Emissions Management and Carbon Taxation	In 2023, our Scope 1 and Scope 2 greenhouse gas emissions totaled 83,244 metric tons. It is anticipated that a carbon tax will be levied at 83,244 tons x NT\$300 (estimated rate), resulting in an annual cost of approximately NT\$24.9732 million.	In accordance with ISO 14064-2 standards, we plan to replace high-energy-consuming machinery, increase the use of renewable energy, and reduce greenhouse gas emissions.
	Transition to low-carbon emission technology services.	The shift to low-carbon technology (e.g., using recycled aluminum) increases equipment costs by approximately 3 to 4 times, but reduces material costs by about 23.53%.	Evaluate the cost of equipment introduction and the environmental and financial benefits of the product, select higher energy-efficient machinery, and opt for low-pollution raw materials to reduce environmental pollution.
	Rising Energy Costs	The cost of establishing energy-saving, carbon-reduction, and pollution-reduction equipment has increased by approximately NT\$43 million, along with the rising cost of purchasing renewable energy.	<ul style="list-style-type: none"> Increase the scale of renewable energy generation to enhance the proportion of self-supplied electricity. Set up an energy management platform to monitor electricity usage in the production process, plan energy consumption reduction initiatives, and lower overall energy use.
	Market Information and Customer Behavior Changes	The demand from consumers and customers for sustainable and low-carbon products has increased, and customer shifts may lead to reduced revenue.	SAI responds to the rising demand for sustainable and low-carbon products by evaluating product life cycles and offering low-carbon products to customers. Through product design, we enhance the efficiency of usage cycles and recycle aluminum scrap from the smelting process to produce recycled aluminum as a raw material, reducing carbon footprints by over 95%.

Indicator Targets

Core Strategy	Indicators	Short-term Management Measures	Medium to Long-term Management Measures
Energy Conservation	Energy Audit and Reporting	Complete and legally report monthly electricity consumption by January 2024.	Comply with legal reporting requirements.
	Establish Renewable Energy Generation Facilities	Officially connected to the grid for power generation in 2023, with equipment certificate number: 23SP0156.	Regularly upload power generation data to obtain green energy certificates
Green Growth	Recycling and Reusing Aluminum Materials	Recycling and reusing aluminum materials at a rate of over 40%.	SAI achieves a recycling and reusing rate of over 50%.
	Aluminum Dross Refining	Refine over 50% of aluminum dross.	Refine over 70% of aluminum dross.
	Smelting Production Yield	Achieve a smelting production yield of over 98%.	Achieve a smelting production yield of over 98%.
Greenhouse Gas Management	Greenhouse Gas Emissions	Carbon reduction target of >1% compared to the base year.	Carbon reduction target of >7% compared to the base year.
	Greenhouse Gas Inventory	Simultaneously conduct greenhouse gas inventories for Pingtung Factory, Zhuwei Factory, and Factory 1.	Annual verification required to comply with ISO 14064-1.
	Greenhouse Gas Reduction	<ul style="list-style-type: none"> Install chiller units and energy-saving monitoring systems for air compressors. Develop greenhouse gas reduction plans, in line with projects for low-carbon and intelligent transformation in the manufacturing sector. 	<ul style="list-style-type: none"> In collaboration with the government's "Low-Carbon and Intelligent Transformation Project for Manufacturing," establish platforms for chillers, air compressors, greenhouse gas inventory, and energy management to identify energy inefficiencies and implement improvement plans. Execute ISO 14064-2 Reduction Plan Verification
	Carbon Footprint Inventory	<ul style="list-style-type: none"> Establish a product carbon footprint inventory Execute ISO 14067 verification. 	<ul style="list-style-type: none"> Annual verification required to comply with ISO 14067. Implement CBAM carbon tariffs by 2025.

2.5 Integrity in Business Operations

SAI, in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and relevant laws and regulations of our operational locations, has established procedures and guidelines including the "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Ethical Corporate Management Procedures and Guidelines," and "Sustainable Development Best Practice Principles." These documents encompass regulations on anti-corruption, insider trading, intellectual property rights, and proper information preservation and disclosure, specifically outlining the necessary precautions to uphold the Company's ethical standards and appropriate behavior. We require all employees to fully understand and adhere to these ethical guidelines, respect and strictly abide by confidentiality agreements with customers, and refrain from accepting any bribes or improper benefits. Additionally, we aim to invite customers, suppliers, business partners, and other associated entities to jointly understand and support SAI's core values of integrity.





Board of Directors

Fulfill the audit and assessment responsibilities to ensure the implementation of ethical business practices. The Board of Directors must stipulate that any proposals in which a director or the legal entity they represent has a vested interest must be disclosed at the relevant board meeting, detailing the significant aspects of the interest. If the interest is detrimental to the Company's interests, the director should not participate in the discussion or voting and must recuse themselves during these processes. There have been no instances this year where directors needed to recuse themselves from discussions due to conflicts of interest.



Employees

2023 Advocacy and Training:

- 1524 members, accounting for 100% of the organization, have been communicated on the anti-corruption policy and procedures.
- 1524 employees have received anti-corruption education training, achieving a completion rate of 100%.
- A total of 30 directors and senior executives have signed integrity and integrity commitments.
- A total of 306 people participated in new employee training on anti-corruption.



Business counterparts (suppliers, customers)

Engaging in business transactions must not involve illegal activities. Upon discovering dishonest conduct from business counterparts or collaborators, immediate cessation of business dealings with them is required, and they should be categorized as refused business partners to uphold the Company's integrity policies.

Suppliers: Suppliers are required to sign a Supplier Code of Conduct declaration.

Customers: Customers should be asked to sign CSR-related commitment letters upon request.

Transparency and Integrity Policy Implementation

To uphold and strengthen ethical practices within the organization, SAI has formulated policies regarding responsible business conduct. These policies are implemented by each operational unit to integrate them into the daily operations involving relevant stakeholders (employees, suppliers, etc.). The policy execution results for the year 2023 are as follows:

Policy Name	Policy Execution Unit	Policy Advocacy Method	Policy Implementation Method	Execution Results
Integrity Management Policy	Corporate Governance Body	Announcement and Dissemination	Establishing a Code of Conduct	100% compliance with the Code of Conduct across all staff
Information Security Policy	Information Security Office	Announcement and Education Training	Compliance with ISO 27001 requirements	Certification Achieved
Anti-Corruption and Anti-Bribery Policy	Audit Office	Announcement and Dissemination	Establishing a Code of Conduct	100% compliance with the Code of Conduct across all staff
No Harassment, No Bullying Workplace Environment Policy	Human Resources Department	Announcement and Dissemination	Establishment of Complaints Channel	No Complaint Cases in 2023
ASI Policy	Quality Assurance Department	Announcement and Dissemination	Compliance with ASI Management System Requirements	ASI Certification Achieved
Human Rights Policy	Human Resources Department	Announcement and Dissemination	Human Rights Due Diligence	Please refer to Chapter 5.2 Human Rights Management of this report.
Environmental Health and Safety Policy	Occupational Safety Office	Educational Training	Compliance with ISO 14001 and ISO 45001 requirements	Maintaining Certificate Validity
Supplier Code of Conduct	Procurement Department	Signing of Declaration Statement	Request for Suppliers to Sign Declaration	Please refer to Chapter 4.4 Supplier Management of this report.

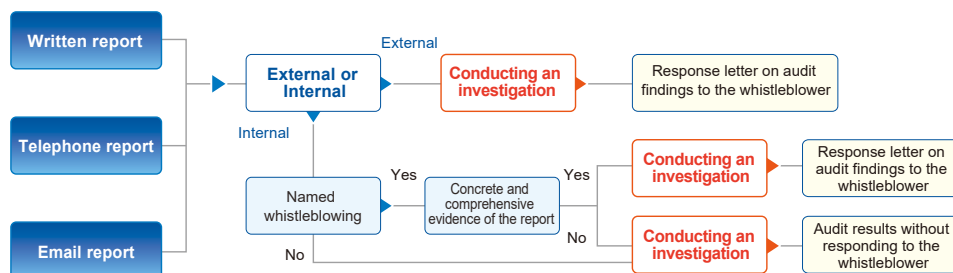
Complaint/Whistleblowing Mechanism

SAI has always upheld a corporate culture of integrity and transparency to promote sound business practices. We have established procedures for handling whistleblowing and employee complaint through the "Whistleblowing Handling Procedure" and "Employee Complaint Handling System." These procedures outline the acceptance and investigation timelines, with the Audit Department designated as the unit responsible for handling fraud and dishonest behavior. We have established and publicized multiple channels such as a whistleblowing hotline, whistleblowing email address, or postal address on our official website and internal platforms, available for both internal colleagues and external parties to use.

Upon receiving a complaint, the designated unit registers the case and verifies its acceptance based on whistleblowing documents, records, or transcripts, along with relevant information. Cases confirmed for acceptance are then forwarded to the investigation unit for further inquiry. The unit handling complaints notifies whistleblowers appropriately, either in writing or through other suitable means, regarding the status of the whistleblowing case. Employees can also file complaints through a dedicated hotline or by filling out an employee complaint form. The Workplace Misconduct Investigation Team is responsible for handling these cases to ensure the protection of employees' legal rights and interests.

In accordance with the Occupational Safety and Health Act, its enforcement regulations, the Sexual Harassment Prevention Act, and the Personal Data Protection Act, SAI ensures the confidentiality of whistleblowers' personal information and other identifying details unless necessary for investigation purposes. Such information is not disclosed to third parties unrelated to the investigation to prevent unfair treatment or retaliation. Whistleblowers may also legally seek preventive measures if they foresee potential harm. For internal employee whistleblowers, SAI guarantees protection from adverse treatment due to whistleblowing. It strictly prohibits any retaliatory measures and allows for anonymous reporting, actively preventing dishonesty, fraud, and criminal activities. In 2023, SAI received 0 complaints.

Whistleblowing Case Handling Procedure



Complaint/Whistleblowing Channels

- Whistleblowing Channel for Integrity Issues: sharon.tu@superalloy.tw
- Harassment and Workplace Misconduct: 05-5512288#224, sai-shpt@superalloy.tw
- General Employee Complaints: 05-5512288#231, bonnie.chen@superalloy.tw

Political Contribution

Preventing Corporate Embezzlement

SAI has established the "Code of Business Ethics," "Code of Conduct and Operating Procedures for Integrity," and a "Whistleblowing System," prohibiting the acceptance or donation of illegal political contributions. In 2023, there were no donations made to political parties or political groups.

Approach to Tax

Tax Policy

The Company adheres to local tax regulations and legislative principles, ensuring accurate calculation and timely filing and payment of taxes.

Conduct comprehensive assessments of the impacts of local and international tax regulatory changes and swiftly formulate responsive decisions.

Regularly disclose tax information through financial and annual reports via public channels to stakeholders, ensuring transparency of information.

Maintain open and honest communication with national tax authorities, providing industry insights to aid in improving the tax environment and system.

By utilizing legal and transparent tax incentive policies, refraining from methods that violate the spirit of the law to enjoy tax reductions or exemptions.

The corporate structures and transactions align with commercial substance, avoiding tax planning primarily for the purpose of reducing tax liabilities.

Develop and implement tax decisions while evaluating associated risks and adopting appropriate strategies.

Unit: NT\$ thousand

Tax Information for the Past Two Years

Items	2022	2023	Average
Net profit before tax	633,570	972,721	803,146
Income Tax Expense	126,714	194,544	160,629
Income Tax Rate (%)	20%	20%	20%

Compliance with Laws and Regulations

SAI adheres to principles of legal compliance, strictly operating in accordance with laws and regulations, and establishes internal operational procedures based on standards for publicly traded companies. Furthermore, SAI closely monitors domestic and international policies and regulations that may impact the Company's financial and business operations, establishing relevant risk management procedures. The Company also enhances employees' legal literacy through continuous education and training. In 2023, SAI's operational sites reported no significant fines (exceeding NT\$1 million) related to corporate governance, environmental protection, human resources, products, or services.

Corporate governance-related regulations	Environmental protection-related regulations	Human resources-related regulations	Product and service-related regulations
<ul style="list-style-type: none"> ✓ No violations of company law ✓ No violations of commercial law ✓ No violations of securities and financial regulations ✓ No involvement in corruption incidents ✓ No political contributions ✓ No legal disputes arising from anti-competitive practices, antitrust, and monopoly behaviors 	<ul style="list-style-type: none"> ✓ No violations of waste management laws ✓ No violations of air pollution prevention laws ✓ No significant violations under the Water Pollution Control Act ✓ No significant violations under the Waste Disposal Act 	<ul style="list-style-type: none"> ✓ No violations of gender equality laws ✓ No forced labor practices ✓ No child labor ✓ No infringements on indigenous rights 	<ul style="list-style-type: none"> ✓ No prohibited or controversial products ✓ No violations of marketing-related regulations and voluntary codes. ✓ No incidents resulting in substantial fines due to violations of laws and regulations in the provision and use of products and services. ✓ No infringements on customer privacy or loss of customer data.

Despite the absence of significant compliance issues, the Company has incurred fines in other instances, all of which have been addressed with enhanced corrective measures to prevent recurrence of similar violations:

Type of penalty	Type	Nature of penalty	Description of regulatory violation	Improvement measures
Environmental regulations	Waste Disposal Act	Pursuant to Article 52 of the Waste Disposal Act, Yunlin Factory 2 is fined NT\$12,000 with a requirement for the Company to complete improvements by May 30, 2023. Additionally, the Company is mandated to attend 2 hours of environmental training.	Violation of Article 36, Section 1, and Article 6, Section 1, Clause 4 of the Standards for Storage, Removal, and Treatment Facilities for Business Waste under the Waste Disposal Act.	<ol style="list-style-type: none"> 1. Immediate corrective action includes re-labeling. 2. Comprehensive review of relevant labeling and placement in prominent locations.
	Water Pollution Control Act	A fine of NT\$234,000 is imposed on the Pingtung factory, along with a mandatory 2-hour environmental training session, and a deadline for improvement notice attached.	Article 7, Paragraph 1 of the Water Pollution Control Act.	<ol style="list-style-type: none"> 1. Immediate restoration of wastewater treatment equipment. 2. Implementation of handheld instruments for dual verification of water quality. 3. Increased frequency of inspections with photographic confirmation.
Occupational Safety and Health Regulation	Occupational Safety and Health Act	The Yunlin Factory violated Article 6, Paragraph 1, Clause 1 of the Occupational Safety and Health Act and was fined NT\$200,000.	<ol style="list-style-type: none"> 1. Failed to maintain a safe condition to prevent workers from slipping or falling, as required by Rule 21 of the Occupational Safety and Health Facilities Regulations. 2. Did not install safety devices with interlocking capabilities, as mandated by Rule 58, Paragraph 5 of the regulations. 	<ol style="list-style-type: none"> 1. Replaced the original 2nd-level work platform with a 1st-level platform and enhanced its slip-resistant surface. They also added dust guards to dust collection equipment at discharge points to prevent the dispersion of metal abrasives. 2. Upon on-site verification, it was found that safety doors with interlocking capabilities were already installed. However, insufficient clarification from company personnel during the inspection led to misunderstandings by the Ministry of Labor. Continue to enhance internal education and training.
		The Pingtung Factory violated Article 6, Paragraph 1 of the Occupational Safety and Health Act and was fined NT\$60,000.	Failed to maintain a safe condition to prevent workers from slipping or falling, as required by Rule 21 of the Occupational Safety and Health Facilities Regulations.	Reinforced the strength of cover plates on the cleaning line by welding additional support bars to prevent falling incidents.
Total	Number of incidents: Four; Total fines: NT\$506,000			



CH 3

Achieving Net-Zero Emissions

- 3-1 Net Zero Policy
- 3-2 Energy Management
- 3-3 GHG emissions
- 3-4 Waste Management
- 3-5 Air Pollution Control
- 3-6 Water Resource Management
- 3-7 Biodiversity Management

3.1 Net Zero Policy

Net Zero Strategy

To mitigate the impacts of extreme climate events on company operations and respond to the net-zero emissions targets set by leading international automotive brands, SAI, a global leader in forged solutions, sets a long-term goal to achieve net-zero carbon emissions by 2050. Using 2022 as a base year, short-term objectives include a 4% reduction in emissions by 2026, with a medium-term target of 7% reduction by 2030. The Company is committed to promoting and leading sustainable development in the forging industry, shaping a sustainable future.

The Company conducts annual assessments of energy and greenhouse gas emissions, utilizing SWOT analysis to assess external environmental factors and internal resources, identifying strengths, weaknesses, opportunities, and threats. This strategic approach guides the development of detailed action plans across four strategic directions, progressively moving towards achieving net-zero carbon emissions.

Strategic Directions	Implementation Details	2023 Implementation Results
Deployment of Renewable Energy	<ul style="list-style-type: none"> Each factory plans to install solar power generation equipment for use in production processes, in compliance with government regulations on renewable energy contract capacity. Aim to increase renewable energy generation projects, targeting 100% green electricity usage in the smelting plant by 2026. 	<ul style="list-style-type: none"> A total of 1,492.4 kW of solar capacity has been installed, generating 1.3486 million kWh of green electricity. <p>Note: The solar power generation site was completed in March 2023; therefore, the generation data is from March 30 to December 31, 2023.</p>
Fostering a Sustainable Culture	<ul style="list-style-type: none"> Developed an annual energy education and training plan to enhance employees' awareness of energy conservation. Incorporated energy policies and related information into the training courses for new employees. Participated in energy conservation courses and observational events organized by relevant units of the Ministry of Economic Affairs. 	<ul style="list-style-type: none"> Conducted carbon neutrality-related education and training sessions, with a total of 1,451 participants and 725.5 training hours. Engaged in the Ministry of Economic Affairs' government-subsidized carbon reduction program, "Low-Carbon and Intelligent Transformation Project for the Manufacturing Industry."
Optimizing Process Energy Efficiency	<ul style="list-style-type: none"> Installed power quality analyzers to measure equipment energy consumption, providing a basis for subsequent improvement and monitoring. Replaced hot air circulation systems with direct fire heating systems, such as the Pingtung intermediate furnace and direct fire furnace, to reduce energy consumption. Gradually revise equipment operation and maintenance schedules to include shutdown procedures for idle periods. Replaced induction motors in forging machines with servo motors to reduce no-load energy consumption. Adjusted shifts in each production unit to operate during off-peak hours. Refer to the "Major Energy-Using Equipment Registration Form" to evaluate the replacement of high-energy-consuming equipment. New equipment is selected based on the Energy, Environment, and Health Safety Design and Procurement Evaluation Form to ensure high energy efficiency. 	<ul style="list-style-type: none"> Completed the installation of the energy monitoring system to measure equipment energy consumption in real time. Implemented improvements on four major energy-using pieces of equipment, achieving total energy savings of 2.017 million kWh/year. 16.4% reduction in carbon intensity compared to 2022.

Environmental Management Policy

To mitigate the environmental impact of our operations, SAI aims to achieve net-zero emissions by 2050, taking responsibility for reducing environmental and ecological impacts. The Company has established an "Environmental Safety and Health Policy" to evaluate energy and carbon emissions, set carbon reduction targets, and initiate environmental education and training to raise employee awareness. Together, we strive to execute carbon reduction measures and minimize environmental impact, while simultaneously addressing stakeholder expectations and adhering to regulatory requirements. This approach strengthens SAI's corporate resilience and sustainable value.

Environmental Safety and Health Policy	Management Actions	2023 Implementation Results	
1. Promoted EHS (Environmental, Health, and Safety) awareness among employees and relevant stakeholders.	Conducted related education and training for dedicated personnel and all employees.	<ul style="list-style-type: none"> EHS Personnel: This year, external education and training sessions were attended by 62 participants, totaling 1,626 hours, resulting in 601 EHS-related certifications (excluding internal auditor certifications). All Employees: A total of 4,533 participants engaged in training sessions, accumulating 2,296 training hours. 	<p>Accumulate a total of 601 EHS-related management system certifications.</p> <p>4,533 participants attended EHS-related education and training sessions.</p>
2. Comply with EHS (Environmental, Health, and Safety) regulations and related requirements.	Monitor regulatory changes and enhance improvements and prevention measures for any violations.	<ul style="list-style-type: none"> No major violations occurred; all incidents of non-compliance were properly addressed and prevented. No significant violations under the Waste Disposal Act No violations of air pollution prevention laws No significant violations under the Water Pollution Control Act 	No major violations occurred.
3. Achieved EHS (Environmental, Health, and Safety) targets by promoting energy conservation, carbon reduction, green environmental protection, and physical and mental well-being.	Aimed for net-zero carbon emissions by 2050, following the ISO 14001 and ISO 50001 management system cycles, and actively replacing high-energy-consuming equipment.	<ul style="list-style-type: none"> 16.4% reduction in carbon intensity compared to 2022. Energy-saving improvements in four major energy installations saving 2,017,000 kWh annually. 	<p>Carbon emission intensity reduced by 16.4%.</p> <p>Annual energy savings of 2.017 million kWh.</p>
4. Improved EHS (Environmental, Health, and Safety) processes to reduce environmental hazards and ensure the safety and health	Followed ISO 45001 Occupational Health and Safety Management System to reduce occupational incidents and prevent hazardous substance leaks that could impact the environment and local residents' health.	<ul style="list-style-type: none"> No leakage incidents occurred. No fatal occupational accidents occurred There were 2 occupational incidents and 24 traffic accidents 	Both reported occupational incidents resulted in minor injuries .

Note: Please refer to Chapter 5.4 for occupational safety management related content.

Promoting EHS Awareness

To achieve SAI's environmental goals, education and training are provided to dedicated personnel and all employees. Through the leadership of dedicated personnel, SAI aims for environmental sustainability. All employees are encouraged to practice sustainability in their daily work.

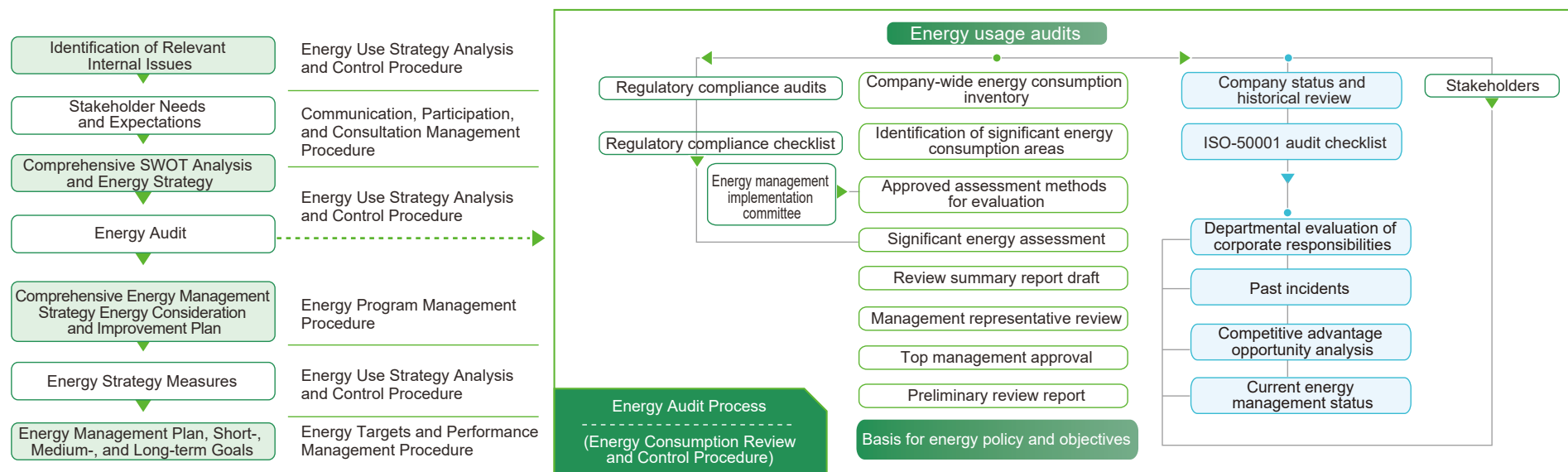
By the end of 2023, SAI has accumulated a total of 47 personnel holding ISO 14064-1 Greenhouse Gas Inventory internal auditor certifications, and 80 personnel holding ISO 14001 Environmental Management System internal auditor certifications. Environmental training for dedicated personnel includes wastewater management, waste management, air pollution control, and chemical substance management, totaling 67 training sessions and 406 hours of training. Additionally, all employees receive training in greenhouse gas inventory and waste management, with case studies on carbon neutrality implementation, waste incineration, and food waste disposal solutions, involving a total of 4,533 participants and 2,296 training hours.

Training Participants	Training Focus	Training Content	Training Outcomes
Dedicated Personnel	Environmental Management System	Internal Auditors for ISO 14001 Environmental Management System	Accumulated 80 individuals holding certifications
		Internal training for ISO 45001 and ISO 14001	59 participants trained, totaling 59 hours
	Wastewater Treatment	<ul style="list-style-type: none"> Class B wastewater treatment specialist training Class B to Class A Level wastewater treatment specialist training On-the-job training for wastewater treatment specialists 	8 participants trained, totaling 342 hours
	Waste Management	Training for Class A Level waste management professional technicians	
	Air Pollution Control	On-the-job training course for Air Pollution Control Specialists.	
	Chemical Substance Management	Training for operational-level toxic and hazardous chemical response personnel	
	GHG emissions	Internal auditors for ISO 14064-1 Greenhouse Gas Inventory	Accumulated 47 individuals holding certifications
All colleagues	GHG emissions	Carbon-neutral business cases	Total participation of 1,451 individuals, totaling 725.5 hours
	Waste Management	Case Studies on Food Waste Treatment, Black Soldier Fly, and Waste Incineration	Total of 3,023 participants, totaling 1,511.5 hours

Note: Includes individuals holding ISO 14064-1 and ISO 14001 certifications who are currently on leave.

3.2 Energy Management

To respond to national energy policy goals and energy transition objectives, SAI has formulated principles and actions focused on reducing coal usage and promoting green initiatives. Through effective energy management systems, the Company monitors energy consumption, develops energy improvement plans, and initiates green energy development projects. The scope of this energy management system covers all operations and processes at SAI's factories, including Yunlin Technology Industrial Park Factory 1, Factory 2, and Pingtung Factory, encompassing all activities, products, and services of employees on-site. It includes five major management procedures, structured as follows:



Energy Usage Policy

SAI upholds the principles of sustainable business practices, encouraging all employees to participate in and promote energy conservation and carbon reduction activities. We strive for continuous improvement through a reduction plan focused on enhancing energy efficiency and optimizing energy-saving process designs by purchasing energy-efficient and high-performance equipment. We commit to:

- 1 Promoting energy-saving and carbon reduction awareness among employees and relevant stakeholders.
- 2 Compliance with energy laws and related requirements.
- 3 Achieving energy targets through energy-saving, carbon reduction, efficiency enhancement, and green environmental practices.
- 4 Improving energy processes to reduce energy consumption and enhance energy efficiency.

To achieve these commitments, SAI plans to actively transition and invest in the next five years to enhance recycling rates (aluminum dross refining for recycled materials), promote green product initiatives, increase resource reuse (recycling wastewater), develop low-pollution source products (reduced solvent testing), and implement energy-efficient processes (automation control). These actions are aimed at advancing towards the goal of achieving net-zero carbon emissions by 2050.

Energy Consumption

In 2023, SAI recorded an internal energy consumption of 838,955.86 gigajoules (GJ). The energy intensity decreased from 0.1257 GJ/NT\$ thousand in 2022 to 0.1078 GJ/NT\$ thousand in 2023.

Energy Usage Statistics in Recent Two-Year			
Quantitative Indicators	Unit	2022	2023
Natural Gas Consumption (heating)	m3/year	9,812,335.29	10,126,977.84
	GJ	369,740.57	381,596.68
Gasoline Consumption	L/year	19,060.71	22,638.15
	GJ	622.47	739.29
Diesel Consumption	L/year	267,196.96	309,134.20
	GJ	9,397.08	11,389.69
Electricity Consumption (excluding refrigeration)	kWh/year	117,458,612.96	121,636,251.45
	GJ	422,851.01	437,890.51
Refrigeration Electricity Consumption	kWh/year	657,719.04	690,164.55
	GJ	2,367.79	2,484.59
Solar Power Generation	kWh/year	0	1,348,638.99
	GJ	0	4,855.10
Operating Revenue	NT\$ thousand	6,401,739	7,779,316
Energy Consumption	GJ	804,978.92	838,955.86
Energy Intensity	GJ/NT\$ thousand	0.1257	0.1078

The primary reason for the increase in energy consumption is due to the increased production at the Pingtung and Factory 2 facilities, leading to higher equipment operating hours. There is no significant difference compared to the base year 2019.

Energy Performance

Energy Performance of Each Factory Over the Past Two Years									
Factories	Pingtung Factory			Factory 1			Factory 2		
	Production Volume	Electricity Efficiency	Natural Gas Efficiency	Production Volume	Electricity Efficiency	Natural Gas Efficiency	Production Volume	Electricity Efficiency	Natural Gas Efficiency
2022	74,611	393.77	60.55	531,185	121	9.03	92,273	104.08	5.47
2023	141,256	260.22	36.77	584,696	109.57	7.8	66,590	115.2	5.49
		▼ 33.92%	▼ 39.27%		▼ 9.45%	▼ 13.62%		▲ 10.68%	▼ 0.36%

Note: 1. Energy Performance Indicator is defined as electricity consumption per unit of production (unit: GJ/PCS).

2. The electricity and natural gas efficiencies of the Pingtung Factory include the smelting facility, but production output is excluded from calculations.

3.3 GHG emissions

Greenhouse Gas Emissions Management

In response to the global trend towards net-zero carbon emissions, SAI has implemented the ISO 14064-1 greenhouse gas inventory system to effectively monitor, manage, and report carbon footprint information. This ensures high consistency in carbon emission reporting across operational activities, enhancing the quality of disclosure of carbon footprint information. In 2023, SAI's greenhouse gas emissions totaled 83,244 tCO₂e. Increased production and higher equipment operating hours contributed to higher emissions compared to the previous two years. However, emission intensity decreased by 16.4% compared to 2022, indicating ongoing improvements in operational efficiency.

Greenhouse Gas Emissions Statistics for the Past Three Years (unit: tCO ₂ e)			
Items	2021	2022	2023
Scope 1 Greenhouse Gas Emissions	19,151.69	21,756.7065	22,597.5517
Scope 2 Greenhouse Gas Emissions	57,586.92	60,185.5175	60,647.9001
Scope 1 + Scope 2	76,738.60	81,942.2240	83,245.4518
Operating Revenue (NT\$ thousand)	7,487,764	6,401,739	7,779,316
Greenhouse Gas Emission Intensity (tCO ₂ e/NT\$ thousand)	0.0102	0.0128	0.0107

Note:

1. Scope 1 carbon emission factors reference the Environmental Protection Administration's published Greenhouse Gas Emission Factor Management Table version 6.0.4.

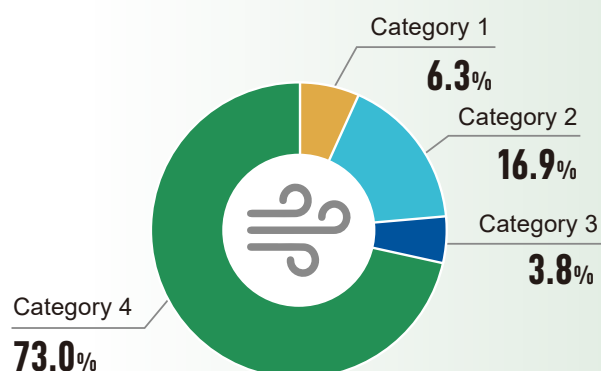
2. The data above complies with ISO 14064-1:2018 greenhouse gas inventory standard, certified by a third party. Verification occurred earlier than the Energy Bureau's 2023 electricity coefficient release. Therefore, Scope 2 electricity carbon emissions factor uses the latest coefficient at that time — 2022 electricity coefficient of 0.495 tCO₂/kWh.

Greenhouse gas emissions for seven types in 2023 and their respective proportions (Unit: tCO ₂ e)							
CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total
357,764.6860	273.2173	23.0703	432.3942	0.0000	0.0489	0.0000	358,493.416
99.797%	0.076%	0.006%	0.121%	0.000%	0.000%	0.000%	100.000%

2023 Scope 3 Greenhouse Gas Emissions Statistics (unit: tCO₂e)

Indirect Emissions	Emission Source	2023 Emissions
Category 3	Emissions from upstream transportation of raw materials	7,275.4845
	Emissions from downstream transportation of goods	5,656.5668
	Emissions from employee commuting	565.2224
	Emissions from waste transportation	84.8378
	Subtotal	13,582.1115
Category 4	Organizational procurement of goods	261,346.9590
	Disposal of waste generated from company operations	318.8943
	Subtotal	261,665.8533
Total		275,247.9648

SAI's 2023 Greenhouse Gas Emissions Structure



Scope 3 Indirect Emissions Management

SAI's greenhouse gas emissions are primarily attributed to Category 4, organizational procurement of goods, largely driven by the purchase of primary aluminum ingots resulting in higher carbon emissions. To reduce overall carbon emissions from purchased goods, SAI recycles and reprocesses aluminum scrap and offcuts into recycled aluminum for product materials, significantly lowering total carbon emissions.

Furthermore, SAI undertakes responsibility to reduce Scope 3 indirect emissions by collecting carbon emission data from major aluminum ingot suppliers. It also conducts greenhouse gas inventories with these suppliers and progressively requires them to implement greenhouse gas inventories and assist in smart energy management systems, leading the industry towards net-zero carbon emissions. SAI conducted an investigation into the 2022 greenhouse gas emissions data of its Dubai aluminum ingot suppliers in 2023. The survey results are as follows:

Raw Material Supplier Greenhouse Gas Emissions Survey	
2022 Carbon Emission Information for Raw Materials	Dubai Primary Aluminum Ingots
Product Carbon Emission Intensity (Emissions / Total Aluminum Output Weight)	13.15 (tCO ₂ e / t of AL)
Total Supplier Emissions	39,816,207 (tCO ₂ e)

- The primary aluminum ingot suppliers have offset Scope 2 emissions through renewable energy certificates.
- The data includes Scope 1 and Scope 3 emissions, verified by a third-party verification company.

Renewable Energy Use

External electricity procurement is the primary source of greenhouse gas emissions for SAI's resource usage. In addition to energy efficiency initiatives, adopting clean energy sources helps reduce carbon emissions and align with government goals for sustainable transformation. SAI invested NT\$66.8 million to establish a 1,492.4 kW solar power generation field at its Pingtung factory, supplying internal energy needs. The facility generates approximately 1.85 million kWh annually.

The solar power generation field was completed in March 2023, generating a total of 1.3486 million kWh by the end of 2023, equivalent to reducing 666.23 tCO₂e in greenhouse gas emissions. Future plans include continuing to increase renewable energy use to meet government-mandated targets, aiming for 10% of contracted capacity from renewable sources. Additionally, SAI plans to transition its aluminum recycling and smelting processes to use 100% renewable energy.

Energy Conservation and Carbon Reduction Policy

In addition to investing in renewable energy to reduce greenhouse gas emissions, SAI also emphasizes energy conservation and carbon reduction. The Company conducts regular reviews of project effectiveness to ensure that project progress and benefits meet standards. It closely monitors the use of electricity, lighting, and motors within its facilities to maximize overall energy efficiency and reduce unnecessary energy consumption. In 2023, various energy conservation and carbon reduction initiatives resulted in approximately 2,016,963 kWh of electricity savings, equivalent to 7,261.07 GJ and a reduction of 998.397 tCO₂e in greenhouse gas emissions.

Energy Conservation and Carbon Reduction Plan 1

Energy-Saving Measure: Installation of a Monitoring Energy-Saving System on the Chiller Unit in Building A of Plant 2 in Yunlin

Specific Actions: Install flow meters, thermometers, chilled water pumps, chilled water pump inverters, and cooling tower fans with variable frequency drives on the chiller unit piping. Install smart meters on power-consuming equipment. Analyze the required cooling capacity of the chiller system and adjust the operation of peripheral equipment accordingly to achieve energy savings.

Estimated energy savings: Annual savings of 472,577 kWh, equivalent to 1,701.28 GJ



Cooling Tower Diagram



Chiller Unit Diagram

Energy Conservation and Carbon Reduction Plan 3

Energy Saving Measure: Installation of Monitoring Energy-Saving Systems on Air Compressors at Yunlin Plant 1 & 2

Specific Actions: Install smart meters on air compressors, and install flow meters and pressure gauges on pipelines. Optimize the number of fully loaded air compressors and shut down unloaded air compressors when the gas production meets production requirements.

Estimated Savings: Annual savings of 1,367,450 kWh, equivalent to 4,922.82 GJ



Diagram of Air Compression System Control



Diagram of Air Compressor

Energy Conservation and Carbon Reduction Plan 2

Energy Saving Measure: Variable Frequency Control for the Forging Machine Cooling Water Pump at Yunlin Plant 2

Specific Actions: Install a variable frequency drive on the cooling water pump to lower pump speed after the forging machine oil temperature reaches operating temperature, reducing inefficient energy consumption.

Estimated savings: Annual savings of 37,285 kWh (calculated based on 4,000 hours of annual production), equivalent to 134.23 GJ



Diagram of Cooling Water Pump Variable Frequency Control

Energy Conservation and Carbon Reduction Plan 4

Energy Saving Measure: Adoption of Energy-Efficient Equipment and Installation of Energy-Saving Systems

Specific Actions: Use variable frequency drives and servo motors for process equipment. Replace factory lighting with LED lighting. Evaluate existing equipment for potential installation of energy-saving systems. Shut down some dust collection fan motors during breaks.

Estimated Savings: Annual savings of 139,651 kWh, equivalent to 502.74 GJ

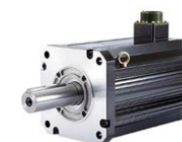


Diagram of Servo Motor Light



LED Light Diagram

Note:

1. Energy Savings = (Initial Electricity Consumption - Final Electricity Consumption) * Production Days

2. 1 kWh = 0.0036GJ, 1 cubic meter (m³) of natural gas = 0.0376812 GJ based on a calorific value of 9000 kcal

3.4 Waste Management

During the operations, statistics indicate a significant amount of waste generated, primarily from mixed waste oils totaling approximately 4,158.29 metric tons. Waste is categorized into general and hazardous industrial waste. To mitigate environmental impacts, we have established effective waste management procedures to control the transportation, clearance, and treatment of waste. Additionally, the implementation of organic solvent recovery equipment has reduced waste by 8.4%, achieving our waste reduction goals. Efforts to reduce packaging materials for our products have also been implemented. In addition to reducing the consumption and waste of cardboard boxes and support boards, the plastic divider recycling rate reached 39.54% in 2023. Furthermore, to reduce waste along the value chain, the Company has initiated a program to recycle and reuse waste plastic drums. We encourage suppliers to recycle waste plastic drums for reuse.

Non-Hazardous Waste (Unit: metric tons)				
Composition of Waste		Offsite		
		Treatment Method	2022	2023
Yunlin Factory	General waste generated from business activities	Incineration Treatment	355.84	251.18
	Waste paint, paint sludge		28.81	97.74
	Waste plastic mixtures		0.05	5.51
	Waste fibers or other cotton, cloth mixtures		207.82	251.68
	Non-hazardous oil sludge	Physical treatment	99.27	105.13
	Inorganic sludge		394.78	436.57
	Waste oil mixtures		2,966.21	2,334.04
	Waste fibers or other cotton, cloth mixtures		0	4.18
	Waste lubricating oil	Landfilling	20.15	0
	Non-hazardous waste dust or mixtures		242.1	211.07
	Sandblasting waste		6.07	6.91
	Waste oil mixtures		0	67.86
	Waste wood	Heat Treatment	175.46	199.31
	Waste ceramics		---	52.53
	Waste plastic			153.89
Total			4,548.63	4,177.60
Announced reuse ratio			5%	9.71%

Non-Hazardous Waste (Unit: metric tons)				
Composition of Waste		Offsite		
		Treatment Method	2022	2023
Pingtung Factory	Organic sludge	Incineration Treatment	0	4.08
	General waste generated from business activities		97.99	131.67
	Waste plastic mixtures		31.16	49.28
	Waste fibers or other cotton, cloth mixtures		22.01	63.50
	Inorganic sludge	Physical treatment	9.09	0
	Waste oil mixtures		1,528.56	1,655.70
	Waste refractory materials		5.48	44.31
	Waste lubricating oil		226.41	0
	Non-hazardous waste dust or mixtures	Landfilling	45.6	65.50
	Waste oil mixtures	Heat Treatment	128.89	100.69
	Waste wood	Announced for reuse	85.08	87.65
	Waste plastic			17.694
Total			2,188.51	2,220.07
Announced reuse ratio			4.26%	4.75%

Note: Heat treatment does not include incineration.

Hazardous Waste (Unit: metric tons)				
Composition of Waste		Offsite		
		Treatment Method	2022	2023
Yunlin Factory	Waste liquid with a flash point below 60°C (excluding alcoholic waste with an ethanol volume concentration of less than 24%)	Incineration Treatment	0	8.46
	Waste liquid with a flash point below 60°C (excluding alcoholic waste with an ethanol volume concentration of less than 24%)	Physical treatment	46.74	56.40
Pingtung Factory	Waste liquid with a flash point below 60°C (excluding alcoholic waste with an ethanol volume concentration of less than 24%)	Incineration Treatment	52.07	16.38
Total			98.81	81.24

Waste Generation in 2023 (Unit: metric tons)						
	Non-Hazardous Waste		Hazardous waste		Announced for reuse	
	Production volume (metric tons)	Percentage (%)	Production volume (metric tons)	Percentage (%)	Production volume (metric tons)	Percentage (%)
Yunlin Factory	4,177.60	64.48%	64.86	1.00%	405.73	6.26%
	2,220.07	34.27%	16.38	0.25%	105.34	1.63%
Pingtung Factory	6,397.67	98.75%	81.24	1.25%	511.07	7.89%
Total	6,478.91					

Waste Management

SAI ensures the legal disposal and treatment of waste by periodically accompanying waste transport vehicles to processing facilities. Additionally, the Company conducts annual audits of waste treatment facilities. In 2023, there were 25 qualified waste transport companies and 30 qualified treatment facilities, all verified with no record of deficiencies.

2023 Waste Supplier Audit Process	
Daily	<ul style="list-style-type: none"> Issue a triple-copy waste clearance form. Audit waste transport processes for regulatory compliance.
Weekly	<ul style="list-style-type: none"> Review GPS records of waste transport vehicles. Compile transport records.
Monthly	<ul style="list-style-type: none"> Track records of waste processing flow. Report waste storage and output records.



Audit facilities handling waste oil-water mixtures.

Aluminum waste recycling

Aluminum is the primary raw material for SAI's products. In response to environmental concerns and limited natural resources, the Company actively reduces extraction and procurement of raw materials. Research focuses on using recycled materials to minimize consumption during production. Scrap, cuttings, and offcuts generated during manufacturing processes are centralized for recycling and remelting into aluminum needed for production. By recycling waste resources, the Company not only fulfills social responsibilities by reducing waste output but also creates new revenue streams and profitability for SAI. In 2023, the internal aluminum scrap recycling rate reached 73.76%.

Moving forward, SAI will continue to utilize highly automated HERTWICH smelting equipment in manufacturing processes to achieve low-energy production and produce high-quality aluminum materials that meet international standards.

With the increased operational capacity at the Pingtung factory and in alignment with customer supply chain decarbonization goals and certifications, SAI will gradually increase the proportion of recycled aluminum wheels in its products. In 2023, SAI incorporated 11,658.72 metric tons of recycled aluminum into its manufacturing processes, accounting for 31.6% of total materials. Specifically, 100% recycled aluminum, totaling 11,325.45 metric tons, was used for automotive wheels, while 614.55 metric tons were partially melted with primary aluminum for chassis products as recycled aluminum material. To enhance the use of recycled aluminum, SAI has set a target to incorporate recycled aluminum into processes by over 40% in 2024, aiming to achieve over 50% by 2025 and over 60% by 2026. The Company anticipates reaching over 65% by 2030.



Raw Material Consumption Statistics (Unit: metric tons)

Raw Materials	2021	2022	2023	2023 Proportion
SAI's 100% Recycled Aluminum	11,358.01	11,746.35	11,323.45	30.69%
Other Recycled Aluminum (Note)	3,017.16	838.24	614.55	1.67%
Total Recycled Aluminum	14,375.17	12,584.59	11,938.00	32.36%
Primary Aluminum from Dubai	24,179.47	25,285.76	24,954.62	67.64%

Note:

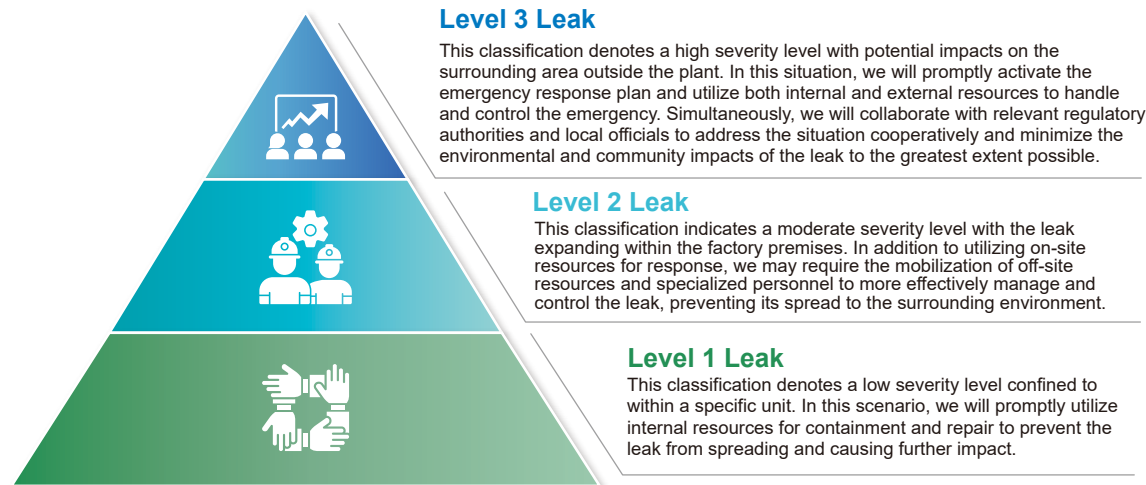
1. Other recycled aluminum materials consist of approximately 60% SAI recycled aluminum and 40% primary aluminum, used for chassis products.

2. In 2023, the total recycled aluminum input excluding primary aluminum amounted to 11,658.72 metric tons, accounting for 31.6%.

Leakage and Seepage Management Plan

In the event of a major leakage incident, we will assess the leakage of air pollutants, wastewater, and waste based on the following leakage risk assessment table, and implement corresponding emergency response measures according to the assessment results of the leakage level:

Over the past three years, the Company has not experienced any major leakage incidents of air pollutants, wastewater, or waste, which demonstrates our commitment and efforts to environmental management. We will continue to uphold the principles of sustainable operations, following the procedures outlined in the ISO 14001 management system manual and operating under permits issued by regulatory authorities, to continuously monitor and manage the emissions and treatment of these pollutants.



3.5 Air Pollution Control

The pollution control items include volatile organic compounds (VOCs), total suspended particles (TSP), nitrogen oxides (NOx), and sulfur oxides (SOx). We conduct pipeline inspections according to the contents specified in the environmental permits issued by the Environmental Protection Agency. The inspection results consistently meet the standard values.

Adhering to the principle of sustainable operations and aligning with our company's health, safety, and environmental policy, we plan to increase environmental spending by approximately NT\$50 million. This initiative aims to enhance the efficiency of air pollution control equipment, research and develop the use of low-pollution raw materials, and improve the effectiveness of pollution source equipment to reduce emissions of volatile organic compounds (VOCs), total suspended particles (TSP), nitrogen oxides (NOx), and sulfur oxides (SOx).

We have set a target to achieve a 3% reduction by 2025 compared to 2022 levels, with periodic reviews of this emission reduction plan every five years.

Unit: kg

Air Pollution Control and Emission Reduction Plan			
Emission Item	2021	2022	2023
VOCs (Volatile Organic Compounds)	46,273.68	54,191.23	53,290.69
TSP (Total Suspended Particles)	10,712.24	14,446.80	8,968.82
NOx (Nitrogen Oxides)	17,741.61	18,524.11	17,409.49
SOx (Sulfur Oxides)	1,541.88	2,812.90	2,172.10

Air Pollution Control and Emission Reduction Plan		
Prevention and Control Items	Prevention and Control Equipment	Emission Reduction Efficiency
VOCs	Yunlin Factory adopts BACT incorporating low-pollution raw materials or installation of RTO for heat recovery incineration/condensation recovery.	95%
TSP	Pingtung Factory employs BACT with the addition of scrubbers and dust collectors.	58.95%
NOx	Either Yunlin or Pingtung Factory implements BACT with the installation of SCR denitrification equipment.	35.7%
SOx	Pingtung Factory utilizes BACT with the addition of FGD for smoke exhaust desulfurization.	40.8%

3.6 Water Resource Management

The Company recognizes the importance of conserving water resources. Through water resource risk assessment mapping, facilities including SAI Factory, H Factory, Factory 2, Zhuwei Factory, and Pingtung Factory are not located in high-risk water areas. However, compared to 2022, there has been an increasing trend in water withdrawal, water discharge, and water consumption in 2023 due to increased production volumes. Therefore, SAI Factory is assessing methods to reduce water usage in cleaning machines to mitigate overall water consumption and wastewater discharge.

Unit: m³

Water Usage Statistics over the Past Three Years			
Year	2021	2022	2023
Water withdrawal	537.10	568.82	660.41
Water discharge	413.30	437.10	473.53
Water consumption	123.80	131.72	186.88

SAI has implemented water management measures to enhance the efficient utilization of water resources:

- 1 Daily monitoring of tap water usage to promptly address any anomalies.
- 2 Adoption of overflow water from cleaning line equipment for reuse of cleaner water.
- 3 Regular maintenance of cooling towers to maintain efficiency.
- 4 Recycling of purified water to reduce tap water consumption.
- 5 Evaluation for implementing water recovery equipment, including biological treatment, distillation systems, UF & RO filtration systems.
- 6 Use of water-saving faucets, toilets, and other products.

Overview of Wastewater Discharge

At the Yunlin and Pingtung factories, wastewater primarily originates from production processes and staff domestic sewage. Prior to discharge, wastewater undergoes pretreatment in accordance with water pollution control measures within onsite wastewater treatment facilities. Following treatment, it is discharged into industrial zone sewage treatment plants. Ultimately, wastewater from the Yunlin factory is released into the Huwei River, while that from the Pingtung factory enters the Kaoping River. Due to increased production capacity following pandemic restrictions easing in 2023, total wastewater discharge volume rose to 473.53 km³.

Unit: m³

Statistics of Wastewater Discharge Volume			
Year	2021	2022	2023
Factory 1 & H Factory	30.01	22.42	18.10
Factory 2	332.67	318.95	344.60
Zhuwei Factory	11.4	12.5	14.78
Pingtung Factory	39.25	83.2	96.05
Total	413.33	437.08	473.53

The factory is equipped with various wastewater treatment facilities including fine screens, equalization tanks, pH adjustment tanks, electrocoagulation systems, sedimentation tanks, biological reactors, and discharge ponds. These facilities are complemented by monitoring equipment that conducts daily assessments of water quality conditions.

Overview of Wastewater Quality				
Factories	Measurement Items	Suspended Solids (SS)	Chemical Oxygen Demand (COD)	pH value
Yunlin	Regulatory Standards	320	480	6~9
	Measurement Results	22.5	157	7.2
Pingtung	Regulatory Standards	30	100	6~9
	Measurement Results	26.1	1	7.2

Water Pollution Reduction Plan

In efforts to reduce wastewater discharge, SAI aims to enhance water resource reuse by evaluating water recovery equipment, improving water efficiency, and implementing distillation and filtration systems. The goal is to achieve an 80% total wastewater recycling rate by 2027, with regular quarterly reviews of this reduction plan.

Wastewater Discharge and Recycling Rate Status	
Factories	Wastewater recycling rate
Factory 1 & H Factory	0%
Factory 2	25.41%
Zhuwei Factory	0%
Pingtung	0%
Total recycling rate	19.39%

Non-Compliance Rectification

In 2023, SAI had an incident of non-compliance with effluent discharge standards. The issue was rectified within the stipulated timeframe, and the fines were settled. Additionally, to prevent similar occurrences in the future, comprehensive preventive measures have been planned and implemented.

Non-Compliance Incident Details

The discharged wastewater, sampled and tested, does not meet the effluent standards: Chemical Oxygen Demand (COD) measured at 358 milligrams per liter, Suspended Solids (SS) measured at 52.2 milligrams per liter, and pH value measured at 3.4.

Reason for Non-Compliance

The water quality exceedance is due to abnormalities in the wastewater treatment equipment.

Improvement Plan

1. Immediate repair of the faulty equipment is underway.
2. Please request the supplier to assess and enhance the wastewater treatment equipment's processing capacity.

Preventive Measures

1. Perform dual verification daily using a handheld pH meter.
2. Twice daily, inspect the drainage channels, take photographs, and verify for any abnormalities.

3.7 Biodiversity Management

During the initial establishment of the Company's facilities, careful consideration was given to the local ecological environment, with a commitment to minimizing impacts on ecological environments. To ensure that our operational activities do not adversely affect biodiversity, SAI conducted biodiversity and ecosystem services risk assessment reports for both its Pingtung and Yunlin factories. The results indicate low biodiversity risks assessed for both plant sites, with activities in the respective areas posing minimal impact on local biodiversity and ecosystems.

Risk Source		Scope of Impact	Risk assessment		
			Probability of Occurrence	Severity of Impact	Risk Level
Environmental Pollution	Reduction in biodiversity due to air pollution	Animals, plants, and humans	Low	Low	Low
	Abnormal discharge of wastewater leading to river pollution, affecting riverine ecology.		Low	Low	Low
Invasive species	Wooden crates and pallets may harbor invasive biological species, impacting local ecology.	Animals, plants	Low	Low	Low
Ecosystem services	Noise, air quality, wastewater discharge and light pollution	Surrounding residents	Low	Low	Low



CH 4

Co-Creating a Sustainable Supply Chain

- 4-1 Innovative Research and Development
- 4-2 Quality Management
- 4-3 Customer Service
- 4-4 Supplier Management
- 4-5 Advocacy Organization

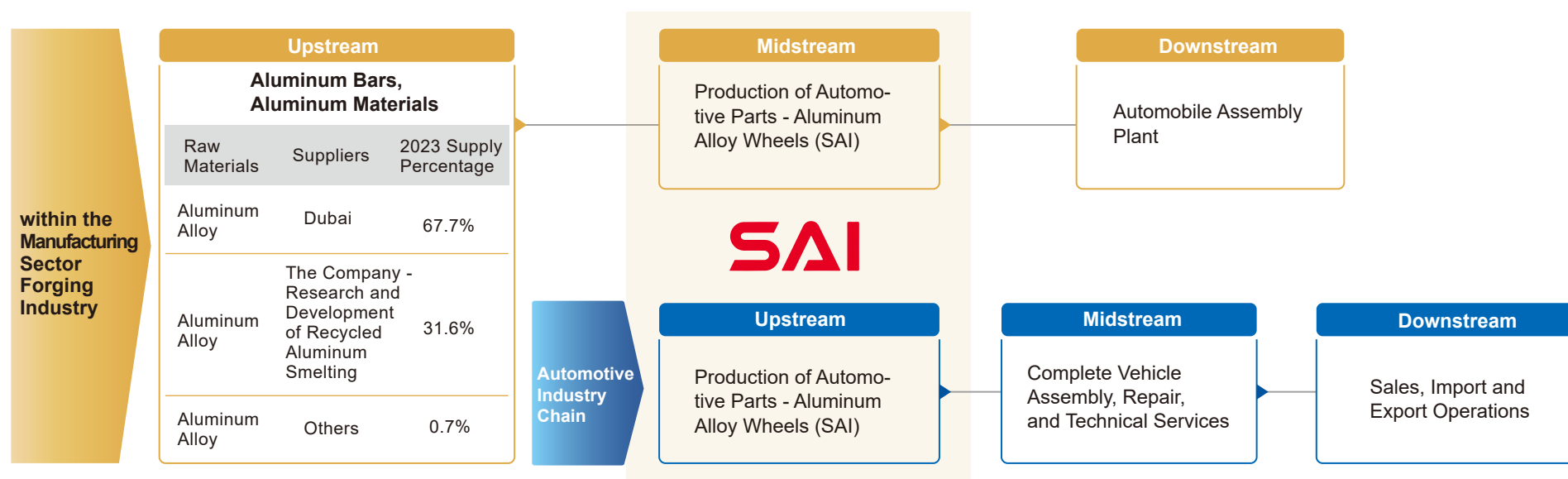
4.1 Innovative Research and Development

Technical Research and Development

SAI Value Chain

SAI specializes in providing forging solutions such as production and sales of aluminum alloy wheels and chassis parts. We continuously develop new forging technologies, research and develop new material applications, enhance design and engineering capabilities, and invest in lightweighting benefits for forged products. Additionally, we actively engage in discussions with other industrial parts suitable for forging services. Addressing the complexity and diversity of surface treatment processes, we offer optimization suggestions during the customer design phase to meet the personalized and unique requirements of customer products.

Forging is positioned within the middle-tier metal processing industry of the manufacturing sector. Forging alters metal structure to refine, homogenize, and fibrate the material, thereby enhancing its mechanical properties suitable for manufacturing high-strength, lightweight products or components. SAI's primary products include automotive wheels and various forged items, contributing to the upstream sector of the automotive industry. The interrelationship among the Company's upstream, midstream, and downstream sectors is as follows:



Research and Development

The Company has a long-standing commitment to research and development, attracting domestic and international PhD and master's level talent. We have strong expertise in developing new materials, forging technologies, heat treatment processes, precision machining, surface treatments, and composite materials. We possess qualified aerospace-grade mechanical performance laboratories, corrosion laboratories, and fatigue performance laboratories to support R&D testing and verification. Additionally, we maintain close collaborations with industrial technology research institutes, and academic research units such as Industrial Technology Research Institute, Chung Hsing University, and Central University to enhance our technical capabilities. In 2023, SAI invested NT\$153,056 thousand in research and development expenses.

Project/Year	2021	2022	2023
Technical Research and Development (NT\$ thousand)	170,844	142,203	153,056
Revenue Proportion	2%	2%	2%

To encourage employees in innovative research and development efforts, SAI has established an Employee Innovation Incentive Management Policy. This policy includes bonuses and rewards for employees who propose innovations, aiming to enhance service and product quality and functionality, explore future development opportunities, and strengthen the Company's competitiveness. With nearly three decades of experience and stable partnerships with international automotive manufacturers, SAI continues to accumulate a wealth of expertise in producing high-quality forged aluminum wheels.

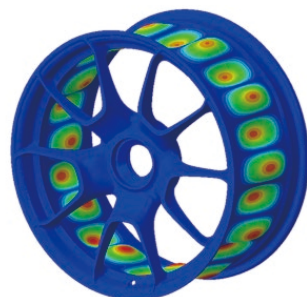
2,225 types of aluminum wheels

Developed and manufactured since 2000

12 million units of aluminum wheels

Cumulative sales have reached nearly

315 new designs are in development



Wheel and Suspension System Product Design

Establishing design parameters such as styling design, structural design and analysis, aerodynamics, dynamic motion interference space utilization, dynamic and static strength, and fatigue strength. Providing lightweight product solutions and design rationale for automotive manufacturers, comprehensively meeting customer demands and securing a leading position in the high-end product market.

Development of Lightweight Materials and Database Establishment

Development of materials such as aluminum alloys, titanium alloys, magnesium alloys, carbon fiber composites, and others, focusing on enhancing material properties through material design. Optimizing processes, fatigue properties, corrosion resistance properties, heat processing, and constructing databases to establish material usage specifications. Aimed at maximizing material capabilities to enhance global competitiveness.

Recycled Aluminum Material

The proprietary recycled aluminum material, RESAICAL, utilized in forging production, has received customer certifications for mass production integration. We will continue promoting its application in lightweight solutions for vehicle suspension systems, investing in research and development to enhance expertise through dedicated funding and infrastructure.

Technical Capabilities

SAI possesses design, engineering analysis, and manufacturing capabilities, utilizing Computer-Aided Design (CAD), Computer-Aided Engineering Analysis (CAE), and Computer-Aided Manufacturing (CAM) to achieve forged products.

The technical prowess of SAI includes mold design/production, forging mold design development and mold flow analysis, precision machining of high-accuracy products, surface polishing optimization, and painting. During the design and development phases, Finite Element Analysis (FEA) is applied to compute optimized structures, thereby shortening design cycles, reducing costs, and delivering optimal lightweight designs.

Forging Techniques

SAI's flagship products are forged aluminum alloy wheels, utilizing two main techniques to meet diverse customer needs. Full-machine forging allows high customization in design freedom, while net-shape forging reduces complex CNC machining times for large-scale production, ideal for bulk orders from luxury car brands.

SAI actively enhances brand penetration through full-machine and net-shape forging methods to expand potential markets. In the future, SAI will continue developing net-shape forging projects to enhance operational efficiency, utilizing precision forging to streamline post-forging processes, simplify production flows, reduce production times and costs, and increase capacity utilization and asset turnover. Currently, 14 models of net-shape forged wheels are in mass production, with 63 models under development.

	Full-Machine Forging	Net-Shape and Near-Net-Shape Forging
Suitable Categories	Super Luxury Vehicles (e.g., Ferrari, McLaren, Rolls-Royce, Bentley)	Luxury Vehicles (e.g., BMW, Mercedes Benz, Porsche, Lexus)
Forging Process	<ul style="list-style-type: none">Moderate Mold PrecisionShort Production TimeCost-Efficient	<ul style="list-style-type: none">High Mold PrecisionThree Forging StagesHigher Cost
CNC Machining Time	<ul style="list-style-type: none">Longer durationRequires larger CNC machine factory area	<ul style="list-style-type: none">Reduces mechanical machining demand
Design Process	<ul style="list-style-type: none">High processing complexityLong tool path design time	<ul style="list-style-type: none">Three forging stages, lengthy mold flow analysis
Material costs	High	Low
Advantages	Diverse Design Capability - Exquisite, intricately designed appearances suitable for small batch orders	High Automation Level - Reduces production costs, ensures stable quality, suitable for large batch orders

Manufacturing Process

Forging



Through the simulation and analysis of multiple forging die flows using various forging simulation software, we cross-reference simulation results. Final decisions and corrections are made based on SAI's accumulated forging techniques over many years to mitigate potential process defects and optimize process conditions and designs.

Machining



Machining is tailored to meet the diverse, low-volume, and complex high-precision demands of customer products. Advanced computer-aided manufacturing is utilized to generate machining programs, ensuring high precision and quality surfaces in 3D complex curvature. This approach enables the production of products with optimal surface finishes and high assembly precision.

Polishing



Polishing involves using specialized techniques and equipment to finely optimize the surface of products. Techniques include mechanical polishing, vibratory polishing, and wet high-brightness polishing, tailored to showcase the inherent luster and natural color of forged aluminum materials based on customer requirements for appearance.

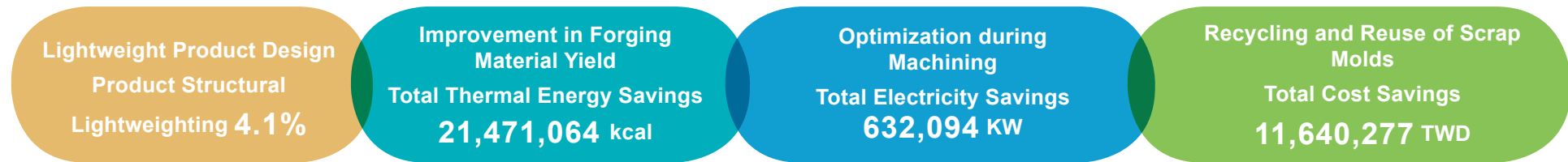
Coating



The coating process features fully automated robotic spray technology across the entire production line, offering a variety of coatings and colors to meet diverse requirements. Its automated capabilities ensure precise control over the visual quality. In today's increasingly complex product landscape, SAI utilizes multiple techniques such as masking fixtures, machining, laser engraving, pad printing, and High-Resolution Non-Contact Transfer (HRNT) to fulfill the diverse needs of customers.

Green Products

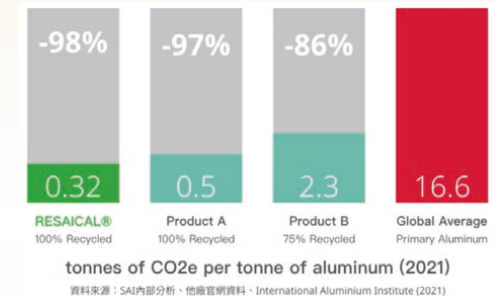
In the automotive industry, under the trend towards achieving net-zero emissions, reducing energy consumption is regarded as a crucial objective. Since vehicle lightweighting can reduce energy consumption, a reduction of 10% in a vehicle's weight can generally lead to a 6% to 8% decrease in fuel consumption, and improve fuel efficiency by 5.5%. Therefore, automobile manufacturers place significant emphasis on lightweighting. SAI's forged aluminum wheels simultaneously meet the high torque acceleration, lightweighting, handling, and safety requirements of electric vehicles. To date, we have delivered 32 models of electric vehicle wheels. In addition to lightweight product design, SAI is actively taking further actions to minimize the environmental impact of product production and usage. The related performance is as follows:



SAI RESAICAL® 100% Recycled Aluminum

Under the global ESG wave and the trend towards green supply chains, automobile manufacturers are highly concerned with reducing carbon emissions from raw materials and manufacturing processes to meet their carbon neutrality commitments. As a Tier 1 supplier to internationally renowned supercar and luxury car brands, SAI actively supports the green manufacturing processes advocated by these brands. Our core business initiative, RESAICAL®, a recycled aluminum product, has become the best ESG carbon reduction partner for our clients. The recycled aluminum provided by SAI has over 95% lower carbon emissions compared to primary aluminum. It has been certified and officially adopted by six luxury car brands: Porsche, JLR, BMW, Toyota, Lexus, and Stellantis. These brands have agreed to use SAI's recycled aluminum for the design, development, and mass production of all future luxury sports car wheel products. With the continued validation and adoption of RESAICAL® by new certified customers, we foresee robust and sustained growth in its future usage. This will accelerate our progress towards the goal of using 50% recycled aluminum by 2025 and lead the entire industry chain towards green transformation. The materials, processes, and high-quality products provided by SAI are ideal low-carbon and lightweight solutions for our customers during their transition to net-zero emissions. In 2023, SAI achieved revenue of NT\$2.652 billion from 100% recycled aluminum products, accounting for 34.09% of our total revenue.

The energy used for recycling and remelting aluminum is only 5% of that required for smelting aluminum from bauxite. By focusing on the recycling and remelting of scrap, machining chips, and offcuts generated during the manufacturing process, SAI recycles approximately 40,000 metric tons of aluminum annually. Each metric ton of recycled aluminum can reduce the environmental impact of bauxite mining by 6 metric tons and decrease carbon dioxide emissions by 9 metric tons. SAI uses highly automated HERTWICH melting equipment to produce high-quality aluminum that meets international standards through low-energy production processes.



Compared to primary aluminum, the production of recycled aluminum can reduce carbon emissions by at least **95%**.

SAI RESAICAL® Aluminum has significantly lower carbon emissions than Dubai's primary aluminum

SAI Recycled Aluminum:
0.32 (kg CO₂e/kg of Al)



Dubai Primary Aluminum:
13.15 (kg CO₂e/kg of Al)

Intellectual Property Management

SAI places great emphasis on managing intellectual capital. Through strategic intellectual property management, we strengthen our research and development capabilities, promoting the development of innovative and high-value-added products and technical services, while also enhancing manufacturing process efficiency and product quality. The Company is dedicated to constructing, accumulating, and maintaining a comprehensive and forward-looking intellectual property portfolio. Through risk management, we ensure that the Company can continuously strengthen its core competitiveness and increase profitability in a highly competitive market. Intellectual property rights are an indispensable cornerstone for SAI's continuous innovation and market leadership. As of this year, SAI holds a total of 23 patents.

Acquisition, Maintenance, and Utilization of Intellectual Property Rights

- 1 Conduct patent information search and technical analysis prior to project implementation to avoid infringement.
- 2 Record and audit research logs, rigorously execute R&D plans, and review outcomes.
- 3 Obtain and maintain patents through application, examination, and publication procedures in accordance with the law.
- 4 Include provisions in employee employment contracts regarding the ownership of intellectual property rights, non-compete clauses, confidentiality, and non-infringement commitments.

Intellectual Property Layout

SAI leverages lightweight technology as its core competitive advantage, innovating and optimizing in areas such as material selection, design, structure, manufacturing processes, styles, surface treatment processes, and automation. The Company focuses on generating new knowledge, advancing technology, and establishing a comprehensive intellectual property layout. This includes managing patents generated during the R&D and production processes, strategically selecting and protecting key patents.

Intellectual Property Protection

The Company mitigates challenges from competitors and gathers sufficient evidence to protect patents by analyzing the technical features and targeted technological content of claims. For designs and devices that are easily analyzed by others, we adopt patent protection; for process parameters and methods that are difficult to directly analyze, we utilize trade secret laws to ensure the security of core technologies and maintain SAI's competitive advantage.

Intellectual Property Maintenance Procedures

The Company has established a research and development cycle procedure for patent protection within internal control regulations, encompassing R&D planning, product design, mass production and testing, as well as the recording and preservation of R&D documents. This clearly defines the acquisition, protection, and utilization of our company's intellectual property while also focusing on the management of patent risk. Additionally, when SAI performs well in overseas markets, we actively apply for patents to further consolidate the Company's rights. In cases of infringement, we issue legal warnings to suspected infringers, apply for injunctions in advance from the courts, and may even take legal actions to cease the infringement.

4.2 Quality Management

SAI is committed to providing products of superior quality at fair prices, along with competitive creativity and responsiveness. We have established a quality policy of "customer satisfaction, full participation, continuous improvement," integrating a culture of high quality into our corporate core. This approach not only meets regulatory requirements but also fulfills customer expectations.

Quality Policy

Customer Satisfaction: Listening to customer feedback, understanding market demands, creating market value, and ensuring customer satisfaction.

Full Participation: Engaging all employees to actively develop and enhance process technologies, and build rapid response capabilities.

Continuous Improvement: Achieving higher quality standards and delivering superior services and comprehensive solutions through ongoing continuous improvement efforts.

Quality Improvement Proposal

Aligned with the pursuit of excellence and continuous quality improvement, SAI incentivizes all employees with a "Continuous Improvement Bonus" to encourage proposal submissions. In 2023, we received a total of 55 quality improvement proposals with a 100% implementation rate, resulting in significant cost savings of NT\$ 59.5954 million. The improvements achieved are as follows:

Enhanced production efficiency and yield

- Increased production quantity per graphite barrel by 1200 PCS.
- Reduced paint contamination defect rate by 3.4%.

Forging process, yield rate enhancement

- Improved yield rate for a single item by approximately 11%.
- Cumulatively saved approximately 171.561 metric tons of aluminum, amounting to NT\$ 14,416,270 in cost savings from improved production outputs in 2023.

Machine processing, optimized working hours improvement

- Based on the proposal, the current status compared to improved total machine hours shows a reduction of approximately 13%.
- The actual cumulative improvement in 2023 amounted to 6,966,264 minutes, resulting in total savings of NT\$34,831,320.

Polishing process, cost improvement in grinding

- Manual grinding costs reduced by NT\$152 per unit.
- In 2023, polishing improvement measures reduced accumulated hours by 2,074,974 minutes, resulting in total savings of NT\$10,347,840 post-improvement.

International Quality System Verification

SAI adheres to rigorous production standards and operational processes, establishing a comprehensive quality management system. The Company has implemented the ISO 9001 Quality Management System, IATF 16949 Automotive Quality Management System, and ISO/IEC 17025 Laboratory Quality Management System. Additionally, SAI actively pursues multiple certifications from accredited bodies, including:



GM Test Improvement
Certification AN-0480



JWL Test Equipment
Approval Certificate



SAE Laboratory Capability Certificate
for Threaded Corrosion Testing



TAF Certification ISO/IEC
17025 Laboratory Quality
Management System



IATF 16949 Automotive Quality
Management System – Taiwan and
Germany (four facilities in total)



ISO 9001 Quality Management
System

Quality Management Training

In order to implement effective quality management, SAI places significant emphasis on training relevant personnel to ensure they can proficiently execute management systems, thereby enhancing the delivery of products and services of optimal quality. In 2023, the Company conducted a total of 492,870 hours of quality education training, comprising 491,062 hours internally and 1,808 hours externally.

Name of Quality Certification	Number of certified individuals
VDA6.5 (2020 version) Product Audit	1
VDA 6.3 (2023 version) Process Audit	50
FFA Failure Analysis	50
Basic Non-Destructive Testing (Penetrant Testing PT Liquid)	2



SAI conducts assessments to prevent health and safety impacts from products and services. The Company holds the following safety regulation certifications:

Safety Standards Certification	Number of Certifications	Details on the offerings of products or services to customers	Proportion of products already evaluated by customers
INMETRO	36	371	9.70%
SNI	21	371	5.66%
VR	11	371	2.96%
BIS	53	371	14.29%
KC	164	371	44.20%
JEL	162	371	43.67%

Note:
1. Percentage=(Number of products certified under the safety standards / Total offerings of products or services to customers)*100
2. As clients do not require full certification of our products, evaluations are conducted selectively on specific styles, resulting in a non-100% aggregate.
3. Some products have obtained certifications from more than two countries.

Comprehensive Product Testing

All products offered by the Company are registered in the IMDS (International Material Data System) and undergo a series of tests and inspections including visual, dimensional, functional, mechanical performance, and environmental assessments before shipment. This rigorous process ensures product quality, providing customers with safe and reliable products, thereby safeguarding customer interests. In 2023, SAI delivered products to customers without incidents of non-submission due to prohibited substances, defects, or safety concerns that required product recall. In the future, SAI will continue to uphold the highest standards of management principles to achieve stable production of high-quality products, thereby fulfilling our commitment to product quality for our customers.

SAI Laboratory

Physical Property Testing	Tensile Testing	Macroscopic Metallographic Examination	Microscopic Metallographic Examination	Brinell Hardness Testing	Rockwell Hardness Testing	Geometric Dimension Measurement	Wheel Functional Testing	Wheel Impact Testing	Radial Load Fatigue Testing
Chemical Testing	Metal Composition Analysis	Paint Coating Testing	Adhesion Test	CASS Test	Filiform Corrosion Test	Stone Impact Test	Salt Spray Test	Bending Moment Fatigue Test	Biaxial Test

Highlighted Equipment: Makra Bi-Axial Drum Test Rig

The only Bi-Axial Testing Equipment currently available in Taiwan. Simulate driving on the world's most challenging race tracks, exposing the wheels to the harshest road surfaces and force conditions.



Product Traceability Marking

All products sold by SAI comply with relevant product safety and labeling specifications required by each customer and importing country. Each product is marked with complete engraving for traceability of production information and material sources. The shipping packaging clearly displays product numbers, quantities, supplier names/addresses, etc., enabling customers to trace and inquire about products.

4.3 Customer Service

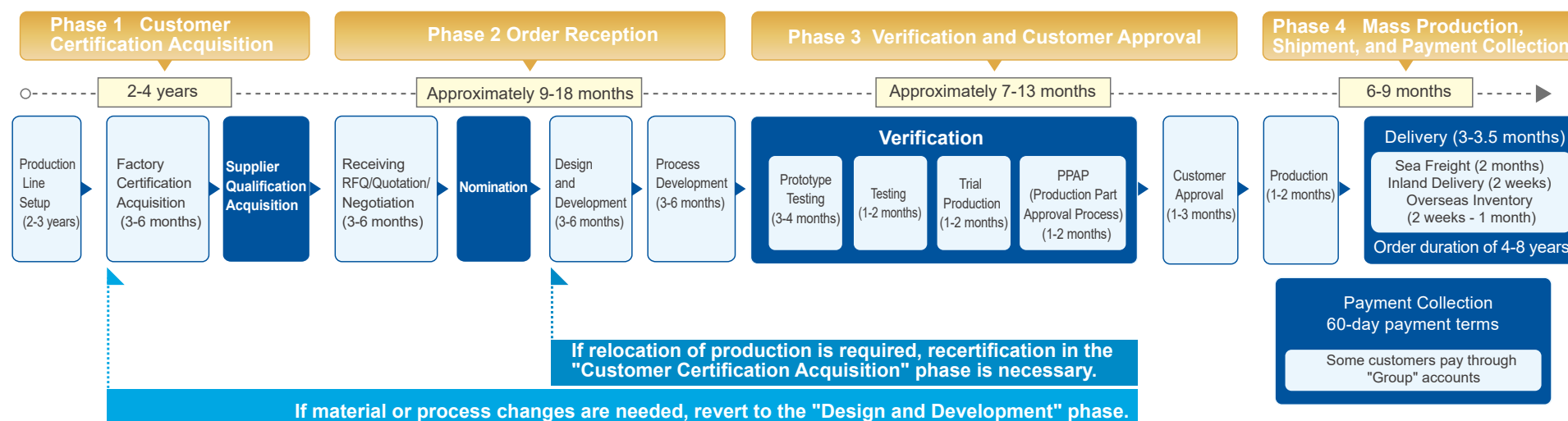
SAI ensures dedicated sales channels and services for each customer, leveraging overseas offices and warehouses strategically positioned in Europe, the UK, North America, and Asia. This approach facilitates comprehensive management of distribution channels and customer relationships. Through localization strategies, including hiring personnel familiar with OEM practices, cultural differences and international management challenges are effectively addressed, advancing towards global market penetration goals.

In response to growing automotive industry and consumer focus on energy efficiency and carbon reduction, coupled with challenges from global energy crises and rising material costs, automotive components are increasingly engineered for lightweight and material efficiency. SAI excels in the forged aluminum alloy wheel sector, employing unique spinning forging techniques that balance strength and safety while meeting stringent demands in the Americas and Europe. Future endeavors include expanding into promising Asian markets such as Japan and China. As experts in forged aluminum alloy wheels, SAI actively pursues technological innovation in forging processes to develop competitive products that meet the requirements of industries such as vehicle transportation, sports and leisure, and aerospace—emphasizing lightweight, strength, environmental friendliness, quality, and safety.

Rather than competing on price, SAI builds trust with customers through reasonable pricing and a commitment to creativity, agility, and quality, earning customer preference. To date, the Company has served 42 branded customers and remains committed to sustainable development goals. Amid rising environmental awareness, carbon reduction demands in supply chains, increasing market share of electric vehicles, and trends towards product low-carbon and lightweight solutions, SAI continues to expand its business footprint through the implementation of a circular economy for recycled aluminum materials.

Solid Partnership Relations

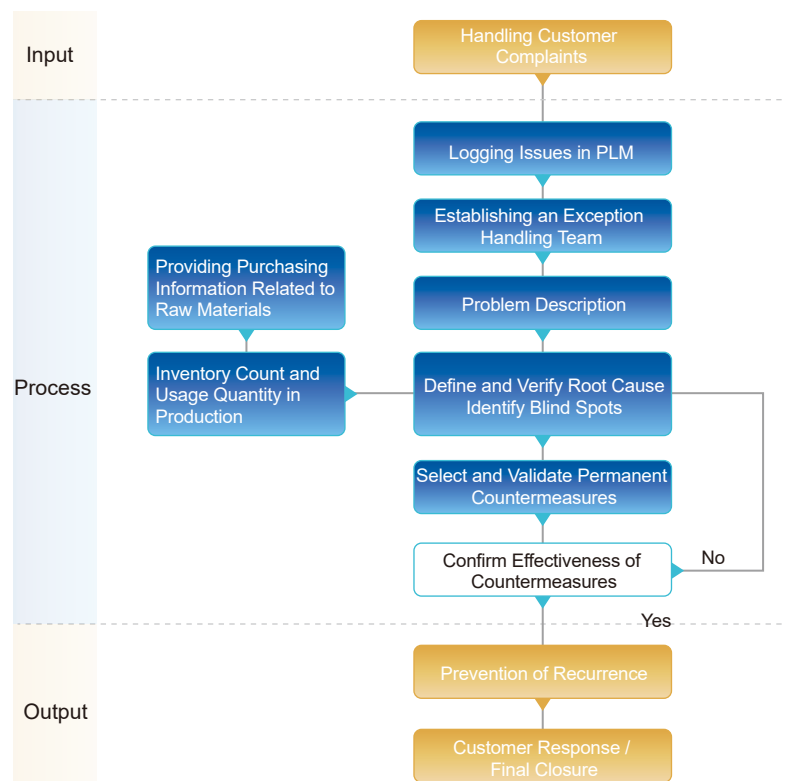
SAI has actively maintained close collaboration with international clients over the years, leveraging its research and development technological advantages. Continuously advancing forging and molding techniques, exploring new materials, enhancing design and engineering capabilities, and optimizing the lightweight benefits of forged products. Providing optimization suggestions during the design phase to meet the personalized and unique product requirements of customers, SAI has established indispensable partnerships with several international supercar and luxury car manufacturers. These collaborations bolster the Company's long-term stable operational momentum.



Customer Satisfaction Management

Achieving customer satisfaction is a key focus of SAI's management strategy. The Company is dedicated to providing products and services that meet customer expectations, optimizing the existing product portfolio, and surpassing customer expectations to strengthen customer relationships and grow alongside customers toward sustainable development.

SAI has established a "Customer Satisfaction Survey Procedure," where the Customer Service Department regularly compiles scorecard results from the customer system. They collect feedback monthly from key customers on various aspects such as quality, cost, delivery time, and service. For any areas with abnormal customer satisfaction scores, the "Customer Complaint Handling Process" is activated. A cross-functional team is organized to conduct root cause analysis and propose appropriate improvement plans.



In 2023, 79% of customers achieved a scorecard result of 80% or higher. The primary reasons for not meeting the overall satisfaction target were procurement costs and high demand for after-sales products, which caused delays in repackaging operations at overseas warehouses. Through coordination between SAI's business units and overseas logistics, the supply process was adjusted to increase the monthly supply of after-sales products, ensuring the fulfillment of customer needs and restoring high satisfaction levels.

In 2023, there were 2 warranty complaints and 4 quality complaints, all of which have been resolved. SAI aims to provide higher customer satisfaction through superior service and quality. The Company continually conducts customer satisfaction surveys, values feedback from all aspects, and proactively responds to customer needs, aiming to bring more benefits to customers and establish long-term, trustworthy relationships.

Customer Privacy Management

The Company rigorously ensures the protection of customer-related information. All business information, including documents and data exchanged with customers, is strictly controlled through SAI's internal system. Approval and granting of operational permissions to relevant internal personnel are conducted in accordance with related operational standards and procedures. In addition to incorporating various software and hardware containing technical data and any data that may involve customer intellectual property rights into our control measures, we also sign confidentiality agreements with customers and suppliers to safeguard the security of customer confidential information. Moreover, "Customer Privacy Protection" is included in the training curriculum for new employees and annual training programs to ensure every employee performs confidentiality duties when interacting with customers.

To enhance product competitiveness and meet the needs of customers worldwide, in addition to the headquarters in Taiwan, we have a subsidiary in Germany and business offices in the United States and Europe. We actively establish distribution channels and promote customer service in various countries. SAI proactively promotes the integration of the Electronic Data Interchange (EDI) platform with customers and subcontractors, providing various operations such as order processing, shipment information, and invoice information transmission to accelerate order processing and improve data quality between customers. In handling shipments with freight forwarders, we also offer a collaboration platform, allowing subcontractors and customers to independently inquire about pickup and shipment statuses, thereby enhancing overall operational efficiency.

SAI's Commitment to Customer Privacy:
"Customer-oriented, strictly safeguarding customer confidentiality, upholding the principles of integrity."

4.4 Supplier Management

Supplier Overview

SAI's suppliers are categorized into raw materials, machinery and equipment, and engineering subcontractors. In 2023, there were a total of 906 domestic and international suppliers, with 859 of them based in Taiwan, accounting for 94.81%.

Adhering to the principles of sustainable corporate management, SAI's procurement strategy prioritizes local suppliers for non-raw material purchases, except for bulk raw materials like aluminum ingots which must be sourced internationally. This approach not only shortens the acquisition time for materials and enhances production efficiency but also reduces the carbon footprint, supports local economic stability, and increases employment opportunities.

Proportion of Local Procurement Over the Past Three Years

Local Procurement	2021	2022	2023
Proportion of Local Procurement Amount	54.37%	39.56%	48.33%(註 2)
Total Number of Suppliers	944	914	906
Number of Local Suppliers	894	865	859
Proportion of Local Suppliers	94.70%	94.64%	94.81%

Note:

1. Definition of Local: The location of the trading partner.
2. Since Taiwan does not produce aluminum, SAI primarily sources raw materials from the EGA Group, purchasing aluminum from Dubai Aluminum. Excluding the procurement amount of aluminum supplied by EGA, the proportion of local procurement amount in Taiwan for SAI in 2023 is 89.29%.

Risk Management of Key Raw Materials

The Company signed annual procurement agreements with key raw material suppliers to ensure supply continuity and closely monitors customer demand fluctuations to make necessary adjustments. We have also conducted material testing with other international aluminum suppliers and have qualified alternative suppliers to ensure smooth transitions if supplier changes are needed. Additionally, SAI can produce recycled aluminum, which has superior material quality and can provide a stable supply.

Supplier Standards

Conflict Minerals Declaration Requirements

SAI requires raw material suppliers to provide a declaration stating they do not use conflict minerals. By enhancing supply chain management, we effectively screen and trace the origins of materials, ensuring the exclusion of conflict minerals. Any raw materials with conflict concerns are not considered for evaluation.

Environmental, Health, and Safety Management Requirements

SAI has an environmental, health, and safety (EHS) organization to promote related initiatives and has established procedures for the occupational safety and health management of suppliers and contractors. These procedures are part of supplier audit activities aimed at increasing the attention and actions of supply chain vendors on EHS issues. In practice, suppliers must comply with government EHS regulations and cooperate with the Company's EHS audits. Additionally, for on-site construction, suppliers must sign a "Contractor EHS Management Acknowledgment" and complete pre-entry EHS training.

Information Security and Prototype Protection Management Requirements

To strengthen information security management and ensure the confidentiality, integrity, and availability of our information assets, SAI has established relevant policies and regulations to comply with legal requirements and customer demands regarding information security and prototype protection. To maintain close cooperation within the supply chain, suppliers accessing "Confidential" or "Highly Confidential" information assets or handling prototype products related to new development projects must continuously enhance their management of information security and prototype protection. They are required to sign a Non-Disclosure Agreement (NDA) with SAI and adhere to our related terms and audit activities.

Supplier Code of Conduct Requirements

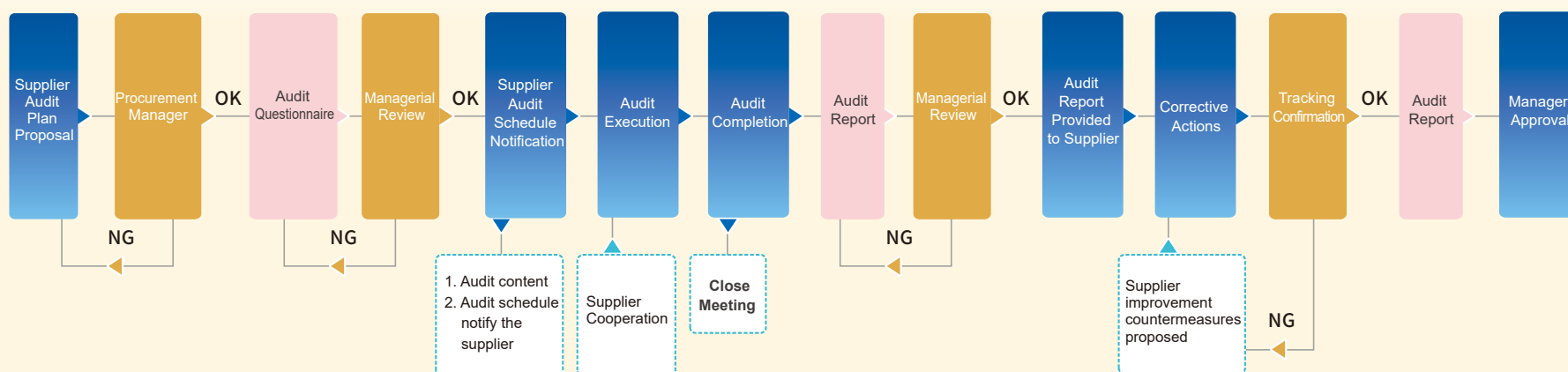
The Company is committed to ensuring that supplier selection assessments exceed economic standards. Emphasizing issues such as human rights (including child labor and voluntary labor), employment practices (including harassment, non-discrimination, remuneration and benefits, health and safety, freedom of speech and association), anti-corruption, business integrity, environmental protection, and safety, SAI mandates through the "Supplier Code of Conduct" that suppliers adhere to sustainable standards. We expect suppliers to communicate the code of conduct to their employees, subsidiaries or affiliates, and contractors, ensuring all business activities meet these standards as well as the legal requirements of their operating countries.

Supplier Audits

The Procurement Department at SAI, in conjunction with business partners, service providers, and suppliers, signed a "SAI Supplier Code of Conduct" alongside commercial contracts to enhance stakeholder recognition of our code of conduct. Signing the code of conduct is a prerequisite for becoming a qualified supplier to SAI. Currently, suppliers who have signed the code of conduct cover over 85% of the procurement amount in 2023. Among the top 100 suppliers to SAI, 73 have completed the signing process.

SAI has established a "Supplier Audit Control Procedure" to conduct audits of supplier compliance with the code of conduct. According to this procedure, thorough due diligence is conducted on major suppliers, with regular monitoring to ensure responsible procurement policies are implemented. This verifies whether suppliers adhere to the code of conduct and maintain high standards of business ethics, social responsibility, and environmental stewardship, supporting SAI's commitment to corporate social responsibility. Our audit personnel perform supplier audits according to the procedure and document audit findings in the "Supplier Code of Conduct Audit Report." In 2023, SAI conducted a total of 6 supplier code of conduct audits in accordance with the procedure, and all results indicated no significant breaches.

Supplier Audit Process



Supplier Carbon Inventory Status

SAI began inventorying and assessing its suppliers to reduce Scope 3 and overall supply chain carbon emissions in 2023. They checked whether suppliers have obtained or complied with ISO 14064-1 or GHG Protocol standards and plan to assist suppliers from 2024 to 2025 in establishing smart energy management platforms. This initiative aligns with the Ministry of Economic Affairs' "Large Enterprise Assists Small Enterprises" program and targets four key suppliers. IoT-enabled smart meters will be installed to monitor energy and water resource usage, allowing suppliers to track consumption in real-time via an app. These efforts will help SAI monitor supplier environmental performance and establish management goals for supplier governance. In 2023, among the top 10 surveyed suppliers, one has obtained greenhouse gas inventory certification, with 2 more expected to apply for ISO 14064-1 certification by 2024.

Supplier Evaluation

2023 New Supplier Assessment

Supplier Categories	Number of New Suppliers	Coverage Percentage for Screening
Category A Suppliers (used for the product itself or its components)	3	100%
Category B Suppliers (used for production-related needs)	7	100%
Category C Suppliers (suppliers not falling into the above categories)	54	100%
Outsourced Suppliers (providing raw materials or semi-finished products internally, outsourced for production or processing)	7	100%
Contractors (involved in factory construction, repair, utilities, equipment maintenance, etc.)	26	100%

2023 Supplier Evaluation Results

Supplier Categories	Evaluation Criteria and Weighting	Number of Households/Proportion	Level A	Level B	Level C	Level D	Level E	Total
Category A Suppliers	Quality: 30% Delivery Date: 25%	Number of households	4	19	1	0	0	39
		Proportion	16.67%	79.17%	4.17%	0%	0%	100%
Category B Suppliers	Service: 20% Price: 15%	Number of households	27	81	0	0	0	108
		Proportion	25%	75%	0%	0%	0%	100%
Outsourced Suppliers	International Certification/Other: 10%	Number of households	7	8	0	0	0	15
		Proportion	46.67%	53.33%	0%	0%	0%	100%

Evaluation Level	Score	Result	Evaluation Frequency/Non-conformance Handling
Grade A (Excellent)	90~100 points	Qualified	Listed as Qualified Supplier, evaluated annually.
Grade B (Good)	80~89 points		Listed as Qualified Supplier, evaluated semi-annually.
Grade C (Pass)	70~79 points		Listed as Qualified Supplier, evaluated quarterly.
Grade D (Observation)	60~69 points	Observation	Listed as Observation Supplier, evaluated monthly. Improvement notified according to deficiencies, with reduced procurement and delayed payment. Continuous classification as Grade D for three months results in listing as Non-qualified Supplier if no improvement is observed despite guidance.
Grade E (Non-qualified)	Below 59 points	Non-qualified	Listed as Non-qualified Supplier and transactions are halted.

4.5 Advocacy Organization

SAI thoroughly evaluates and actively participates in industry associations, willingly sharing knowledge, information, experience, and best practices to leverage industry influence and lead continuous growth. Key Associations and Organizations SAI participates in:

Association Name	Membership Status
Yi Yun CEO Club of the Republic of China	President
Alliance for Stress Optimization and Measurement of Metal Machined Parts at Chung Hsing University	Ordinary Member
Taiwan Automotive Industry Association	Class A Member
Taiwan Aerospace Industry Association	First-tier Member
Labor Relations Association of Yunlin County	Member
Pingtung County Industrial Association	Member
Yunlin County Industrial Association	Member
Yunlin Technology Industrial Park Manufacturers Association	Vice Chairman

ASI (Aluminum Stewardship Initiative)

In July 2023, SAI officially announced its achievement of the Aluminium Stewardship Initiative (ASI) Performance Standard V3 (2022) certification. "Sustainability" is a crucial component of SAI's corporate strategy, and we are honored to be a member of ASI. Aligned with the trend of automotive electrification, SAI continues to explore and develop the potential applications of forged aluminum. We are committed to a responsible aluminum value chain, striving to maximize the contribution of aluminum's value.



A group of business professionals in suits are seen from behind, raising their fists in a celebratory gesture against a bright sunset sky over a city skyline. The scene is overlaid with a large, stylized number '5' and the text 'CH 5 Building a Happy Enterprise'.

CH 5

Building a Happy Enterprise

- 5-1 Happy Workplace Human Resources
- 5-2 Human Rights Management
- 5-3 Talent Development
- 5-4 Occupational Safety

5.1 Happy Workplace

Human Resources Structure

We uphold a partnership with our employees at SAI based on mutual prosperity and symbiosis, aiming to foster a diverse and inclusive workplace environment and grow together with our employees. SAI values each employee's professional skills and opinions, while attracting talent through diverse recruitment channels and a comprehensive benefits system. We implement a human resources management system that motivates employee growth, striving to establish a more creative, efficient, and sustainable work environment.

As of the end of 2023, SAI employs a total of 1,524 staff members, comprising 1,314 males and 210 females.

Items/Gender		Female			Male			Total
Factories	Type of Contract	Full-time			Full-time			
	Age	Below 30	30-50	Above 51	Below 30	30-50	Above 51	
Taiwan	Full-time employee (person)	34	157	19	331	912	71	1,524

Note:

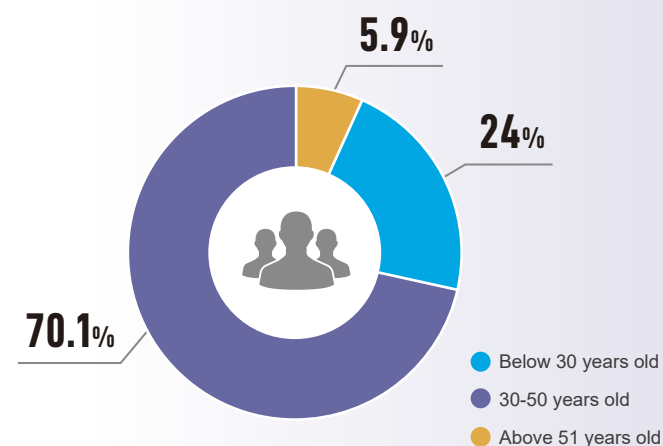
1. The Company does not employ temporary employee, part-time employee, or non-guaranteed hours employee.

2. The employee count in this table is based on data as of December 31, 2023.

Non-employee workers (e.g., security, cleaning) account for approximately 1.77% of the workforce. There have been no significant changes compared to the previous year.

Type of Worker	Contractual Relationship with the Company	Total Number of Workers
Cleaners/Guards	Contracted	27

Age Distribution of Full-Time Employees 2023



Talent Recruitment

SAI is committed to creating an equal employment opportunity environment free from discrimination and harassment, where individuals are treated equally regardless of race, nationality, age, gender, marital status, political beliefs, or religious faith. We adhere to labor laws and do not employ child labor. Candidate selection is based on professional qualifications, and systems for promotion, assessment, training, and disciplinary actions are clearly defined. Male and female employees in the same positions receive equal pay for equal work.

We believe that diverse and skilled talent forms the foundation for company growth. Therefore, our talent recruitment strategy follows principles of fairness, impartiality, and transparency, aiming to attract outstanding individuals to unleash their potential and achieve their aspirations at SAI.



SAI hired 396 new employees in 2023, constituting 25.98% of the total workforce. This includes 54 females, 342 males, and 3 employees aged 51 or older.

Year	2021				2022				2023			
Gender	Male		Female		Male		Female		Male		Female	
Age/Items	Number of individuals	New hire rate (%)	Number of individuals	New hire rate (%)	Number of individuals	New hire rate (%)	Number of individuals	New hire rate (%)	Number of individuals	New hire rate (%)	Number of individuals	New hire rate (%)
Below 30 years old	175	11.75	23	1.54	176	11.81	12	0.81	153	10.27	18	1.21
30-50 years old	164	11.01	41	2.75	182	12.21	29	1.95	187	12.55	35	2.35
Above 51 years old	5	0.34	0	0	7	0.47	3	0.2	2	0.13	1	0.07
Total new hires	408				409				396			
Total number of employees	1,490				1,532				1,524			
Overall new hire rate (%)	27.38				26.7				25.98			

Talent Retention

Regarding employee departures, there were a total of 404 departures in 2023, accounting for 26.51% of the total workforce. This includes 66 females, 338 males, and 16 employees aged 51 or older. SAI's turnover rates over the past three years were 28.05%, 23.96%, and 26.51% respectively.

Year	2021				2022				2023			
Gender	Male		Female		Male		Female		Male		Female	
Age/Items	Number of individuals	Turnover rate (%)	Number of individuals	Turnover rate (%)	Number of individuals	Turnover rate (%)	Number of individuals	Turnover rate (%)	Number of individuals	Turnover rate (%)	Number of individuals	Turnover rate (%)
Below 30 years old	157	10.54	28	1.88	145	9.73	21	1.41	124	8.32	22	1.48
30-50 years old	192	12.89	30	2.01	153	10.27	37	2.48	187	13.49	41	2.75
Above 51 years old	11	0.74	0	0	9	0.60	2	0.13	13	0.87	3	0.20
Total new hires	418				367				404			
Total number of employees	1,490				1,532				1,524			
Overall turnover rate (%)	28.05				23.96				26.51			

To continue improving our human resources management system, SAI conducts resignation surveys to gain deeper insights into the reasons behind employee departures and to propose further improvement measures:

Resignation Survey Results		
Total number of resignations	404 employees	
Number of exit interviews	311 employees	
Primary Reasons for Departure	Found better job opportunities	Returned to home country as a migrant worker
Analysis and Improvement	Exit Interviews Conduct exit interviews to immediately adjust and improve relevant areas within the company to reduce turnover rates.	Exit Interviews Conduct exit interviews to understand reasons for departure and promptly adjust and improve relevant areas within the company to lower turnover rates.
	Turnover Analysis Analyze exit interviews to identify areas needing improvement internally.	On-site Translation Deploy on-site translation services to assist migrant workers in better integrating into company culture.
	Employee Feedback Mechanism Establish suggestion boxes for employees to provide timely feedback and suggestions to further improve working conditions.	Migrant Worker Meetings Hold meetings every three months to show company concern for migrant workers' needs and opinions.

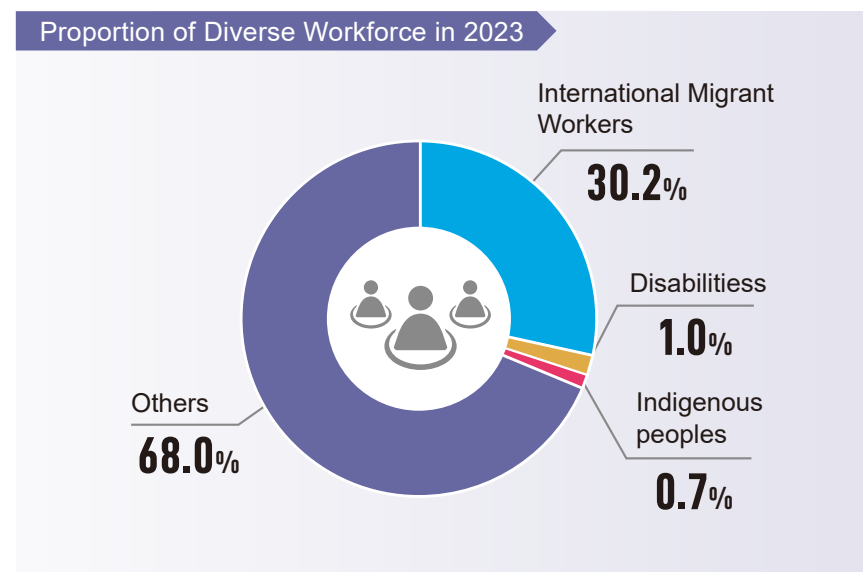
Note: Interviews primarily involve voluntarily departing employees.

Diversity and Inclusion

SAI does not discriminate based on race, nationality, age, gender, marital status, political beliefs, or religious faith. We adhere to labor laws, employing candidates based on their professional qualifications. Systems for promotion, assessment, training, and disciplinary actions are clearly defined, ensuring fairness, impartiality, and transparency. Male and female employees in the same roles receive equal pay.

Inclusivity and Diversity

Aligned with our core value of "taking from society, using for society," SAI actively supports government initiatives to hire individuals with disabilities, providing equal recruitment opportunities and suitable job placements for diverse groups. In 2023, the employment rate of individuals with disabilities at SAI met the legal requirement of 1% employment standard. In the future, SAI will continue its commitment to creating a diverse and inclusive workplace environment, striving to foster a work environment free from discrimination and harassment.



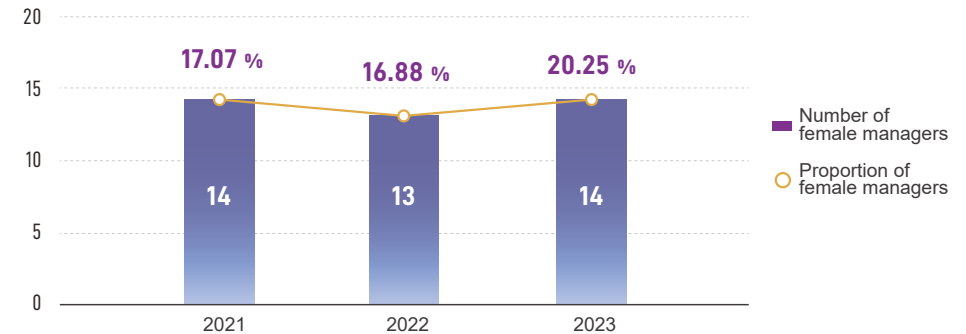
Number of Diverse Group Employees in the Past Three Years					
Year		2021	2022	2023	
Items	Gender	Age	Number of individuals	Number of individuals	Number of individuals
International Migrant Workers	Male	Below 30 years old	73	106	124
		30-50 years old	244	290	326
		Above 51 years old	5	8	11
Indigenous peoples	Male	Below 30 years old	1	1	1
		30-50 years old	5	7	7
		Above 51 years old	0	0	0
	Female	Below 30 years old	3	1	0
		30-50 years old	0	3	2
		Above 51 years old	0	0	0
Disabilities	Male	Below 30 years old	3	3	2
		30-50 years old	11	10	11
		Above 51 years old	0	0	0
	Female	Below 30 years old	0	1	0
		30-50 years old	2	3	3
		Above 51 years old	0	0	0

Local Talent Recruitment and Workplace Equality

To strengthen harmonious relations with the local community and enhance stability in employee roles, SAI prioritizes the hiring of local residents when increasing staff. The managerial positions at or above the Taiwan region are filled by 100% local nationals. Furthermore, to ensure that diverse talents can fully utilize their strengths in their positions, we place significant emphasis on ensuring "equality." Female colleagues at SAI have equal opportunities and rights in all aspects as their male counterparts.

Number of Managers and Non-Manual Staff in the Past Three Years					
Year			2021	2022	2023
Items	Gender	Age	Number of individuals	Number of individuals	Number of individuals
Managerial staff	Male	Below 30 years old	1	1	3
		30-50 years old	59	53	51
		Above 51 years old	8	10	9
	Female	Below 30 years old	0	0	1
		30-50 years old	12	11	13
		Above 51 years old	2	2	2
Total of managerial staff			82	77	79
Non-manual staff	Male	Below 30 years old	329	328	328
		30-50 years old	815	865	861
		Above 51 years old	40	53	62
	Female	Below 30 years old	59	45	33
		30-50 years old	154	151	144
		Above 51 years old	11	13	17
Total of Non-manual staff			1,408	1,455	1,445
Total full-time employees			1,490	1,532	1,524

Number and Proportion of Female Managers in the Past Three Years



Culture of Friendly Cooperation and Mutual Assistance

SAI's Family Day emphasizes supporting the rights of disadvantaged communities and promoting a barrier-free workplace environment

SAI has been steadfast in advancing Sustainable Development Goals (SDGs), particularly embracing SDG 10's principle of eliminating all forms of discrimination and ensuring equal opportunities. Collaborating with Yunlin County Government, SAI integrated its Family Day event with the 2023 International Day of Persons with Disabilities, focusing on disability rights as the theme. This initiative integrates corporate social responsibility into company activities, drawing attention from the community through the participation of over a thousand employees and their families. This effort aims to enhance societal awareness and promote reflection among participants on safeguarding the quality of life and employment opportunities for vulnerable groups.

Moreover, SAI has taken concrete steps to safeguard equal employment rights for persons with disabilities. In recent years, the Company has actively supported Yunlin County's policies for employing persons with disabilities, surpassing annual quotas to provide diverse and equitable job opportunities. This commitment underscores SAI's dedication to fostering inclusivity and equal employment, as outlined in its "Human Rights, Gender Equality, and Diversity & Inclusion Policy." This policy aims to cultivate a workplace culture of diversity, mutual support, and inclusiveness, thereby creating a barrier-free workplace environment for fair employment practices.

Employee Benefits

Employee Welfare Measures

SAI places significant emphasis on employee welfare, offering a variety of welfare measures and company activities. These measures and activities encompass health care, annual bonuses, childcare subsidies, travel discounts, and corporate events. They include regular health check-ups for employees and their dependents, annual bonuses, and year-end banquets, ensuring protection of employees' rights during specific life stages such as marriage, childbirth, or retirement. The planning of these welfare measures aims to comprehensively address employees' personal life needs outside of work, enabling colleagues to achieve a balance between work and life, thereby acknowledging their hard work and dedication.

Employee Welfare provided by SAI:

- Statutory Leave | Family Care Leave, Menstrual Leave, Prenatal Check-up Leave, Maternity Leave, Paternity Leave, Special Leave
- Health Care | Annual free health check-ups for employees and their dependents, regular on-site physician services, hospitalization condolence allowances
- Annual Bonuses | Birthday/Labor Day bonuses, Mid-Autumn Festival/Dragon Boat Festival vouchers, wedding/funeral allowances
- Childcare Subsidies | Childbirth allowances, scholarships for employees' children, childcare subsidies
- Travel Discounts | Travel activity subsidies, discounts at partner stores
- Learning Resources | Comprehensive employee training programs (free external training), book borrowing services
- Company Facilities | Employee dormitories, dedicated employee parking (Douliu Factory), dedicated nursing rooms for mothers, social lounges and common areas
- Company Activities



Paper Windmill Theater Performance - Sweet Potato Forest Adventure



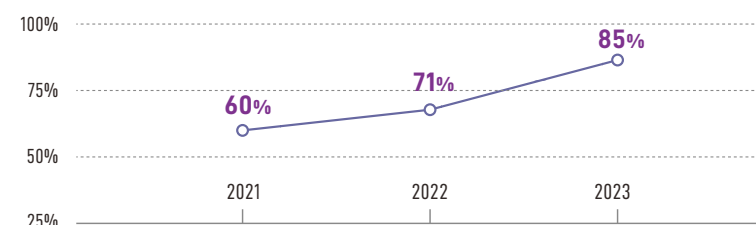
123 International Day of Persons with Disabilities and SAI Family Day

Parental Leave Policy

To realize the concept of a happy workplace, SAI is committed to creating an equitable and humane work environment. In addition to providing nursing rooms, we also implement a parental leave without pay program in accordance with the law, allowing eligible employees to apply as needed. In 2023, the return-to-work rate after parental leave was 70%, and the retention rate was 85%.

Year	2021			2022			2023		
Gender/Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Employees Who Actually Applied for Parental Leave in the Current Year	2	9	11	7	10	17	9	8	17
Number of Employees Expected to Return from Parental Leave in the Current Year	2	6	8	5	11	16	6	4	10
Number of Employees Who Actually Returned from Parental Leave in the Current Year	1	6	7	4	9	13	4	3	7
Number of Employees Who Actually Returned from Parental Leave in the Previous Year	1	4	5	1	6	7	4	9	13
Number of Employees Who Continued Working for One Year After Returning from Parental Leave in the Previous Year	0	3	3	0	5	5	4	7	11
Return-to-Work Rate After Parental Leave in the Current Year (%)	50	100	88	80	82	81	67	75	70
Retention Rate After Parental Leave in the Current Year (%)	0	75	60	0	83	71	100	78	85

Retention Rate After Parental Leave Over the Past Three Years (%)



Retirement System

In accordance with the "Labor Standards Act," the Company allocates funds to a retirement reserve. Following the provisions of the Act, retirement benefits are calculated based on the employee's years of service and the average salary of the six months prior to retirement. SAI allocates 2% of the total monthly salary of employees to the employee retirement fund, which is managed by the Labor Retirement Reserve Supervisory Committee and deposited into a special account at the Bank of Taiwan under the committee's name. Additionally, SAI has established an employee retirement plan in compliance with the "Labor Pension Act," contributing 6% of each employee's monthly salary to their individual accounts at the Bureau of Labor Insurance.

Employee Remuneration

SAI ensures that the ratio of the salaries of its grassroots employees to the local minimum wage shows no gender disparity. The Company strives to implement pay equity to prevent gender discrimination in the workplace while maintaining internal salary fairness.

Gender Pay Ratio in 2023				
Items	Basic Salary		Basic Salary Plus Bonuses	
	Male	Female	Male	Female
Managerial staff	1	0.96	1	0.90
Non-managerial staff	1	1.02	1	0.95
Total	1	1.01	1	0.95

Note: Supervisory personnel are defined as Assistant Section Managers and above (including Line Managers and Special Assistants)

Ratio of Standard Salary of Grassroots Employees to Local Minimum Wage in 2023			
Compensation Ratio Items		Local Minimum Wage Ratio ^{Note 1, 2}	
		Grassroots Employees ^{Note 3}	
Operating Locations \ Gender		Female	Male
Taiwan Operations Headquarters		1.52	1.54

Note:

1. Minimum Wage Rates by Region in 2023: NT\$26,400 (Taiwan).
2. By gender, calculate the ratio: Local Minimum Wage Ratio = Full Salary Provided to Minimum Wage Level Employees / Local Minimum Wage.

2023 Total Remuneration Ratio	
Country \ Region	Ratio of Annual Total Remuneration of Highest-Paid Individual in Company to Median Annual Total Remuneration of Employees (excluding the highest-paid individual)
Taiwan	18.17

Note:

1. Chairman is not considered the highest-paid individual unless also serving as President/Managing Director.
2. Formula for Annual Median Remuneration Ratio: Annual salary of highest-paid individual / Annual salary of individual at the median salary level for the year.
3. Annual Total Remuneration Change Ratios are considered confidential information, and the Company will assess the feasibility of disclosure.

5.2 Human Rights Management

Human Rights Policy

SAI respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, UN Global Compact, and International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The Company complies with local laws and regulations and has formulated a human rights policy based on the UN Guiding Principles on Business and Human Rights. Through the "Protect, Respect, and Remedy" framework in its human rights management, SAI endeavors to mitigate human rights risks for employees, suppliers, partners, and the environments in which it operates. Remedial measures are employed to mitigate the impact of human rights incidents. In 2023, SAI had no significant instances of human rights violations.

Human Rights Commitment

- I. Firmly believe that respecting and safeguarding human rights is a core value for sustainable business development.
- II. Integrate human rights considerations into every aspect of our operations.
- III. Provide open communication channels for stakeholders.

Management Principles

- Prohibit any form of discrimination.
- Prohibit forced labor and the employment of child labor.
- Offer fair and equitable wages and working conditions.
- Establish a safe, healthy, and secure work environment.
- Respect the freedom of assembly and association for our employees.

Human Rights Related Courses in 2023

SAI implements human rights-related courses during new employee training, including gender mainstreaming and prevention of sexual harassment:
Total number of participants: 1,517
Total training hours: 9,102 hours

Human Rights Assessment

Human Rights Impact Assessment

SAI conducts regular internal Human Rights Impact Assessments (HRIA) to assess employee risk exposure and develop risk management measures. Using human resources data, the Company identifies impact values associated with various issues, establishing mitigation measures and management objectives based on these findings. This approach aims to minimize harm and impacts on employees resulting from human rights issues, fostering an inclusive and diverse-friendly workplace. Overall, SAI's management policies encompass critical human rights issues such as prohibition of forced labor, discrimination, inhumane treatment, health and safety, equal treatment, access to remedy, and working hours and leave. SAI employs professional management to ensure operational safety, thereby safeguarding the physical safety of employees and participants. We actively enhance existing structures and integrate the spirit of respecting human rights into daily operations.

2023 SAI Human Rights Impact Assessment

Issue Identification	Target	Representative Indicator	Actual Risk Incidence Rate in 2023	Risk Severity	Mitigation Measures and Implementation Results
Employment Discrimination	Applicants and Total Employees	Number of Discrimination Cases Identified by Regulatory Authorities/ Total number of employees	0%	Low Risk	<ul style="list-style-type: none"> • The Company explicitly prohibits recruiting or employing individuals with discriminatory issues. There were no instances of employment discrimination in 2023.
Diversity, Inclusion, and Equality	Applicants and Employees with Disabilities	Number of Employees with Disabilities Not Meeting Quota/Total Insured Population	0.01%	Low Risk	<ul style="list-style-type: none"> • In January and February 2023, due to a shortfall of one employee leaving the job, the Company paid the shortfall subsidy to the regulatory authority. • Establishing an accessible workplace environment. • Seeking external resources to encourage hiring above the legally required numbers.
Sexual Harassment	All Employees	Number of Sexual Harassment Complaints Handled Internally/Total number of employees	0%	Low Risk	<ul style="list-style-type: none"> • Establishment of "Sexual Harassment Prevention Complaint and Investigation Measures" and "Key Points of Sexual Harassment Prevention Measures, Complaints, and Discipline." • Provision of a safe working environment according to job characteristics and employee needs to eliminate workplace sexual harassment. • Inclusion of sexual harassment awareness in new employee training courses to enhance employees' human rights awareness. • Implementation of a sexual harassment complaint mailbox and an independent investigation mechanism. In 2023, there were no reported cases of sexual harassment.

Issue Identification	Target	Representative Indicator	Actual Risk Incidence Rate in 2023	Risk Severity	Mitigation Measures and Implementation Results
Management of improper workplace illegal harm.	All Employees	Number of employees who reported workplace illegal harm within the Company during the year/Total number of employees	0%	Low Risk	<ul style="list-style-type: none"> Establishment of a "Prevention Plan for Illegal Harm While Performing Duties." In 2023, the Company did not experience any incidents of employees suffering illegal harm while performing their duties.
Workplace Health	All Employees	Number of employees who underwent health examinations / Number of employees required to undergo health examinations	0%	Low Risk	<ul style="list-style-type: none"> Annual employee health examinations are conducted, offering items that exceed regulatory requirements, and follow-up care is provided based on employees' examination results. In 2023, the health examination participation rate for employees who had completed six months of service and were eligible for health examinations was 100% (1,273 employees). An occupational physician is stationed at the factory to provide on-site health consultation services.
Workplace Safety	All Employees	Number of occupational injury cases/Total number of employees	1.71%	Low Risk	<ul style="list-style-type: none"> Establishment of "Occupational Safety and Health Work Rules," which clearly define workplace precautions and hygiene standards. Regular occupational safety and health education training sessions are held, including defensive driving promotion. In 2023, there were 2 cases of occupational injuries and 24 cases of traffic accidents.
Employment of child labor	Applicants	Proportion of child labor employed relative to the total number of employees	0%	Low Risk	<ul style="list-style-type: none"> The work regulations explicitly prohibit the employment of child labor under the age of 16. The prohibition of child labor is strictly enforced, and in 2023, there were no cases of employing child labor.
Labor Relations	All Employees	Number of participants in labor disputes as a proportion of employees	0%	Low Risk	<ul style="list-style-type: none"> The Company holds at least one meeting every three months within each cycle. To safeguard employee rights and ensure unimpeded communication, an "Employee Suggestion Box" is provided. Regular departmental meetings are conducted intermittently.
Personal Data Protection	All Employees	Number of incidents of personal data breach handled internally within the Company during the year/Total number of employees	0%	Low Risk	<ul style="list-style-type: none"> Adherence to labor laws and regulations on gender equality in the workplace is strictly followed. Flexible breastfeeding facilities are provided, including a dedicated lactation room.
Maternal Health Protection	Employees on Parental Leave	Number of employees on parental leave who did not return to work during the year/Number of employees on parental leave who were expected to return to work during the year	30.0%	Low Risk	<ul style="list-style-type: none"> Implementing clear and reasonable company policies, proactively gathering labor law information, and timely updating related management systems. There were no incidents of penalties for conditions below labor standards during the current year.
Protection of Working and Labor Conditions	All Employees	Number of employees penalized for conditions below labor standards/ Total number of employees	0%	Low Risk	<ul style="list-style-type: none"> Implementing clear and reasonable company policies, proactively gathering labor law information, and timely updating related management systems. There were no incidents of penalties for conditions below labor standards during the current year.

Note: Risk Level: Low<30%, 30 ≤ Medium<70%, High ≥ 70%.

Human Rights Risk Identification Issues

11 items

Investigation Results and Improvements

Coverage rate: 100%

Investigation Results and Improvements

Improvement rate: 100%

Human Rights Due Diligence

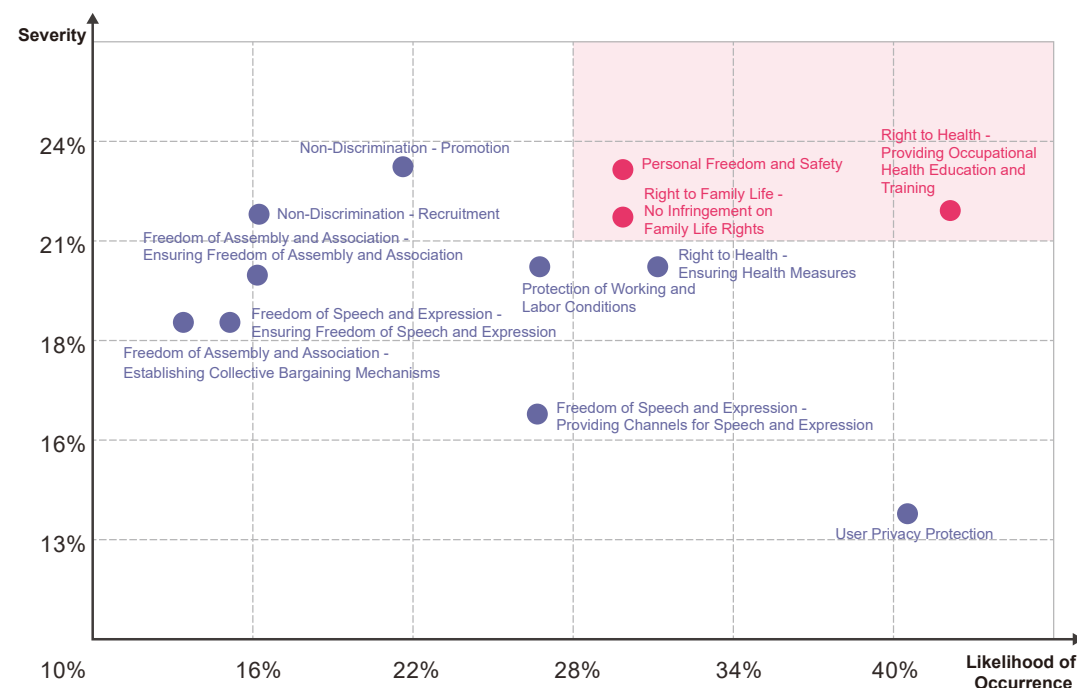
To responsibly understand and manage human rights issues, SAI has established a due diligence investigation process and conducts it at least once every five years. SAI's most recent human rights due diligence investigation was conducted in December 2022, revealing the top three human rights issues with relatively high risks: (1) Right to Health – providing occupational health education and training, (2) Personal Freedom and Security, (3) Right to Family Life – no infringement on family life rights.

To mitigate human rights risks, SAI has developed comprehensive policies and procedures for handling human rights incidents, covering the entire SAI value chain and all operational locations.

Human Rights Due Diligence Process



Survey Results



Note:

- The probability levels are categorized as follows: (1=Unlikely to occur, 2=Low probability (1%-30%), 3=Moderate probability (31%-60%), 4=High probability (above 61%)). Severity levels are categorized as follows: (1=No impact, 2=Low severity, 3=Severe, 4=Very severe). SAI conducts human rights risk assessments and identifies high-risk human rights issues.
- Given the categorical variables for the answer options, this analysis will focus on scenarios where the probability of occurrence is 2 or higher (i.e., Low to High probability) and the severity level is 3 or higher (i.e., Severe to Very severe). Situations where these two conditions intersect define high-risk scenarios.

Risk Mitigation Measures				
Target	Risk Category	Human Rights Risk Assessment	Mitigation and Preventive Measures Management	Improvement Status
All Employees	Right to Health - Providing Occupational Health Education and Training	Failure to provide workers with adequate operational training and safety knowledge, leading to industrial safety incidents	<ul style="list-style-type: none"> SAI establishes a management organization, formulates management methods and procedures, and establishes regular audit procedures to effectively prevent various accidents. During new employee education and training, besides advocating employees' obligations in safety and health, the importance of self-protection for employees is emphasized. Monthly regular occupational health and safety training for incumbent employees is conducted. Semi-annual fire drills are conducted to enhance employees' necessary disaster prevention concepts. Occupational safety personnel conduct irregular inspections of fire prevention measures to enhance fire safety. Enhancing advocacy and regulations for the wearing of protective equipment by on-site employees, implementing inspections by site management personnel on the wearing of protective equipment by employees. 	100% Comprehensive Implementation
	Personal Freedom and Safety	Employees subjected to threats, physical assaults, and harassment (e.g., sexual harassment), causing negative impacts on their physical and mental well-being.	<ul style="list-style-type: none"> Establishment of a secure and confidential complaint channel / The Company has established channels for employee communication and complaints. Establishment of professional complaint handling processes. Victim protection mechanism / Employee safety protection mechanism. Increased employee welfare measures. Promotion and education/training of gender equality and workplace safety policies 	
	Right to Family Life - No Infringement on Family Life Rights	Difficulty for employees in obtaining opportunities to care for family or dependents in the workplace environment	<ul style="list-style-type: none"> Organizing family day events Encouraging employees to take leave as required, respecting and promoting work-life balance Proactively communicating to understand employee pain points, showing active concern, and discussing solutions Continuously improving processes to reduce overtime situations, providing more flexible leave options for employees to arrange family life themselves: <ul style="list-style-type: none"> Adhering strictly to labor vacation regulations Managing employee work hours according to labor regulations Regularly reviewing departmental work hours to ensure compliance Encouraging employee family participation in company welfare activities 	

Anti-Slavery and Anti-Human Trafficking

SAI voluntarily complies with RBA (Responsible Business Alliance), BSCI (Business Social Compliance Initiative), SA 8000 (Social Accountability 8000), and other standard requirements, committing to not use or support the use of any form of slavery, forced, bonded, indentured, trafficked, or involuntary labor.

We rigorously enforce policies on "Prohibition of Forced Labor" and "Code of Conduct," and assess the behavior of key suppliers according to SAI's Supplier Audit Control Procedures.

No Harassment and No Bullying

SAI has established a "No Harassment and No Bullying Workplace Environment Policy," addressing all forms of harassment and bullying within the workplace, including business travel, work-related events or social gatherings, written communications, or violations of our social media policies. This policy applies to all SAI facilities, branches, subsidiaries, partners, affiliated companies, including contractors, suppliers, customers, visitors, as well as all directors, employees, and officers of the Company.

Gender Equality and Diversity and Inclusion

SAI has developed a "Human Rights, Gender Equality, and Diversity and Inclusion Policy," dedicated to foster X ing an equal employment, discrimination-free, and harassment-free work environment, ensuring no differentiation based on race, nationality, age, gender, marital status, political stance, religious beliefs, etc. We comply with labor laws and regulations, adhere to principles of fairness, justice, and transparency, and continually promote the employment of a sufficient number of persons with disabilities, providing suitable positions, aiming to create a diverse and inclusive workplace environment.directors, employees, and officers of the Company.

Labor Relations

Operational Changes and Minimum Notice Period

SAI values employee feedback and actively convenes labor-management meetings and employee welfare committees to facilitate dialogue and exchange of opinions among employees. Various departments also hold regular communication meetings to reach consensus through negotiation, fostering harmonious labor relations today. We have established an employee complaint mailbox as a communication channel. When employees raise complaints, the Company follows relevant procedures to safeguard individual rights. The Company will continue to promote relevant policies and procedures so that employees understand their rights and the Company's handling principles. We will also utilize supervisor meetings, corporate events, and internal social networks to disseminate information and reminders effectively.

SAI complies with the provisions of Article 11 or Article 13, Subparagraph, of the Labor Standards Act regarding termination of labor contracts, observing the following notice periods:

- Employees who have worked continuously for more than 3 months but less than 1 year shall be notified at least 10 days in advance.
- Employees who have worked continuously for 1 year or more but less than 3 years shall be notified at least 20 days in advance.
- Employees who have worked continuously for 3 years or more shall be notified at least 30 days in advance.

Upon receiving such notice, employees may request leave during working hours to seek alternative employment. Wages during the leave period shall be provided according to the contract, with the leave not exceeding 2 days of working hours per week. If the employer fails to provide the required notice period as stipulated in the first paragraph, they shall compensate the employee with wages equivalent to the notice period.

Collective Bargaining Agreements

SAI safeguards the freedom of association for its employees, with unit representatives assisting colleagues in voicing opinions during communication meetings to ensure that all employees' voices are heard and responded to by the Company. SAI currently does not have a union established.

In 2023, SAI conducted a total of 4 labor-management meetings, covering 100% of the employee population.

Additionally, SAI convenes regular meetings of the Welfare Committee to jointly plan employee welfare-related activities (such as year-end banquets at various factories and SAI Family Day) and seasonal activities (such as Christmas cookie making), fostering team spirit among employees. In 2023, a total of 5 meetings were held, along with 4 events including year-end banquets at the Pingtung and Yunlin factories, SAI Family Day, and Christmas activities, covering 70% of the employee population. Moving forward, we aim to continue increasing the percentage of employees benefiting from these initiatives to achieve our goal of a happy workplace.

Employee Communication Mechanisms and Achievements in 2023

Labor-Management Meetings Communication Frequency:

At least once per quarter
Communication Achievements:
4 meetings
Coverage of Employee
Population: 100%

Welfare Committee

Communication Frequency:
At least once per quarter
Communication Achievements:
5 meetings, 4 events
Family Day: 540 participants

Monthly Mobilization Meetings

Communication Frequency: First
Tuesday of every month
Communication Achievements:
12 meetings
Total Annual Attendance:
Approximately 3,600 participants



December 2, 2023

123 International Day of Persons with Disabilities and SAI Family Day



December 20, 2023

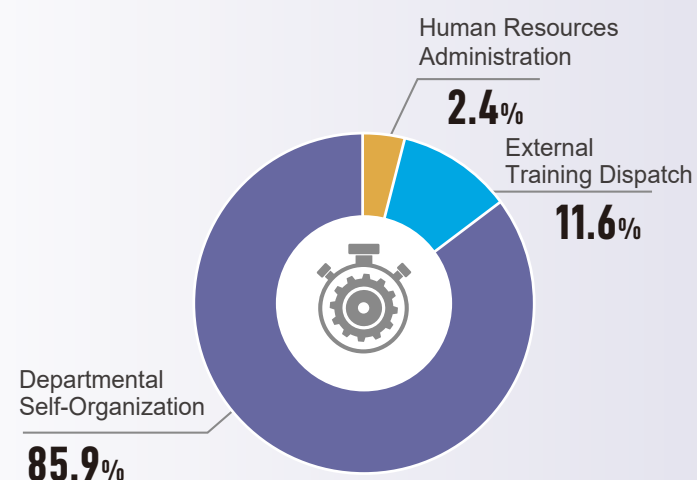
Christmas Activities
(Commissioning "Beigang Association for the Welfare of People with Disabilities" to produce Christmas cookies)

5.3 Talent Development

Talent Cultivation

SAI firmly believes that outstanding human resources are the cornerstone of sustainable business operations. Therefore, the Company places great emphasis on talent development and professional advancement for its employees. To enhance employee capabilities and maintain long-term competitive advantages, SAI provides comprehensive training programs tailored to both professional technical skills and career development needs. The Company encourages employees to participate in external training and pursue professional certifications. Internally, training courses are designed based on unit-specific skill development needs and individual growth aspirations. SAI has established a complete training curriculum, including the development of employee skill maps, organizing employee reading activities, and conducting leadership training programs. In 2023, SAI trained a total of 1,517 employees, accumulating 38,333.25 training hours, aimed at cultivating the necessary professional talents for the company's operations.

Training Methods in 2023



Training Statistics Classified by "Management and Non-Management Positions" in 2023

Items/Gender		Management Position		Non-Management Position	
Unit/Gender		Male	Female	Male	Female
Total number of individuals	person	63	16	1,251	194
Total training hours	hour	2,193.75	460.5	31,177	4,502
Average training hours	hour/person	34.82	28.78	24.92	23.21
Training expenses	NT\$	6,933	22,300	214,060	63,299

Training Statistics Classified by "Direct and Indirect Personnel" in 2023

Items/Gender		Management Position		Non-Management Position	
Unit/Gender		Male	Female	Male	Female
Total number of individuals	person	1,103	79	210	132
Total training hours	hour	27,182	2,010	6,188.75	2,952.5
Average training hours	hour/person	24.64	25.44	29.47	22.37
Training expenses	NT\$	167,094	0	53,899	85,599

Performance Evaluation

SAI integrates the overall operational profitability with individual employee performance through quantitative work objectives and qualitative competency behaviors. In 2023, the rate of performance appraisal for both management and non-management positions was 100%.

The Company conducts performance appraisals four times a year, assessing senior executives, mid-level managers, frontline supervisors, general employees, and foreign workers based on "Individual Performance Ratings" or "Individual Efficiency Alignment."

5.4 Occupational Safety

Occupational Safety Policy

SAI is committed to ensuring the health and safety of its employees. The Company pledges to comply with all applicable occupational health and safety regulations and other requirements. In addition to implementing the ISO 45001 Occupational Health and Safety Management System, SAI has developed an Environment, Health, and Safety (EHS) manual and various procedural standards. They enhance employee awareness through policy dissemination to effectively manage and mitigate hazards, thereby enhancing corporate competitiveness. The Company is dedicated to identifying occupational health and safety risks and progressively improving processes to minimize work-related impacts on its employees and contracted/outsourced workers, reducing incidents and enhancing safety performance.



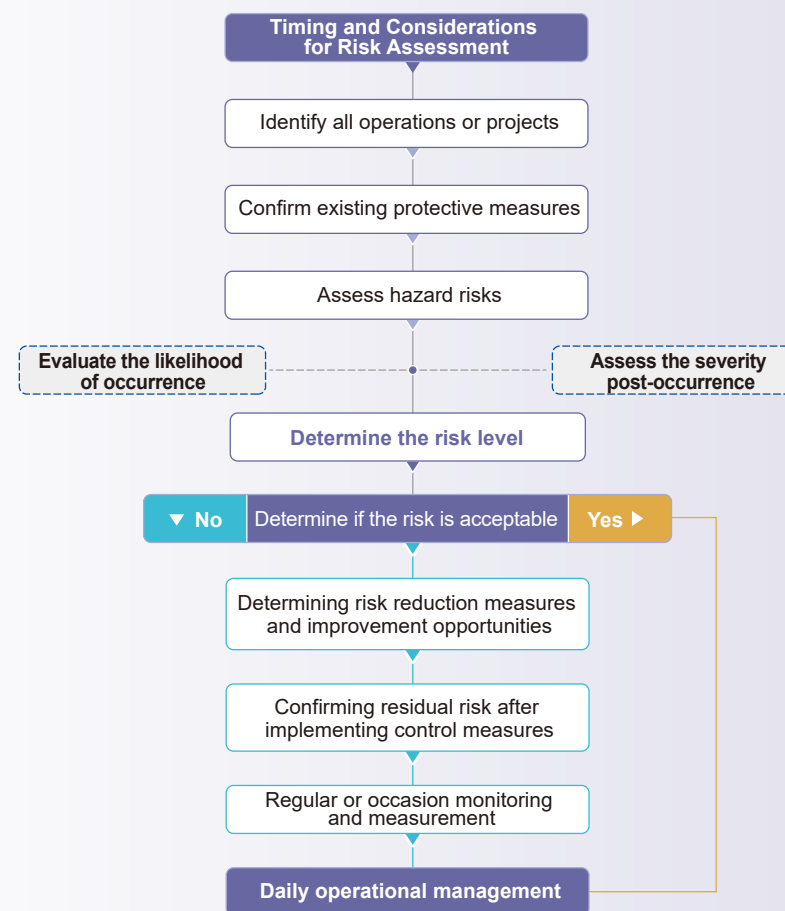
In accordance with ISO 45001 standards, SAI has established occupational health and safety management procedures for suppliers and contractors. The Occupational Health and Safety Management System applies to all 1,524 employees and 27 non-employee workers within the Company's premises, achieving a coverage rate of 100%. It also extends to 835 contractor employees, with a coverage rate of 100%.

Workplace Hazard Identification and Risk Assessment

To continuously eliminate potential occupational hazards in the workplace, SAI assigns qualified personnel to conduct hazard identification. Hazard factors are quantified to serve as the basis for risk assessments, reviewed by the Safety and Health Management Unit to determine risk levels. Control measures and improvement objectives for hazard risks are established, integrating them into the Occupational Health and Safety Management System for regular monitoring.

In 2023, leveraging the ISO 45001 Occupational Health and Safety Management System, SAI conducted hazard identification and risk assessment, identifying 1,258 hazard factors, an increase of 7 compared to 2022. No significant risks were identified; however, 22 high-risk factors were mitigated to acceptable levels through risk reduction measures or improvement opportunities. The Company employs proactive (emerging issues, news reports, etc.) and reactive (post-incident) hazard identification approaches. Hazard identification items are disseminated through departmental education and training programs to ensure compliance and enhance operational safety.

Hazard Identification and Risk Assessment Process

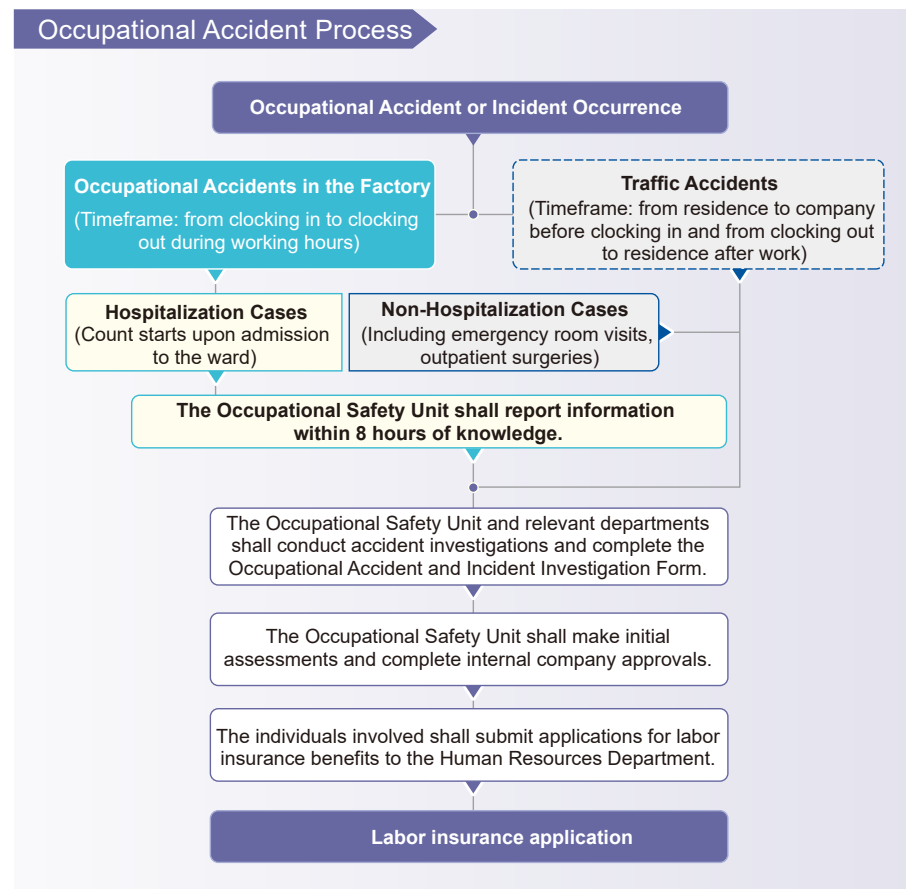


During the execution of any operation, in the event of an immediate hazardous emergency, employees are empowered to assess the onsite danger level and decide whether to halt operations or implement necessary protective measures. Following this, they evacuate their workstations for safety, without facing any adverse consequences.

Occupational Health Protection

Occupational accidents are categorized into two main types: on-site accidents (work-related incidents) and off-site accidents (traffic accidents). In accordance with occupational safety and health regulations and labor insurance laws, employees collaborate with their supervisors to apply for occupational accident and injury compensation. Employees are required to promptly inform their supervisors in case of accidents, and the Company assists in filing occupational accident claims. For legally significant occupational accidents, immediate notification is required within 8 hours, followed by HR's coordination for labor insurance injury compensation applications, ensuring comprehensive care for employees post-injury or illness.

Occupational Accident Process



Due to the manufacturing process and industry characteristics, employees at our company often work in noisy environments. To prevent exposure to hazardous working conditions that may impact their health, SAI actively plans numerous responsive measures. These include employee health promotion activities (advocating correct health knowledge), providing health checks for employees, and coordinating with the Ministry of Labor for qualified workplace environment monitoring, including noise monitoring. These initiatives substantially address the health and safety needs of employees, allowing them to work with peace of mind while prioritizing their physical well-being.

Worksite Real-Time Monitoring

SAI conducts regular semi-annual operational environment monitoring for employees' primary workplaces. Some monitoring items are performed quarterly or annually (such as comprehensive temperature-humidity index and wind speed monitoring) to understand actual employee exposure conditions. This approach effectively controls and prevents hazards:

Factories	Monitoring Parameters	Monitoring Results
H Factory	Physical Monitoring (Comprehensive Temperature-Humidity Index) Chemical Monitoring (Carbon Dioxide)	Compliance with Regulations
Factory 1	Physical Monitoring (Comprehensive Temperature-Humidity Index, Noise) Chemical Monitoring (Dust)	Compliance with Regulations
Factory 2	Physical Monitoring (Comprehensive Temperature-Humidity Index, Noise, Wind Speed) Chemical Monitoring (Carbon Dioxide, Organic Solvents, Specific Chemical Substances)	Compliance with Regulations
Zhuwei Factory	Physical Monitoring (Noise)	Compliance with Regulations
Pingtung Factory	Physical Monitoring (Comprehensive Temperature-Humidity Index, Noise) Chemical Monitoring (Carbon Dioxide, Organic Solvents, Specific Chemical Substances)	Compliance with Regulations

To effectively prevent occupational diseases and accidents, SAI not only complies with Occupational Safety and Health Act regulations by implementing operational environment monitoring to reduce exposure risks but also conducts safety and health education training, provides regular health examinations for employees, and engages in job matching and proactive tracking activities as part of employee health promotion initiatives.

Health Examinations

Each year, employees undergo annual general health examinations, and those employed for more than 6 months are entitled to health examination benefits. The Company has expanded this program to include employees' dependents in the health check activities. All employees' personal health service records and information are securely managed by the health management unit to ensure confidentiality and are solely used to assess whether employees are in a safe workplace environment, with no other purposes.

On-the-job Employee Health Examinations: In 2023, 978 local employees, 227 foreign employees, and 68 others (including dependents' health checks, leaves of absence, business trips, and resignations) underwent health examinations, totaling 1,273 individuals. The employee health examination rate was 100%, excluding those not legally required or confirmed unwilling to undergo supplementary examinations. Following management procedures, employees were classified and assessed for any abnormalities under the supervision of occupational physicians and nurses, with no abnormalities detected.

Special Employee Health Examinations: In 2023, 1,138 special health examinations were conducted. Physicians from visiting hospitals conducted preliminary classifications, with third-level managerial staff undergoing re-examinations by occupational physicians to assess work-relatedness and job matching necessity. Fourth-level managers underwent hearing protection plans, with ongoing monitoring and care assessments conducted jointly by occupational nurses and physicians. No cases of occupational diseases were reported in 2023.

Number of Health Examinations Conducted in 2023

Items/Gender	General Health Examinations	Special Health Examinations	Dependents' Health Examinations
Number of Examinations (individuals)	1,273	690	24

General Employee Health Examination Management Indicators (Individuals)				Special Health Examination Management Indicators (occurrences)						
Yunlin Factory		Pingtung Factory		n-Hexane	Formaldehyde	High temperature	Dust	Noise	Manganese	
First level	263	First level	72							
Second level	401	Second level	35	First level	14	2	30	274	242	16
Third level	143	Third level	37	Second level	0	1	12	133	381	2
Fourth level	22	Fourth level	5	Third level	0	0	0	0	0	0
Foreign Employees	186	Foreign Employees	41	Fourth level	0	0	0	0	31	0
Total	1,015	Total	190	Total	14	3	42	407	654	18

Note:

- Excluding dependent health checks, leaves of absence, and resignations, the total is 68 individuals.
- The count of individuals due for examination is compiled up to October 31, 2023.

Note: This management indicator involves multiple occurrences per person, hence calculated in occurrences (occasions).

Health Promotion

SAI aims for each employee to prioritize their health while at work. To support this goal, the Company has tailored a series of health promotion activities designed specifically for its employees, providing them with accurate knowledge on physical health care and maintenance.

Participation in Health Promotion Activities in 2023

Activity Theme	Activity Description	Number of Participants
Health Check Awareness	Providing health data understanding and related data analysis post-checkups; disseminating healthcare knowledge	4,002
Hearing Protection Plan	Education on noise grading management for high-risk individuals in response to special health examinations	400
Health Seminar	Disease overview and related health education; advocacy on workplace misconduct	124
Vaccination Administration	Influenza Vaccine	92
A total of 4,618 individuals participated.		

Execution of Five Major Protection Plans

To prevent workplace misconduct (violence, intimidation, threats, etc.), hazards from repetitive operations, and enhance health protection for maternal employees, our company has formulated and implemented five major protection plans. These initiatives aim to promote employees' physical, mental, and emotional well-being during operations. The 2023 survey recorded participation from 1,205 individuals, with 345 receiving care. The care execution rate was 100%. Following assessment by occupational health professionals, no immediate job reassignments were deemed necessary.

	Yunlin Factory (Person)			Pingtung Factory (Person)		
	Survey Quantities	Total Number of Concerns	Follow-up Monitoring	Survey Quantities	Total Number of Concerns	Follow-up Monitoring
Human Factor Hazard Prevention Plan (Targeting High-Risk Groups Identified by KIM Survey)	1,015	145	0	190	40	0
Workplace Maternity Protection Plan (Implementation for Pregnant/Childbearing Groups)	6	6	0	1	1	0
Prevention Plan for Job-Related Violations (Supervisor Self-Assessment)	25	25	0	3	3	0
Prevention Plan for Disease Triggered by Abnormal Workloads (Implementation for Risk Level Three)	1,015	47	0	190	2	0
Respiratory Protection Plan	34	34	0	42	42	0

Occupational Safety and Health Committee

SAI has established an "Occupational Safety and Health Committee," comprising occupational safety and health management personnel, labor health service nursing staff, and members from various professional fields across its facilities (including occupational safety and health-related engineering and technical personnel, departmental supervisors, and command personnel). Six members are elected representatives from the labor-management meeting, constituting one-third of the committee.

The "Occupational Safety and Health Committee" is chaired by senior executives who act as ex officio members, providing rulings and directives on workplace safety and health issues at SAI. The committee convenes quarterly to coordinate and recommend policies and occupational safety and health management plans, review progress, report quarterly achievements in environmental health and safety work, and address improvements to current conditions, equipment, and operational practices in response to external environmental changes.



The committee specifically formulates promotion plans for workplace safety and health, environmental protection, and health promotion advocacy and activities. Regular meetings are held to decide on initiatives that guide the company's safety and health efforts. Employees engaged in safety and health-related work at SAI hold relevant certifications as required by law and periodically participate in seminars or briefings organized by government agencies or academic institutions to ensure the safety and health of company personnel.

Occupational Health and Safety Education and Training

To prevent occupational accidents and strengthen employees' understanding of occupational safety regulations, as well as to equip them with the necessary knowledge to respond effectively to hazards, SAI conducts annual occupational health and safety education and training. All company personnel are required to undergo various occupational health and safety education and training sessions. Newly hired and current employees receive training internally at no cost through the Company's training platform. For specialized operators, employees engaged in specific tasks are regularly sent by the Company to training facilities or government agencies to participate in safety and health courses. The training expenses incurred are covered by the Company as part of its commitment to staff development and safety.

2023 Occupational Safety and Health Training Program Statistics

Training Program Name	Number of Participants	Training Expenses (NTD)
General Education Training (Company Conducted)	15,884	-
On-the-Job Employee Education Training (Government Conducted)	18	-
On-the-Job Employee Education Training (Occupational Health and Safety Skill Training)	126	280,760



Occupational Safety and Health Management Performance

To provide employees with a safe and healthy working environment, SAI implements the "Environmental, Safety, and Health Supervision and Measurement Management Procedures." This involves evaluating occupational health and safety performance using standardized metrics, optimizing practices towards best practices, and aiming for a zero-accident workplace environment. Additionally, the Company oversees the effectiveness of occupational safety management among suppliers and contractors, ensuring that relevant procedures meet regulatory standards and norms. In 2023, in collaboration with Yunlin County government, SAI established the "EHS Family" initiative to jointly assist and guide local contractors and suppliers in enhancing occupational safety practices.

2023 Occupational Accidents Statistics

According to statistics from the Ministry of Labor's Occupational Safety and Health Administration, the average disability injury frequency in the automotive parts manufacturing industry from 2020 to 2022 was 1.73, with an average severity rate of 105. SAI has significantly lower disability injury frequency and severity rates compared to the industry average over the past three years.

Recordable occupational accidents for the year 2023 totaled 2 cases, primarily involving incidents such as slips and falls. There were 24 commuting-related traffic accidents involving employees, primarily categorized as collisions and falls. Enhanced awareness campaigns have been implemented to prevent recurrence of such incidents. In 2023, there were no recordable occupational accidents involving non-employee workers (such as contractors and subcontractors).

Occupational Accidents Prevention

To prevent occupational accidents, ensure the safety of all employees, and enhance occupational health and safety awareness, SAI conducts monthly occupational safety and health education training. These sessions include relevant course content and are conducted during all-staff gatherings, where occupational accident cases and improvement measures are shared. Additionally, teams from each department are sent to inspect the site regularly to identify and assess workplace hazards and conditions. Recommendations for improvement and control measures are then implemented to reduce employee risks.

In the event of an occupational accident, SAI collaborates with relevant departments and labor representatives to conduct investigations. This includes assessing and improving work environments, machinery, equipment, tools, signage, and protective measures. They also review and update operational standards, safety and health education training records, and hazard identification and risk assessment forms related to the relevant processes to prevent future accidents.

Occupational Accident Statistics Over the Past Three Years

Category	Items	2021	2022	2023
Total Work Hours	Female Total Experienced Work Hours	472,784	470,624	432,512
	Male Total Experienced Work Hours	2,540,864	2,529,120	2,585,152
	Total Experienced Work Hours	3,013,648	2,999,744	3,017,664
Number of Fatalities Due to Occupational Injuries	Number of Female Fatalities	0	0	0
	Number of Male Fatalities	0	0	0
	Total Number of Fatalities	0	0	0
Number of severe occupational injuries (excluding fatalities)	Total number of severe occupational injuries for females	0	0	0
	Total number of severe occupational injuries for males	0	0	0
	Total number of severe occupational injuries	0	0	0
Recordable occupational injuries (including fatalities and severe injuries)	Total number of occupational injuries for females	0	0	0
	Total number of occupational injuries for males	1	1	2
	Total number of occupational injuries	1	1	2
Occupational injury fatality rate		0	0	0
Severe occupational injury rate		0.33	0.33	0.66
Recordable occupational injury rate		0.33	0.33	0.66
Severe Disability Injury Severity Rate (Total lost work hours due to severe disability injuries / total hours worked x 1,000,000)		81	9	52
Absenteeism Rate (Total hours of public injury leave, sick leave, and physiological leave / total hours worked)		1.57%	1.82%	2.31%

Note 1: Fatality Rate from Occupational Injuries = Number of fatalities from occupational injuries * 1,000,000 / total work hours.

Note 2: Severe Occupational Injury Rate = Number of severe occupational injuries (excluding fatalities) * 1,000,000 / total work hours.

Note 3: Recordable Occupational Injury Rate = Number of recordable occupational injuries (including fatalities and severe occupational injuries) * 1,000,000 / total work hours.

Note 4: Severity of Disability Injury Rate = Total lost work hours due to disability injuries / total work hours x 1,000,000.

Note 5: The recordable occupational injury count includes cases where occupational accidents are reported (with more than one person and requiring hospitalization); Severe occupational injury count refers to hospitalized cases reported due to occupational accidents (with three or more injured persons).

Disability Injury
Frequency

Industry Peers 1.73

SuperAlloy Industrial Co., Ltd. 0.66

Disability Injury
Severity Rate

Industry Peers 105

SuperAlloy Industrial Co., Ltd. 52

“ Occupational Safety Performance Exceeds Industry Average ”

Occupational Safety Management of Suppliers and Contractors

Suppliers	Audit is scheduled once, but additional audits may be conducted based on business conditions and identified significant quality, environmental, health, and safety (QEHS) operational deficiencies.
Contractors	Contractors entering the plant are subject to periodic safety and health audits by the Occupational Safety Unit. Anomalies observed during these audits will be documented, and fines may be issued if necessary.
<ul style="list-style-type: none"> The Procurement Department has established a supplier audit control procedure, incorporating ISO 45001 requirements into the management process to facilitate supplier audit compliance. The Procurement Department schedules audits for suppliers and subcontractors and conducts audit activities at the suppliers' sites. Environmental, health, and safety (EHS) audits are conducted for suppliers and subcontractors to ensure their compliance. When suppliers and subcontractors encounter EHS issues, root cause analysis is performed, and corrective and preventive actions are verified for effectiveness. 	



Establishment of the "Safety and Health Family" to guide suppliers in creating a safe working environment.

In 2023, SAI established the "Safety and Health Family" to share occupational safety and health management experiences. This initiative aims to guide local contractors and suppliers in Yunlin County, encompassing a total of 24 small and medium-sized enterprises, to foster a tri-party occupational safety collaboration among public sector, SAI, contractors, and suppliers, thereby creating a healthy and safe workplace. In 2023, an educational training session was held with a total of 30 participants.

Emergency Preparedness and Response Management Procedure

SAI has established an Emergency Preparedness and Response Management Procedure to prevent occupational accidents and enhance the Company's disaster response capabilities. The Company conducts emergency response drills semi-annually involving both static training courses and dynamic exercises, aimed at improving the emergency response abilities of the Company and its employees. In 2023, the Yunlin factory conducted 12 sessions (6 sessions per half year), with 2,506 participants in educational training and 47 participants in the drill groups. The Pingtung factory conducted 2 sessions, with 38 participants in educational training and 71 participants in the drill groups. Occupational Safety and Health Management establishes emergency procedures and evacuation plans for all reasonably foreseeable emergency situations and conducts regular drills to ensure their effectiveness.

Inspection Management and Anomaly Record

To ensure daily operational safety in the workplace, SAI has established 25 audit indicators for work equipment, materials, and safety mechanisms. In 2023, a total of 36 audits were conducted. Based on the audit results, corresponding improvement plans were proposed to ensure the daily operational safety of employees.

Number of Audits	Audit Content				
36 Audits	1.Caught-in/ Crushed	2.Machinery/ Equipment	3.Floor/Stairs	4.Electric Shock	5.Cut/Pierced
	6. Asphyxiation/ Poisoning	7.Fire/Explosion	8.Falling Objects	9.Burns/Scalds	10.Steam/Dust
	11.Fire Safety	12.Slips/Trips/ Falls	13.Chemical Hazards	14.High- Pressure Gas	15.Falls/Drops
	16.Personal Protective Equipment	17.Animals/ Plants	18.Ventilation	19.Collision	20.Lighting/ Illumination
	21.Biological Pathogens	22.5S Management	23.Vibration/ Noise	24.Loading/ Unloading/ Handling	25.Others



Audit Results	Improvement Plan
1.Some equipment emergency stop buttons lack proper labeling. 2.Industrial fans have mesh openings that are too large, posing a risk of finger injuries. 3.Some chemical storage area safety data sheets are outdated and damaged.	1.Labels will be printed and affixed by the vendor for equipment with emergency stop buttons. 2.Safety guards will be installed on industrial fans to prevent employees from accidentally touching the blades. 3.Indoor documents will be updated and replaced according to their expiration dates, and outdoor storage areas will use ziplock bags as waterproof measures and will be updated as needed.

Note: Due to the extensive amount of audit and improvement result data, only a portion of the data is attached as a reference.

Security Training

SAI employs a total of 19 security personnel, who serve as the first line of defense in protecting company assets and employee safety, and are important partners in serving our employees. These personnel are provided by a legally certified professional security company and have undergone relevant training approved by the local government. In accordance with Article 10-2 of the Security Services Act, the Company provides relevant training for outsourced security personnel. The training content includes: guidelines for preventing unlawful harm while performing duties, a written statement prohibiting sexual harassment in the workplace, and a written statement prohibiting workplace violence. Practical scenarios and case studies are also used to ensure that security personnel can respond quickly to similar situations. In 2023, the total training hours per month reached 76 hours, with all 19 security personnel participating, achieving a 100% training rate.

Pre-Employment Education and Training	Training Hours	Course Title
	2 hours	Introduction to Company Policies and Management Regulations
	2 hours	Overview and Brief Introduction of the Site
	1 hour	Principles and Considerations in Security Operations
	1 hour	Security Services Act and Its Implementing Regulations
	1 hour	Personnel Duty Guidelines
	1 hour	Practical Theft and Robbery Prevention
	2 hours	Security Industry Theories
	1 hour	Disaster Relief and Protection Training
	1 hour	Crisis Management
	1 hour	Human Rights Education
	1 hour	Traffic Control Command and Assistance in Handling Traffic Accidents
	1 hour	Hand-to-Hand Combat, Comprehensive Application of Boxing Techniques, and Self-Defense Techniques
	1 hour	Occupational Health and Safety
	12 hours	Security Operations Practical Training at Duty Locations
	12 hours	Security Operations Practical Training at Duty Locations

On-the-Job Education and Training	Training Hours	Course Title
	2 hours	Security Industry Operations, Management, and Future Prospects
	2 hours	Chinese New Year Duty and Epidemic Prevention Service Regulations
	2 hours	Principles and Considerations in Security Operations
	2 hours	Use of Surveillance Video and Emergency Broadcasting Systems
	2 hours	Security Services Act and Its Implementing Regulations
	2 hours	Duty Handover and Work Log Records
	2 hours	Security Industry Theories
	2 hours	Customer Service and Theory of Handling Customer Complaints
	2 hours	Overview of Criminal Law
	2 hours	Use of Security Surveillance Systems and Brief Troubleshooting Guide
	2 hours	Crime Prevention and Community Engagement
	2 hours	Typhoon Prevention Measures and Earthquake Operations Procedures
	2 hours	Criminal Investigation
	2 hours	Visitor Registration and Guidelines for Mail Handling
	2 hours	Security Guard Duty Regulations and Appearance Standards
	2 hours	Abnormal Handling Procedures and Reporting System, including Emergency Incident Management
	2 hours	Roles and Responsibilities of Each Checkpoint and Patrol Duties
	2 hours	Disaster Relief and Protection Training
	2 hours	Fire Safety Concepts, Equipment Operation, and Practical Implementation
	2 hours	Crisis Management
	2 hours	Hand-to-Hand Combat, Comprehensive Application of Boxing Techniques, and Self-Defense Techniques
	2 hours	Occupational Health and Safety

Pre-employment Training: Targeted at new employees, conducted over 2 days at the Company premises for 8 hours each day, and 2 days at the duty location for 12 hours each day.

Total training hours before official duty amount to 40 hours.

On-the-Job Training: Targeted at current employees, consisting of 2 hours per month at the Company premises and 2 hours per month at the duty location.

A total of 4 hours per month during employment.

In 2023, the total monthly training hours reached 76 hours, achieving a 100% training rate.



CH 6

Promoting Mutual Prosperity



6-1 Social Impact

6.1 Social Impact

SAI embraces the philosophy of "Creating Infinity, Dreaming Endlessly," guided by its mission of sustainable operations and social responsibility. Long-term commitments include initiatives through the Yunlin SAI Fu-De Social Welfare and Charity Foundation, focusing on three main areas: humanitarian care, arts and cultural enrichment, and education rootedness. These efforts align with United Nations Sustainable Development Goals (SDGs), including SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 4 (Quality Education), and SDG 10 (Reduced Inequalities). The Company implements various social welfare projects and encourages employees to participate as volunteers. In 2024, SAI introduced a new policy of "3-Day Paid Volunteer Leave," allowing employees to engage in government-sanctioned community service and charitable activities. This initiative supports local initiatives in Yunlin, fostering a spirit of philanthropy and warmth within Taiwan's local communities.

Creating Infinity, Enduring Dreams	Mission	Sustainable Development Goals (SDGs)	Approach	Volunteer Policy	Implementing Organization
	Sustainable Operations and Social Responsibility as Our Mission	<div><div>1 NO POVERTY</div><div>2 ZERO HUNGER</div></div>	Community Care	Introduction of the "3-Day Paid Volunteer Leave" system in 2024	Yunlin County SAI Fu-De Social Welfare and Charity Foundation
		<div><div>4 QUALITY EDUCATION</div><div>10 REDUCED INEQUALITIES</div></div>	Education Rooted Initiatives		
			Arts and Culture		

Yunlin County SAI Fu-De Social Welfare and Charity Foundation

Founded in 2013, our organization aligns with government social welfare policies, integrating societal resources for optimal distribution, and regularly sponsors various charitable activities. We aim to contribute to society by enhancing resident welfare through promoting philanthropic initiatives. The mission is rooted in promoting charity initiatives, aiming to preserve specialized skills and advance charitable causes. We strive to fulfill corporate social responsibility by contributing meaningfully to society. Our guiding principle is to provide sustainable assistance, empowering beneficiaries to achieve self-reliance and revitalizing specialized skills, fostering perpetual impact.

Long-term Partner of SAI Fu-De



Community Care

To assist vulnerable populations in escaping poverty and ending hunger, SAI collaborates with nonprofit partners to engage in initiatives such as providing warmth to isolated elderly, caring for individuals with disabilities, and supporting disadvantaged families. These actions aim to improve living conditions and foster societal advancement. From 2023 to February 2024, a total of 5 care projects were implemented, involving 84 employee volunteer services, impacting 3,509 individuals.

Warmth delivery to elderly living alone

• "Feed the Needy 30" Care for Families with Vegetative State Members

The SAI Fu-De Social Welfare and Charity Foundation supported the Genesis Foundation's "Feed the Needy 30" initiative. In February 2024, they assisted the Genesis Douliou Branch in delivering blessings to approximately 100 households of vegetative state patients during the Lunar New Year. Mr. Huang Guan-Chang, CEO of the SAI Fu-De Social Welfare and Charity Foundation, accompanied Genesis Foundation Douliou Branch staff to visit and care for Mr. Su, a case recipient, and his family. They helped hang Spring Festival couplets, demonstrating local corporate philanthropy by extending compassion to vegetative state families.

• Mid-Autumn Festival Care Initiative for Elderly Living Alone

The CEO Huang Guan-Chang called upon 9 employees to participate in a one-day volunteer activity. They visited elderly individuals living alone in Douliou, Xiluo, and Citong townships, presenting Mid-Autumn Festival care packages and blessings.

• Pingtung County Elderly Living Alone Chicken Soup Warmth Initiative

Responding to the "Chicken Soup Warms the Heart, Angels Spread Love" initiative jointly organized by Pingtung County Government and Pingtung Christian Hospital, we delivered chicken soup directly to the hands of elderly living alone, benefiting a total of 625 individuals.



Spreading warmth and love, Genesis Foundation distributed New Year gifts to a hundred families, visited vegetative state patients, and assisted in hanging Spring Festival couplets.



allong on employees to volunteer, they extended Mid-Autumn Festival care to elderly individuals living alone.



Participated in the "Chicken Soup Warms the Heart, Angels Spread Love" initiative, donating chicken soup directly to elderly individuals living alone.

Care for Persons with Disabilities

- SAI Family Day X International Day of Persons with Disabilities, inviting employees and the public to join in.

Teaming up with Yunlin County Government and the Spinal Cord Injury Association of Yunlin County, the event integrates the themes of International Day of Persons with Disabilities and SAI Family Day. It advocates for inclusive workplaces and equal employment opportunities for persons with disabilities, emphasizing their rights and well-being. Through educational and engaging activities, the event aims to raise awareness and promote greater attention to the rights of persons with disabilities.



Teaming up with Yunlin County Government and the Spinal Cord Injury Association of Yunlin County

Assistance for underprivileged families

- SAI Fu-De responds to the Yunlin Family Support Parent-Child Fun Fair, bringing year-end joy to families.

Recognizing Yunlin Family Support Center's dedicated local efforts in poverty alleviation and support for vulnerable populations, SAI supports the annual year-end fun fair, accompanying disadvantaged families in welcoming the new year.



The event combines International Day of Persons with Disabilities and SAI Family Day

Education Rooted Initiatives

SAI deeply understands the importance of education and recognizes the challenges faced by disadvantaged groups in this area. Therefore, we have been dedicating resources and efforts over the long term to support educational initiatives for these groups, aiming to provide them with equal learning opportunities. At the same time, we believe in the transformative power of education to change individual destinies and influence the overall direction of societal development. Thus, SAI collaborates with various sectors of society to jointly promote the development of educational initiatives for the disadvantaged. In 2023, our employees volunteered a total of 16 times, benefiting 1,851 students, contributing to the construction of a more equitable and harmonious society.

Support for Taiwan World Vision's After-School Care Program for Underprivileged Children

SAI provides educational guidance opportunities for students, enhancing their learning motivation and willingness. Through activities such as rhythm, handicrafts, and film appreciation, students' learning development and self-confidence are enriched. Inviting 18 children to visit SAI, they gain insights into the forging process of wheel rims and related knowledge, broadening their perspectives and preparing them early for future capabilities. Additionally, through activities like making mini wheel rim coasters and keychains using epoxy resin, children's creativity surprises employees, fostering transformative impacts through philanthropic endeavors.

Performance Outcomes

Attendance rate of participating students exceeds **85%**.

(despite absences due to student or family COVID-19 diagnoses)

Nearly **90%** of students proactively complete school assignments in after-school care programs.

Nearly **90%** of students actively engage in talent development programs, fostering self-confidence.

Enhancing children's reading, oral expression, self-awareness, and communication skills through character education and outdoor activities.



SAI Volunteers' Compassion Journey to Alishan, Accompanying Vulnerable Children in Taiwan

SAI extends care to Alishan Region, Supporting Ali Shan Dabang Elementary School's Zou Angel Cultural Team with an annual grant of NT\$525,000 through World Vision Taiwan's "Cultural Intelligence Program". The initiative aims to empower participating students to discover their potential, build confidence, and achieve personal fulfillment. SAI also hopes to assist the Angel Cultural Team from Chiayi County in achieving commendable results at national music competitions. Additionally, five SAI employees volunteered with World Vision Taiwan to participate in the cultural team's activities, including Zou language classes, traditional costume experiences, meal preparation, and children's games. This collaborative effort aims to deepen understanding of World Vision Taiwan's projects and Zou culture.



Arts and Culture

Responding to initiatives by Taiwan's Ministry of Culture and Financial Supervisory Commission to promote domestic cultural development, SAI has allocated resources to support the advancement of local culture. This support aims to provide enhanced development opportunities for outstanding artists and cultural groups, thereby fostering Taiwan's cultural progress. In 2023, SAI collaborated with Paper Windmill Theatre, staging performances at Yunlin County's Douliu Cultural Park, offering free admission to local residents. The event attracted nearly 3,000 children and adults, promoting community engagement and cultural enrichment. Furthermore, SAI Foundation, in partnership with Yi Yun Society, organized a social welfare concert to honor and appreciate frontline workers during the pandemic. Through music, the concert served to uplift and acknowledge these heroes for their dedicated efforts in epidemic prevention.



Hosting an international social welfare concert at Chiayi City Cultural Center to express gratitude for the dedication and contributions of epidemic prevention personnel.



Supporting the Paper Windmill performance of "Sweet Potato Forest Adventure" at Douliu Cultural Park, attracting nearly 3,000 children and adults for an enjoyable experience.



Appendix

GRI Content Index

Statement of Use	SuperAlloy Industrial Co., Ltd. has made disclosure for the period from January 1, 2023 to December 31, 2023 in accordance with the GRI Standards 2021.
The GRI 1 used	GRI Standards 2021

Universal Standards

Category	Topic	Indicator Code	Indicator Name	Corresponding Sections	Page Number
GRI 2 General Disclosure (2021)	Organization and Reporting Practices	2-1	Organizational details	About This Report 2.1 SuperAlloy Industrial Co., Ltd.	p.1 Scope of Disclosure p.25 About SuperAlloy Industrial Co., Ltd.
		2-2	Entities included in the organization's sustainability reporting	About This Report	p.1 Scope of Disclosure
		2-3	Reporting period, frequency and contact point	About This Report	p.1 Reporting Period, Contact Information
		2-4	Restated Information	About This Report	p.1 Restated Information
		2-5	External assurance	About This Report	p.1 Assurance Statement
	Activities and Workers	2-6	Activities, value chain and other business relationships	2.2 Economic Performance 4.1 Innovative Research and Development	p.27-28 Product Sales Status p.56 SAI Value Chain
		2-7	Employees	5.1 Happy Workplace	p.69-70 Human Resources Structure
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		2-10	Nomination and selection of the highest governance body	2.3 Corporate Governance	p.31 Director Nomination and Selection
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		2-12	Role of the highest governance body in overseeing the management of impacts	1.2 Sustainability Governance 2.4 Risk Management	p.12 Sustainability Governance p.34 Risk Management, p.36 Climate Change Management
		2-13	Delegation of responsibility for managing impacts	1.2 Sustainability Governance 2.4 Risk Management	p.12 Sustainability Governance p.34 Risk Management, p.36 Climate Change Management
		2-14	Role of the highest governance body in sustainability reporting	About This Report 1.2 Sustainability Governance 1.3 Materiality and Stakeholders	p.1 Report Management p.13 Sustainable Development Committee p.16 Materiality Identification Process
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		2-18	Evaluation of the performance of the highest governance body	2.3 Corporate Governance	p.31 Board Performance Evaluation
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		2-24	Embedding policy commitments	2.5 Integrity in Business Operations 5.2 Human Rights Management	p.38 Integrity in Business Operations p.76 Human Rights Policy, p.79 Anti-Slavery/Harassment/Gender Equality
		2-25	Processes to remediate negative impacts	2.5 Integrity in Business Operations	p.39 Complaint Mechanism
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	301-3	Reclaimed products and their packaging materials	3.4 Waste Management	p.51 Waste Management
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	306-2	Management of significant waste-related impacts	3.4 Waste Management	p.51-52 Waste Management
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GRI 403: Occupational Health and Safety 2018	416-1	Assessment of the health and safety impacts of product and service categories	4.2 Quality Management	p.64 Safety Standards Certification
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GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.4 Occupational Safety	p.84 Occupational Safety Policy
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	403-3	Occupational health services	5.4 Occupational Safety	p.86 Health Examinations
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational Safety	p.87 Occupational Safety and Health Committee
	403-5	Worker training on occupational health and safety	5.4 Occupational Safety	p.87 Occupational Health and Safety Education and Training
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	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Happy Workplace	p.74 Employee Benefits
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Happy Workplace	p.75 Employee Remuneration
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	201-4	Financial assistance received from government	2.2 Economic Performance	p.29 Application for Government Subsidy Programs
Integrity in Business Operations				
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to anti-corruption	2.5 Integrity in Business Operations	p.39 Integrity in Business Operations
	205-2	Communication and training about anti-corruption policies and procedures	2.5 Integrity in Business Operations	p.39 Integrity in Business Operations
	205-3	Confirmed incidents of anti-corruption and actions taken	2.5 Integrity in Business Operations	p.41 Compliance with Laws and Regulations

SASB - Auto Parts Industry Standards Comparison Table

Disclosure topic	Indicator Code	Nature	Disclosure indicator	Response content	Page number
Energy Management	TR-AP-130a.1	Quantitative	(1) Total energy consumption (including fuel, electricity) (GJ) (2) Percentage of electricity consumption out of total energy consumption (3) Percentage of renewable energy consumption out of total energy consumption	(1) 838,955.86 GJ (2) 52.49% (3) 0.58%	p.47 Energy Consumption
Waste Management	TR-AP-150a.1	Quantitative	(1) Total waste generated from manufacturing (unit: metric tons) (2) Percentage of hazardous waste amount relative to total waste amount (3) Percentage of recycled waste amount relative to total waste amount	(1) 6,478.91 metric tons (2) 1.25 % (3) 7.89 %	p.52 Waste Generation in 2023
Product Safety	TR-AP-250a.1	Quantitative	(1) Total number of recall incidents (2) Total number of recalled products (3) Proportion of voluntary recalls (4) Proportion of involuntary recalls	Cases without recalls	p.64 Comprehensive Product Testing
Fuel efficiency design	TR-AP-410a.1	Quantitative	Total revenue from products that enhance fuel efficiency and/or reduce emissions.	Information difficult to obtain, disclosure deferred.	-
Procurement of Raw Materials	TR-AP-440a.1	Qualitative explanation	Explanation of risk management related to the use of key materials	p.67 Risk Management of Key Raw Materials	p.67 Risk Management of Key Raw Materials

Disclosure topic	Indicator Code	Nature	Disclosure indicator	Response content	Page number
Raw material consumption efficiency	TR-AP-440b.1	Quantitative	Percentage of recyclable products sold	SAI products are aluminum-based, 100% recyclable	p.61 Green Innovation Products
	TR-AP-440b.2	Quantitative	Percentage of materials input sourced from recycling or remanufacturing	31.6%	P.53 Raw Material Consumption Statistics
Anti-competitive behavior	TR-AP-520a.1	Quantitative	Total monetary losses due to anti-competitive litigation	No anti-competitive litigation	P.41 Compliance with Laws and Regulations
Activity indicators	TR-AP-000.A	Quantitative	(1) Total production quantity (Unit: pieces, metric tons)	Wheels: 752,000 pieces Aluminum material: 22,589 metric tons Other: 183,000 pieces	P.28 Production Output in the Last Three Years
	TR-AP-000.B	Quantitative	(2) Total manufacturing weight (Unit: metric tons)	Wheels: 11,438 metric tons Aluminum material: 22,589 metric tons Other: 276 metric tons	P.28 Production Output in the Last Three Years
	TR-AP-000.C	Quantitative	(3) Manufacturing factory area (Unit: square meters)	167,917.50 square meters	-

TCFD and Climate-Related Information Index for Listed Companies

TCFD recommended disclosure items			Climate-related information for listed and OTC (Over-the-Counter) companies	Corresponding Sections	Page number
Governance	TCFD 1(a)	Describe the Board's oversight of climate-related risks and opportunities.	1. Outline the Board and management's supervision and governance of climate-related risks and opportunities.	2.4 Risk Management	p.36 Climate Change Management
	TCFD 1(b)	Describe the role of senior management in assessing and managing climate-related risks and opportunities.			
Strategy	TCFD 2(a)	Describe the short, medium, and long-term climate-related risks and opportunities identified by the organization.	2. Explain how the identified climate risks and opportunities impact the business, strategy, and finances of the enterprise in the short, medium, and long terms.	2.4 Risk Management	p.37-38 Climate Change Management
	TCFD 2(b)	Describe the organization's response to climate-related risks and opportunities in business, strategy, and financial planning.	3. Explain the impact of extreme weather events and transition actions on finances.	2.4 Risk Management	p.37-38 Climate Change Management
	TCFD 2(c)	Describe the organization's strategic resilience, considering different climate-related scenarios (including scenarios of 2°C or more stringent).	4. Explain how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	2.4 Risk Management	p.36-37 Climate Change Management

TCFD recommended disclosure items			Climate-related information for listed and OTC (Over-the-Counter) companies	Corresponding Sections	Page number
Risk Management	TCFD 3(a)	Describe the organization's process for identifying and assessing climate-related risks.	5. Explain how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system..	2.4 Risk Management	p.37 Climate Change Management
	TCFD 3(b)	Describe the organization's management process for climate-related risks.			
	TCFD 3(c)	Explain how the identification, assessment, and management processes for climate-related risks are integrated into the organization's overall risk management system.			
Indicators and Goals	TCFD 4(a)	Disclose the indicators used by the organization to assess climate-related risks and opportunities following its strategy and risk management processes.	6. If there is a transformation plan to manage climate-related risks, describe the plan's content and the indicators and objectives used to identify and manage physical risks and transition risks.	2.4 Risk Management	p.37-38 Climate Change Management
	TCFD 4(b)	Disclose Scope 1, Scope 2, and Scope 3 (if applicable) greenhouse gas emissions and related risks.	7. Provide an inventory of greenhouse gas emissions, certainty levels, reduction targets, strategies, and specific action plans.	3.3 GHG emissions	p.103 Greenhouse Gas Inventory and Assurance
	TCFD 4(c)	Describe the organization's objectives in managing climate-related risks and opportunities, and its performance in achieving those objectives.	8. If climate-related targets are set, provide information on covered activities, greenhouse gas emission scopes, planning timelines, annual progress toward targets, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, specify the source and quantity of carbon offsets or the number of RECs exchanged.	1.1 Sustainable Development Blueprint 2.4 Risk Management	p.11 Short, Medium, and Long-Term Sustainability Goals p.38 Climate Change Management
-			9. If using internal carbon pricing as a planning tool, describe the basis for price determination.	Data collection is ongoing, with future assessments planned for establishing related mechanisms.	

Greenhouse gas inventory and assurance for the past two fiscal years

		Scope 1	Scope 2	Scope 3
2022	Inclusion of individual	SUPERALLOY INDUSTRIAL CO., LTD.		N/A
	Total emissions (metric tons CO ₂ e)	21,757	60,186	
	Greenhouse Gas Emission Intensity (tCO ₂ e/NT\$ thousand)	0.0034	0.0094	
	Assurance Institution	TÜV NORD Taiwan		
	Assurance Statement	Third-party verification has been completed.		
2023	Inclusion of individual	SUPERALLOY INDUSTRIAL CO., LTD.		
	Total emissions (metric tons CO ₂ e)	22,597	60,647	275,247.96
	Greenhouse Gas Emission Intensity (tCO ₂ e/NT\$ thousand)	0.0029	0.0078	0.0354
	Assurance Institution	TÜV NORD Taiwan		
	Assurance Statement	Third-party verification has been completed.		

Note:

1. Direct emissions (Scope 1, originating from sources owned or controlled by the Company), energy indirect emissions (Scope 2, resulting from purchased electricity, heat, or steam consumed by the Company), and other indirect emissions (Scope 3, arising from activities not classified within Scope 2, but which occur from sources owned or controlled by other companies). Commencing disclosure of Scope 3 data from 2023.
2. Subsidiaries included in consolidated financial reports are to commence assurance from 2029.

Greenhouse gas reduction targets, strategies, and specific action plans

Reduction Targets	<p>Short-term: Annual energy consumption reduction of 1% per year (base year for greenhouse gas reduction: 2022).</p> <p>Medium to long-term: Annual energy consumption reduction of 1% per year, achieving a contractual capacity of 10% from renewable energy sources.</p>
Strategy	<ul style="list-style-type: none"> • Planning assessments of supplier carbon footprint execution status and evaluating initiatives to promote significant suppliers' implementation of carbon footprint assessments. • Assessing the establishment of greenhouse gas inventory and carbon footprint platforms to enhance factory decarbonization and smart transformation. • Phasing out high-carbon-emitting equipment to reduce process carbon emissions.
Specific Action Plan	<ul style="list-style-type: none"> • Conduct annual ISO 14064-1 greenhouse gas inventory verification. • Engineering Department regularly monitors carbon emissions and plans carbon reduction initiatives.

SDGs Comparison Table

Item	Sustainable Development Goals (SDGs)	Corresponding Sections	Page number
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning.	5.3 Talent Development	p.83
Goal 6	Ensure access to water and sanitation for all and sustainable management thereof.	3.6 Water Resource Management	p.55-56
Goal 7	Ensure universal access to affordable, reliable, sustainable, and modern energy for all.	3.2 Energy Management	p.46
Goal 8	Promote inclusive and sustainable economic growth, achieve full and productive employment, and ensure decent work for all.	5.1 Happy Workplace	p.71-77
Goal 9	Construct affordable, safe, environmentally friendly, resilient, and sustainable transportation infrastructure for the public.	3.5 Air Pollution Control	p.54
Goal 10	Reduce domestic and international inequality.	5.1 Happy Workplace	p.74
Goal 12	Ensure sustainable consumption and production patterns.	3.4 Waste Management	p.51-53
Goal 13	Enhance mitigation and adaptation actions to address climate change and its impacts.	3.3 GHG emissions	p.48-49
Goal 17	Establish diverse partnerships to collaborate on promoting sustainable visions.	4.4 Supply Chain Management 6.1 Social Impact	p.67-69 p.92-95

Independent Assurance Opinion Statement

TUVNORD

Assurance Statement

SuperAlloy Industrial Co., Ltd Sustainability Report

TUV NORD Taiwan Co., Ltd. (hereinafter referred to as TUV NORD) was commissioned by SuperAlloy Industrial Co., Ltd. (hereinafter referred to as SuperAlloy) to perform the 2023 Sustainability Report Verification (hereinafter referred to as Sustainability Report) in accordance with the AA1000 Assurance Standard Version 3 and the GRI Sustainability Reporting Standards (GRI Standards) and related assurance standards.

The Scope of Statement and Assurance Standards

- The scope of assurance is consistent with the scope of disclosure in SuperAlloy 2023 Sustainability Report, which covers the period from 1 January 2023 to 31 December 2023.
- The verification of compliance with the AA1000 Principles of Accountability for SuperAlloy is based on the AA1000 Assurance Standard, 3rd Edition, Application Type 1 that does not include verification of the reliability of the information/data disclosed in the report.
- Sustainability Accounting Standards Board (SASB) SuperAlloy sector sustainability accounting metrics.
- Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by Listed Companies.
- TCTD climate related financial disclosure recommendation.

Intended Users

The intended users of this statement are the stakeholders of SuperAlloy.

Assurance Type and Level

Refers to the requirement of the AA1000 Assurance Standard Version 3, Type 1, Moderate level Assurance Level.

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Human Statement

SuperAlloy refers to the GRI sustainability reporting and AA1000 accountability principles of inclusivity, materiality, responsiveness and impact. The sustainability report presents the commitment of top management, the needs and expectations of stakeholders. To achieve sustainability performance indicators by stakeholders' engagement.

We assure that SuperAlloy refers to the SASB Area Part sector sustainability accounting standards to disclose relevant metrics.

We assure that SuperAlloy refers to the requirements of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by Listed Companies.

We assure that SuperAlloy refers to TCTD's climate-related financial disclosure recommendations and disclosures relevant metrics.

Methodology

The verification is in accordance with the above stated assurance standards and the TUV NORD Sustainability Report Verification Agreement.

The verification includes the following activities:

- * Collect objective evidence of relevant performance metrics, as mentioned in the report.
- * Assurance of expectations of local or national regulations, international standards as set forth in public opinion and/or expert opinion are relevant to such general considerations.
- * Document review records and report content assessment in the context of GRI criteria application requirements.
- * Interviews with managers and related staff on issues of concern to the company's stakeholders.
- * Interviews with personnel involved in sustainability management, information gathering and report preparation.
- * Review significant organizational development and review internal and external audit findings.
- * Review AA1000 (2018) Principles of Accountability and other compliance requirements.

Conclusion

The results of the AA1000 accountability standard for inclusivity, materiality, responsiveness and impact in the report are set out below.

Inclusivity

SuperAlloy identifies 7 stakeholders and their concerns via the questionnaire method, and decides materiality through stakeholder consultation, sustainability committee and experts. There are 11 material topics determined among the 19 sustainability topics including economic, governance, social, human rights and climate impact.

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Materiality

SuperAlloy refers to the GRI Guidelines, SASB Area Part sector sustainability disclosure related metrics, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by Listed Companies, and TCTD climate-related financial disclosure proposed indicators to fully disclose the company's material risks and opportunities, taking into account the extent of impact on the company and provide the materiality of the report.

Responsiveness

SuperAlloy's Sustainability Report clearly describes the relationship between sustainability and organizational strategy and the performance indicators corresponding to the materiality and their achievement status, and adequately addresses the most issues of concern to stakeholders.

Impact

SuperAlloy's sustainability report fully identifies materiality risk, reflects the significant economic, environmental, and social impacts on the organization. The company has established a robust process to monitor and reassess the impact and establish short, medium, and long-term strategic planning through corporate governance.

GRI Sustainability Reporting Standards

SuperAlloy's sustainability report refers to the GRI 1 to GRI 3 universal Standards and the GRI 700 Sector, GRI 400 Series and GRI 400 Series topic standards, and meet the requirements for disclosure.

Limitations

The financial report was certified by PricewaterhouseCoopers (PwC), Taiwan (PwC), the accounting firm appointed by the company.

Independent Statement and Competence

TUV NORD Group is a leader in the supervision, testing and certification. It operates businesses and provides services in more than 150 countries around the world. The services include management systems and product certification, quality, environmental safety, social and moral audits and training, corporate sustainability report assurance.

TUV NORD and SuperAlloy are mutually independent organizations, and there is no conflict of interest with SuperAlloy or any of its affiliates or interested parties when performing the verification of the sustainability report. Regarding the sustainability report of

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TUVNORD

SuperAlloy, TUV NORD bases on the SuperAlloy verification agreement, and does not assume any legal or other responsibilities. SuperAlloy is responsible for responding to any questions that interested users concerned.

The verification team is composed of experienced chief reviewers such as ISO 9001, ISO 14001, ISO 45001, ISO 28000, ISO 50001, SA 8000, PHL 50001, ISO 27001 etc, and has received the CSA verification practice qualification certification of AA1000 AS v3 accountability training. The verification team bases on extensive knowledge and experience in the industry to provide professional advice in this assignment.

Liuk Yeh
General Manager

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2023

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the Future