



2023 Sustainability Report



Honor, Innovation, and Sustainability

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Right Way Industrial 2023 Sustainability Report

A Message from the Management

In 2023, we were affected by the global economic downturn, and due to clients adjusting their inventories and weak demand, revenue for its major metal processing products remained flat compared to last year. Additionally, the new business in system cabinets is still in its early stages. The system cabinet business is actively working on customer acquisition, and although there are initial results, it will take time before it can contribute more significantly to revenue.

In terms of gross profit, during 2023, we benefited from the appreciation of the US dollar, which led to an increase in the gross margin of metal processing products compared to last year. On the other hand, the new business system cabinets are still in the early stage of small-scale production, which impacted some of the gross profit performance. Overall, the gross margin remained stable. Regarding operating expenses, strict control over each expense has resulted in both absolute amounts and ratios decreasing compared to the same period last year. Consequently, our net profit after tax for 2023 was NT\$ 870 million, consistent with the previous year.

Looking ahead to 2024, in metal processing, the Taiwan plant expects moderate revenue growth and will continue to achieve stable profits. The Malaysian plant, affected by order transfers from mainland China, will see some customers shifting their orders to Southeast Asia, which will increase revenue and profits for the Malaysian facility. We will continue to focus on core products, leveraging its expertise in aluminum alloy gravity casting and forging to collaboratively develop products with customers. We will strengthen outsourcing integration to meet customers' 'One-Stop-Solution' needs. Additionally, the new business for system cabinets is still in its early stages, actively seeking customers and requiring continued efforts from the team. We anticipate significant growth in 2024 compared to 2023. Therefore, we expect Right Way's overall operational performance in 2024 to be better than last year.

In addition to continuously striving in its core business, we work just as hard in our efforts to fulfill our corporate social responsibilities. As a subsidiary of the Ta Cheng Group, we adhere to the management philosophy of "cherishing connections and accommodating needs". We take great care of our employees, providing free vegetarian lunch services and superior employee benefits compared to our peers. Through company clubs, we engage in caring for and supporting local communities and participating in donation activities. For us, such acts of philanthropy are just part of what we have always been doing.

We approach environmental protection by considering energy efficiency and pollution control when purchasing equipment. We invest in top-spec equipment to ensure that energy-saving and performance-related measures are effectively implemented. We believe that practicing corporate social responsibility is an undeniable mission for every business leader. We take from society and give back to society; as long as it is within our capability, we will take action personally and strive to be a role model for other companies.

General Manager
Russel Lou

About this Report

Right Way Industrial Co., Ltd. (hereinafter referred to as “Right Way Industrial”) keeps introducing new technologies and resources. In addition to technical cooperation with the Industrial Technology Research Institute and multiple international leading manufacturers in Japan, the USA and Germany, it also expands its product lines to automotive connecting rods, fasteners, suspension control arms and steering joints, steering ball joints, tie rods, and other industrial parts, such as compressor, motor and pump casings, suspension and brackets, etc.. With the expanded operations and expectations towards the relationship with stakeholders, sustainable development plans are launched to review the operating environment and risks, in order to establish visions and goals in accordance with the operational strategies for sustainable management. The 2023 Sustainability Report (hereinafter referred to as the “Report”) is the first sustainability disclosure report issued by Right Way Industrial. The relevant information prepared is stated as following:

Scope of disclosure	The Report is issued once per year, and for the first time currently. The scope of the information covers the period from January 1 to December 31, 2023, in order to provide the overall disclosure of economic, social, and environmental performance of the operating activities of Right Way Industrial. The main business locations of Right Way Industrial include Rende District, Tainan City and Shah Alam in the suburbs of Kuala Lumpur. With respect to the Malaysia factory, as only the GHG inventory information is disclosed, such information will not be provided in the Report separately. Meanwhile, in consideration of the comparability of information, in principal, only the data available for the past three years are disclosed. Notwithstanding, considering that no related information was collected via the system or there was no complete information in the past, only certain performance information available in the past one or two years will be disclosed, if it is impossible to verify the accuracy of data.
Information rearrangement	Revise the 2022 report to include the non-operating income and expenses for 2020 and 2021, historical production statistics, historical revenue amounts by product, and historical operating revenue amounts by region. Correct the 2022 greenhouse gas inventory results and submit them for third-party verification.
Compliance with Regulations	The stakeholder identification procedures for the Report follow the AccountAbility Organization’s AA1000 Stakeholder Engagement Standards (AA1000 SES) and the AA1000 v3 standards developed based on the accountability principle for the implementation of relevant information preparation procedures. Meanwhile, based on the GRI Standards published by the Global Reporting Initiative (GRI) as the reference disclosure standards, it conducts the management procedures for material sustainability issues. In consideration of the sustainability disclosure trend, Right Way Industrial has adopted the Sustainability Accounting Standards Board (SASB) as the core topic of the Report to prepare the Report. Meanwhile, Right Way Industrial also discloses additional information on the issues of concern of stakeholders and the related sustainability rating.
Report Audit and Assurance	The data or information disclosed in the Report is provided by the responsible departments, confirmed by the ESG report preparation team, sent to the heads of each department, and then reviewed by the General Manager for approval via the internal audit procedure. In 2024, it appointed Legendary & Steadfast Accountancy (LSA) to provide the limited assurance in accordance with the “ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information.” The assurance report is disclosed on Page 97 of the Report .
Management Approach	The data and financial performance in the Report are disclosed based on the financial report certified by CPAs. All financial figures are expressed in New Taiwan dollar and the financial data are disclosed in accordance with the IFRSs. The other data in the report are disclosed based on the information and statistics gathered by Right Way Industrial independently, which are expressed in the a custom manner and rounded off in principle. The data or information disclosed in the Report were provided by the responsible departments, and then the Report was prepared by the report preparation team. The completed Report was sent to each department head and the General Manager for confirmation, then subject to the review and approval by the General Manager, approved by the Board of Directors and disclosed on the official website of Right Way Industrial upon completion of the internal audit procedure.

Contact
Information

Should you have any questions about the Report, or have any suggestions for Right Way Industrial, please feel free to contact us in the following manner.

Company address: No. 1015, Zhongzheng West Rd., Dajia Vil., Rende Dist., Tainan City

Tel. No.: 886-6-2664101

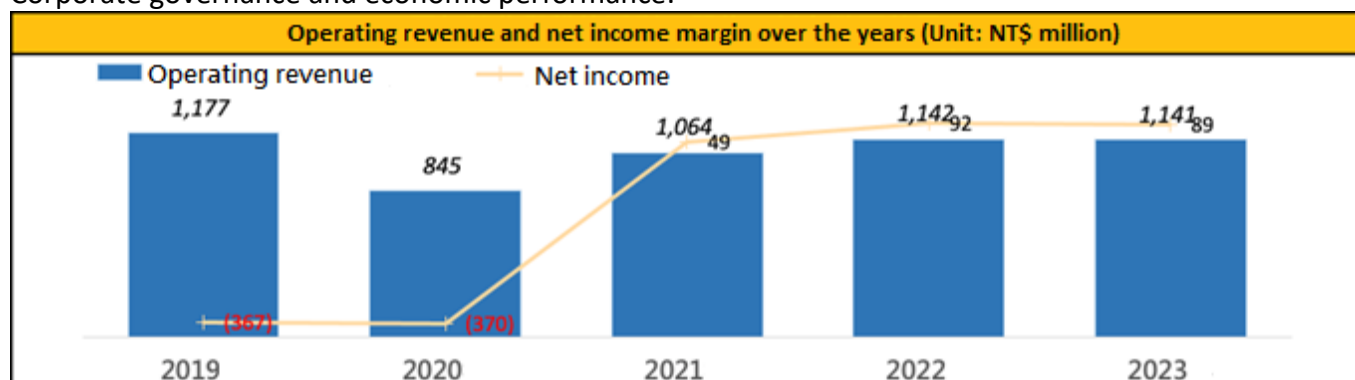
Email: Don.Huang@rightway.tw

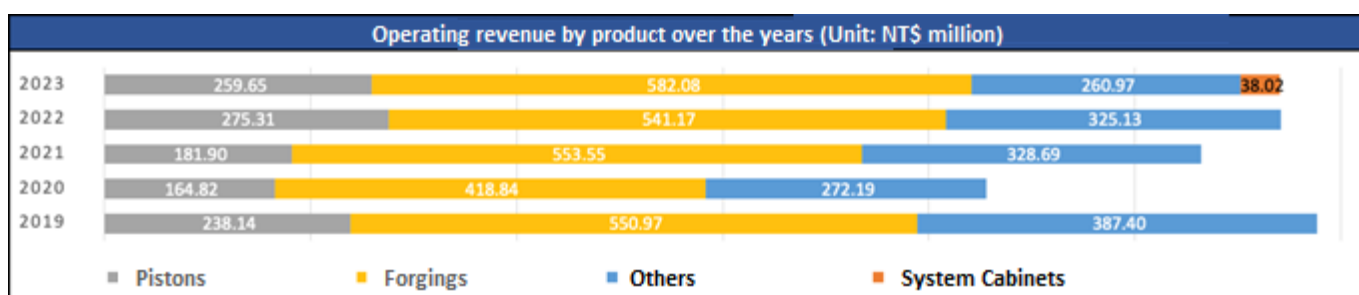
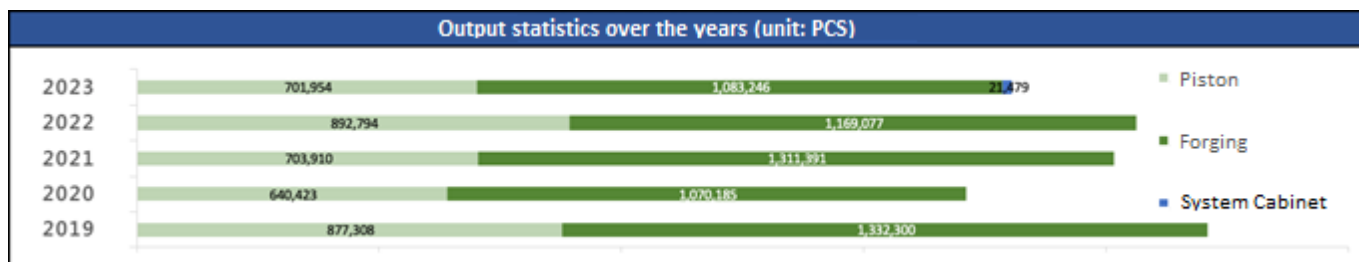
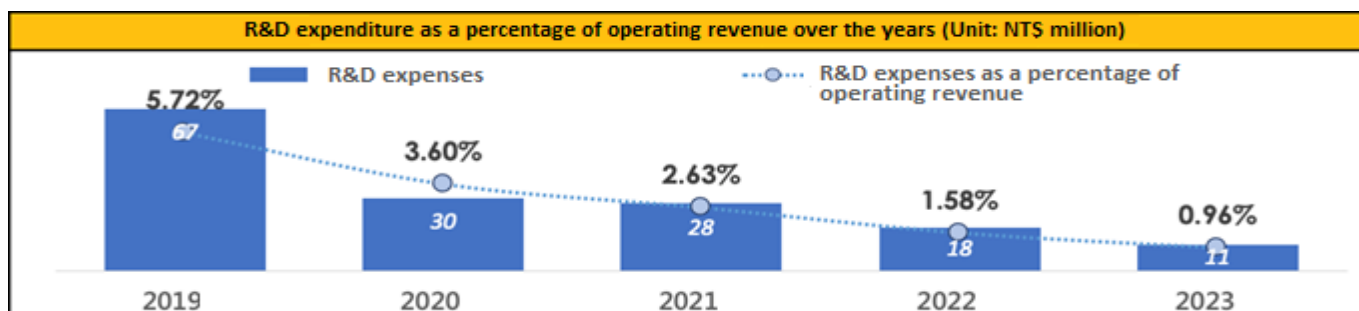
Company website: www.rightway.com.tw

Sustainability Performance in 2023

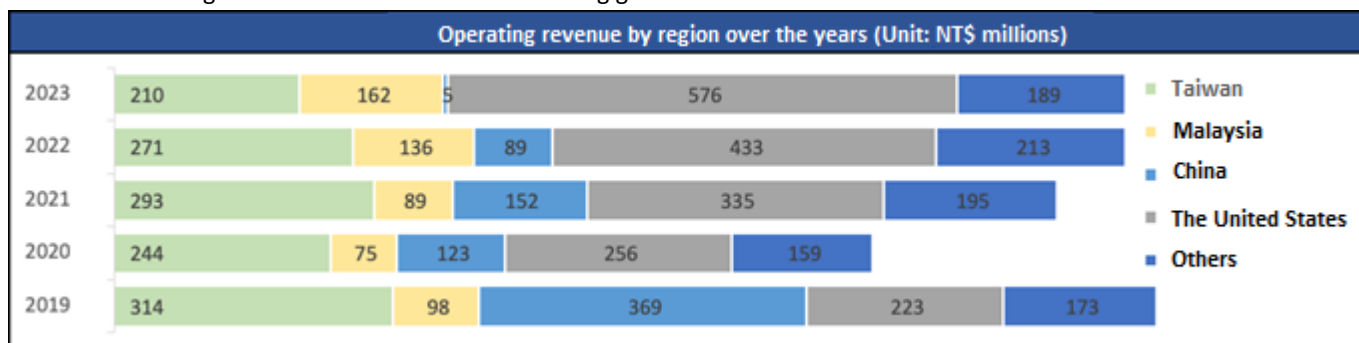
Orientation	Key Performance
Governance	<ul style="list-style-type: none"> Consolidated revenue in 2023 reached NT\$1.14 billion, which is the same as the previous year's performance. The overseas customers' satisfaction level by 6% from the previous year. Regularly organize corporate governance, anti-corruption, and ethical management training for directors to ensure no corruption incidents incurring during the reporting year.
Environment	<ul style="list-style-type: none"> The intensity of energy consumed (GJ per sales) was reduced by 26.3%, intensity of electricity consumed by 22.6%, and intensity of fuel consumed by 33.2%, from the previous year. The intensity of water withdrawal (ML per sales) was reduced by 0.2% from the previous year. Conduct an inventory of greenhouse gas emissions for 2023, establish a greenhouse gas reduction management policy, including reduction targets, implementation measures, and progress towards achieving them.
Society	<ul style="list-style-type: none"> Formulate human rights policies and conduct human right-related education and training for all employees. In recent years, the raise has ranged 6%~8%. Right Way Industrial plans another raise in 2024. The new business has been put into operation, creating nearly 100 local jobs.

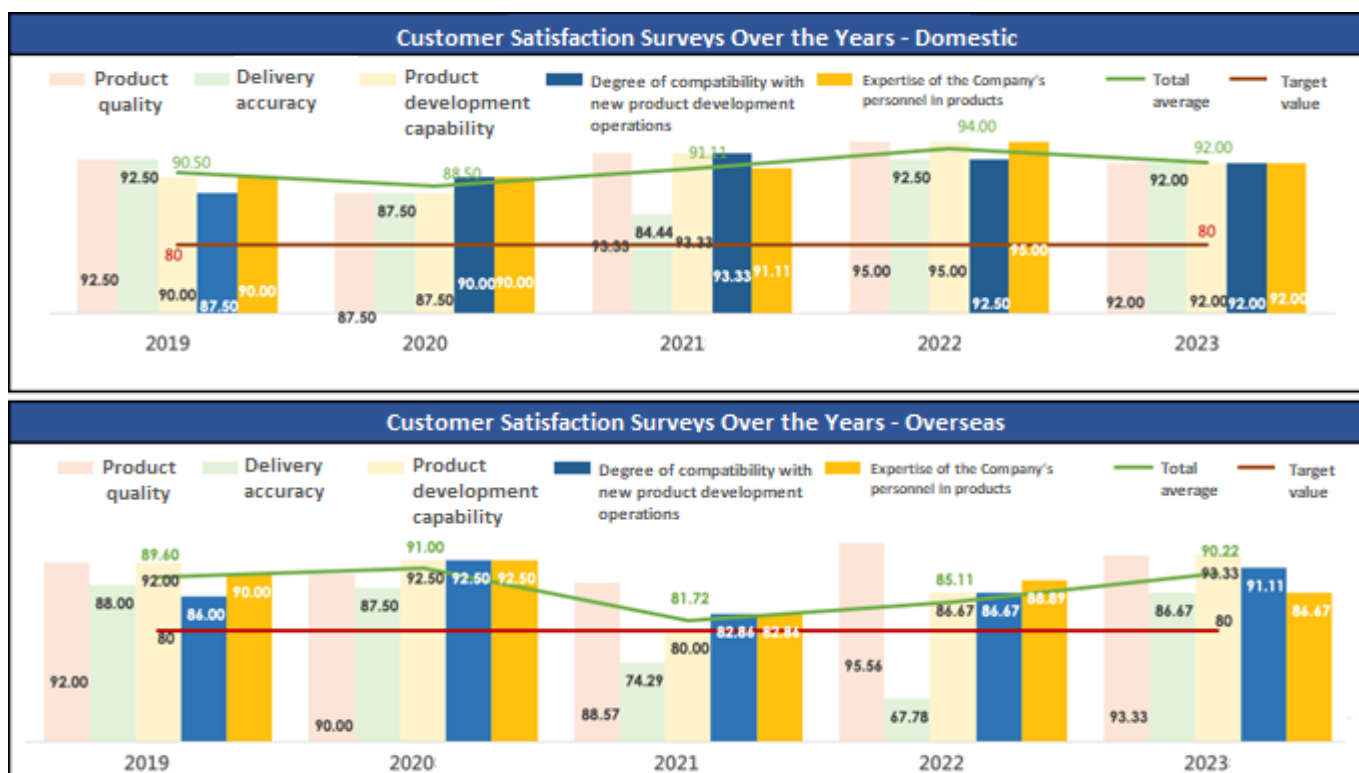
Corporate governance and economic performance:





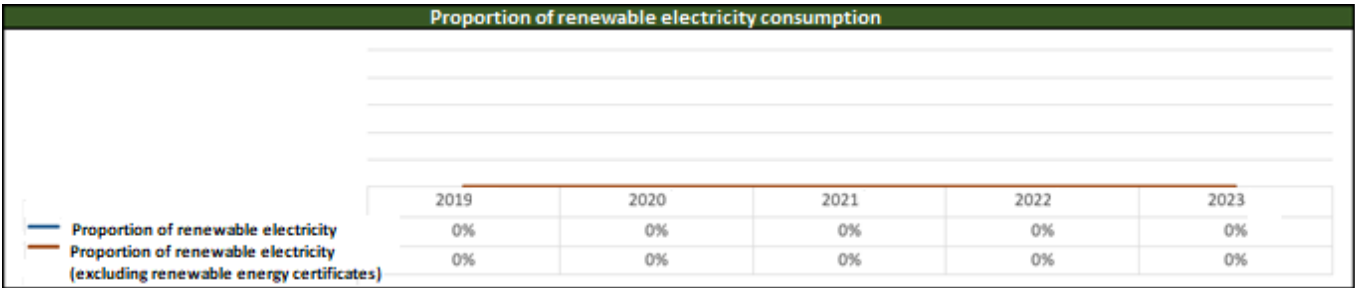
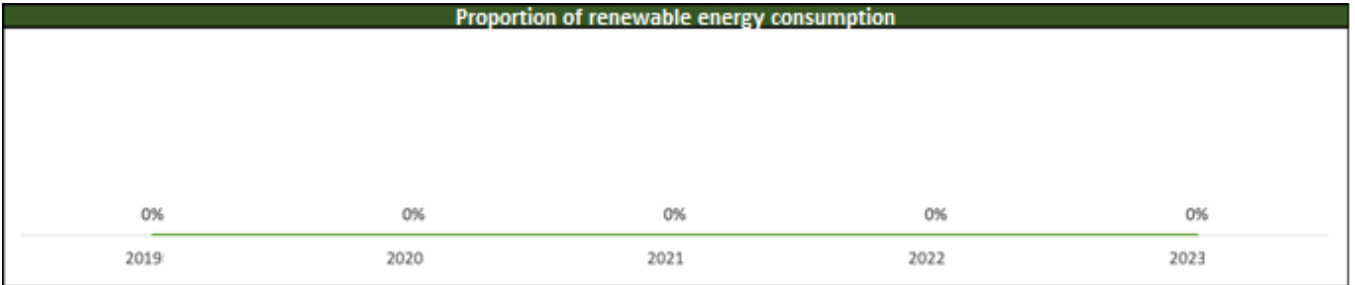
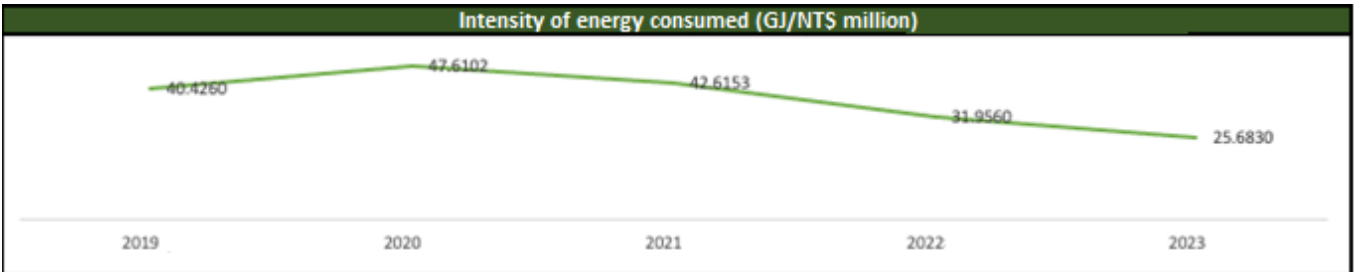
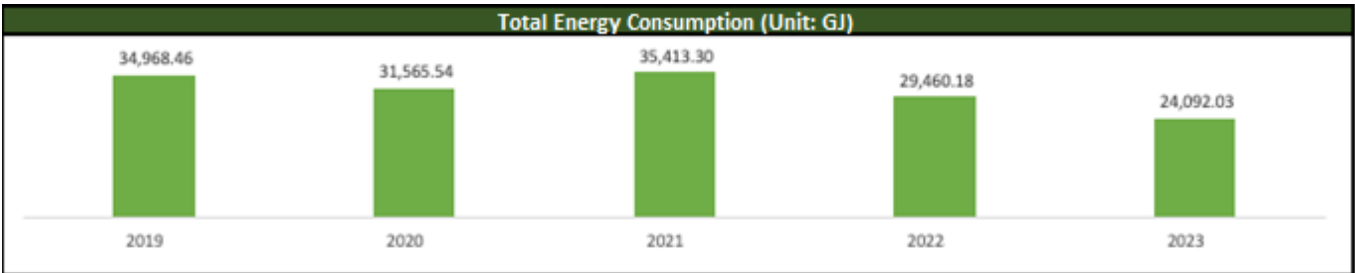
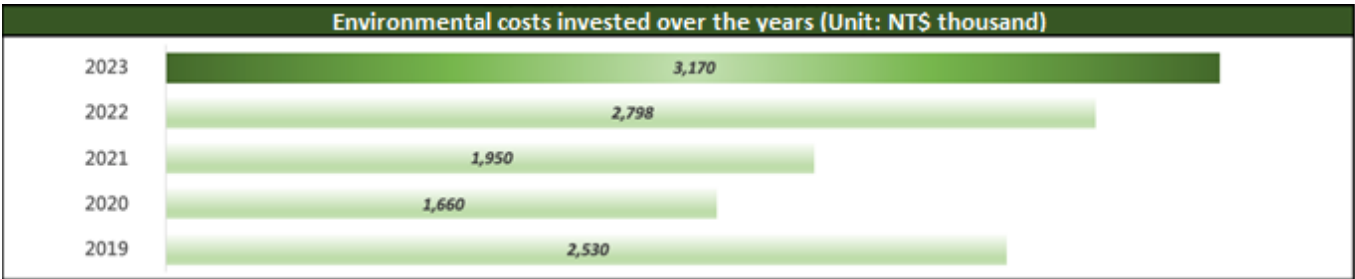
Note : Other categories include sales related to trading goods.

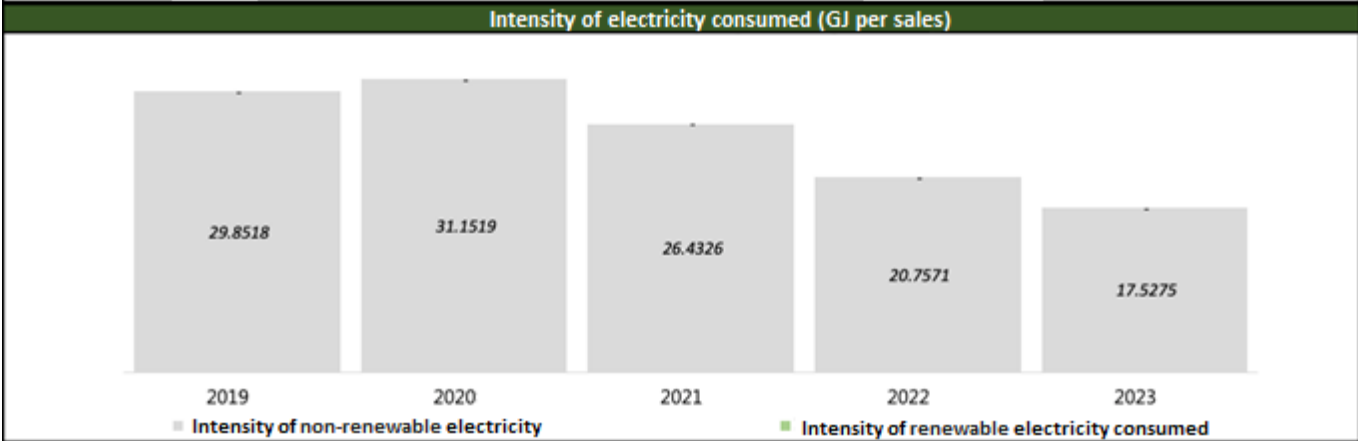
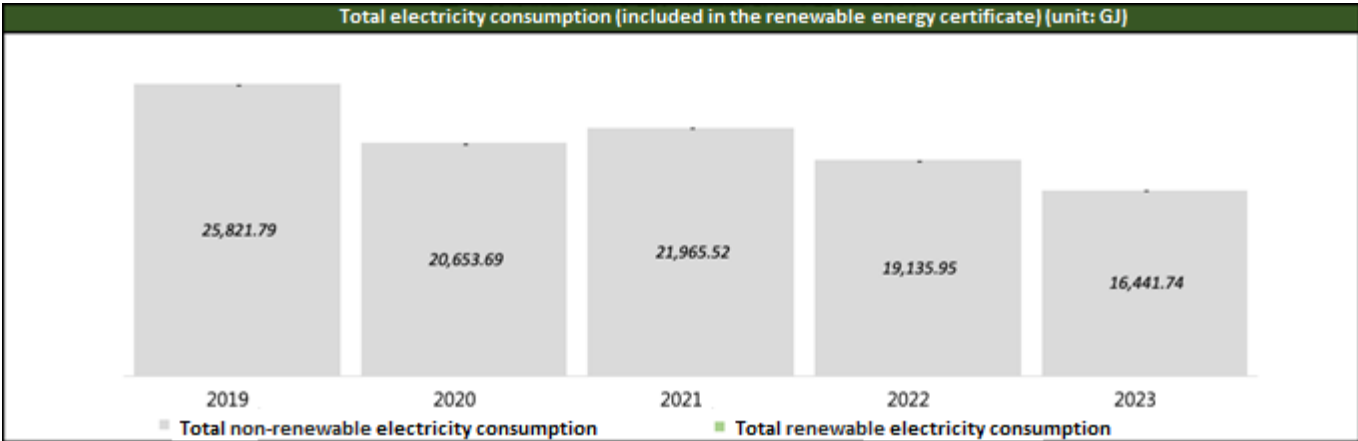
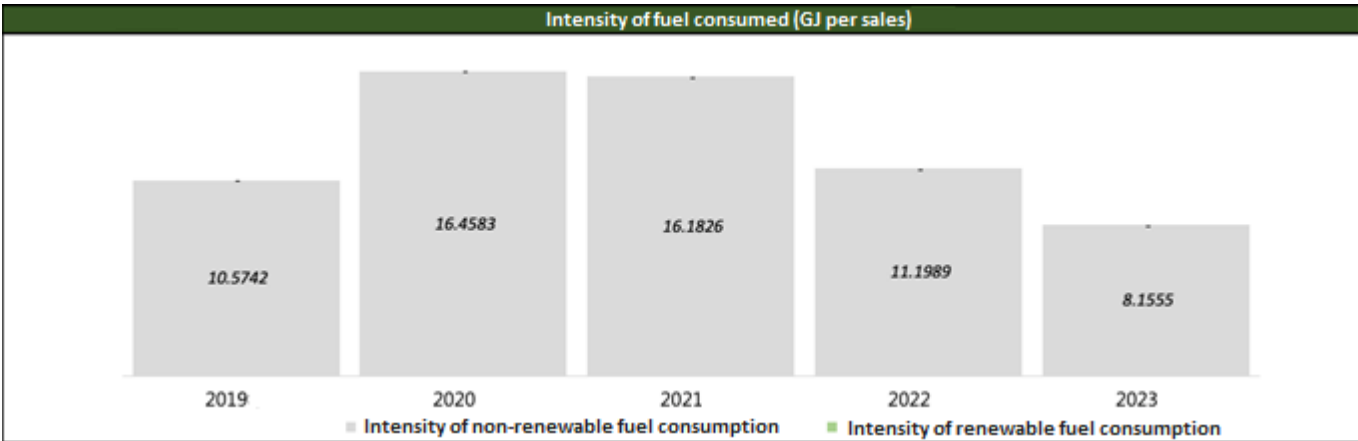
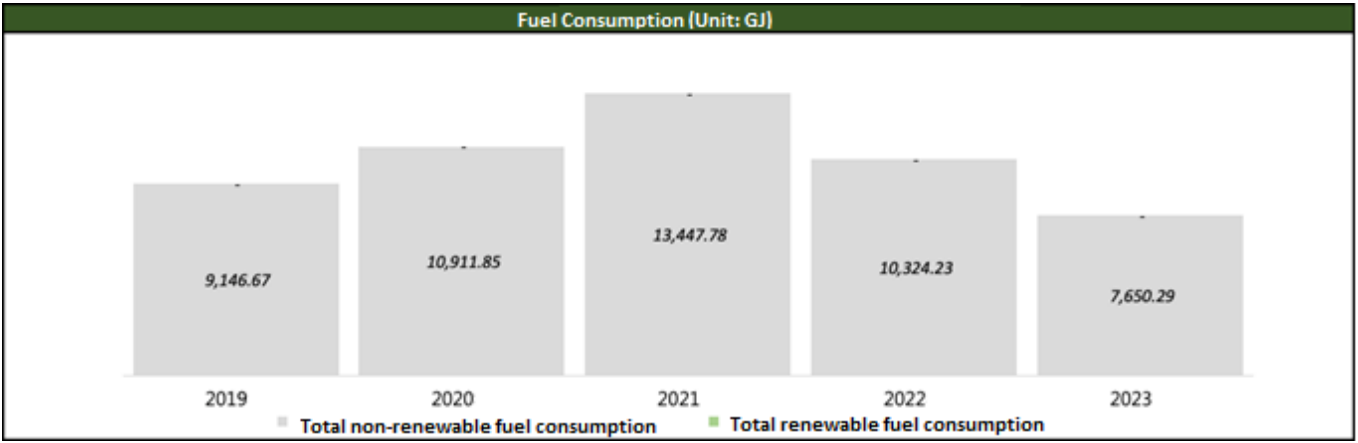




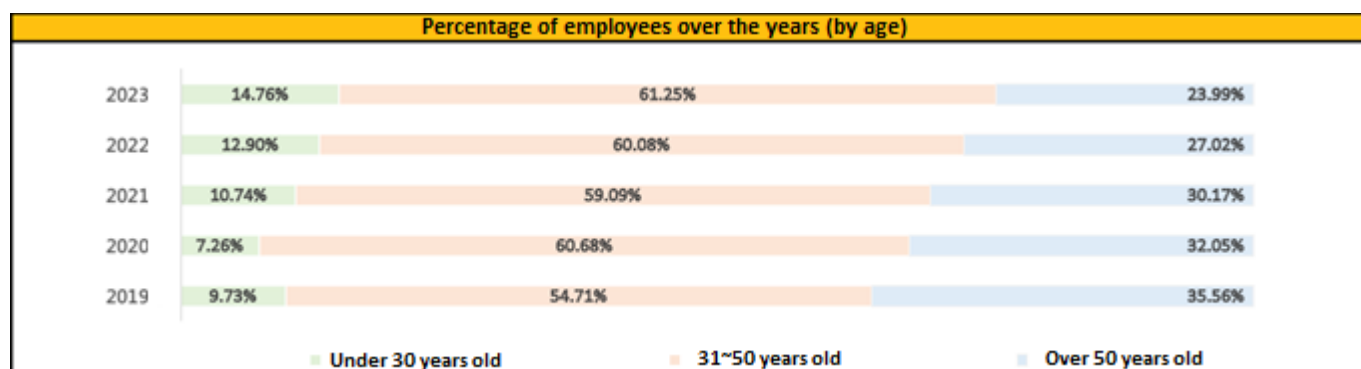
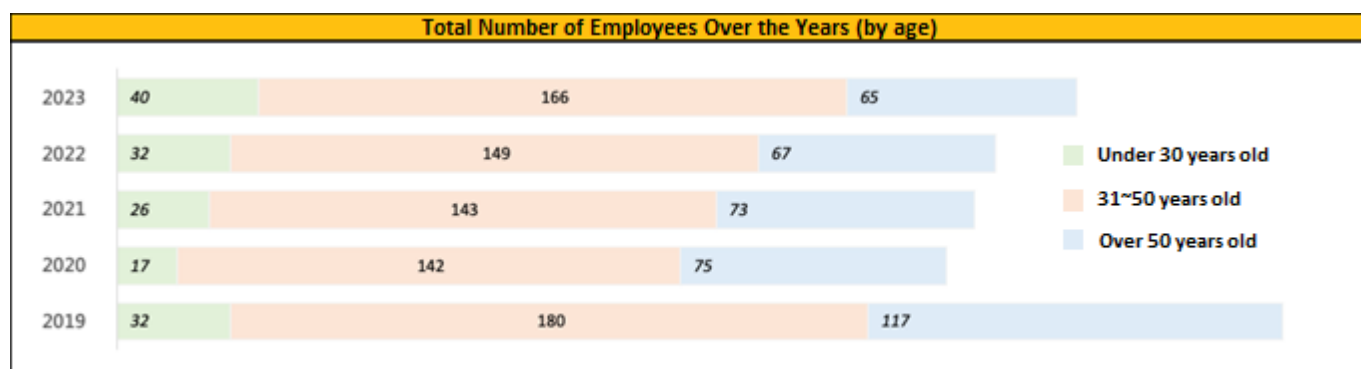
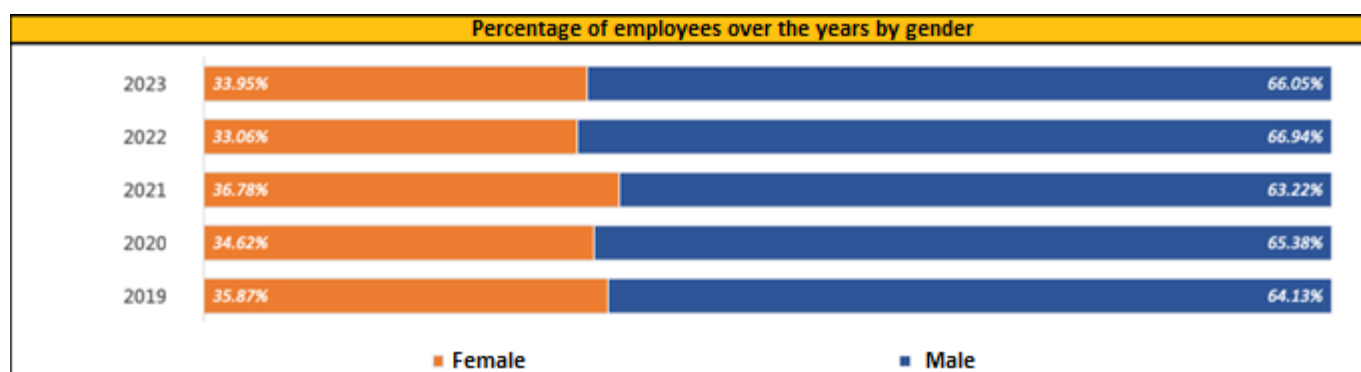
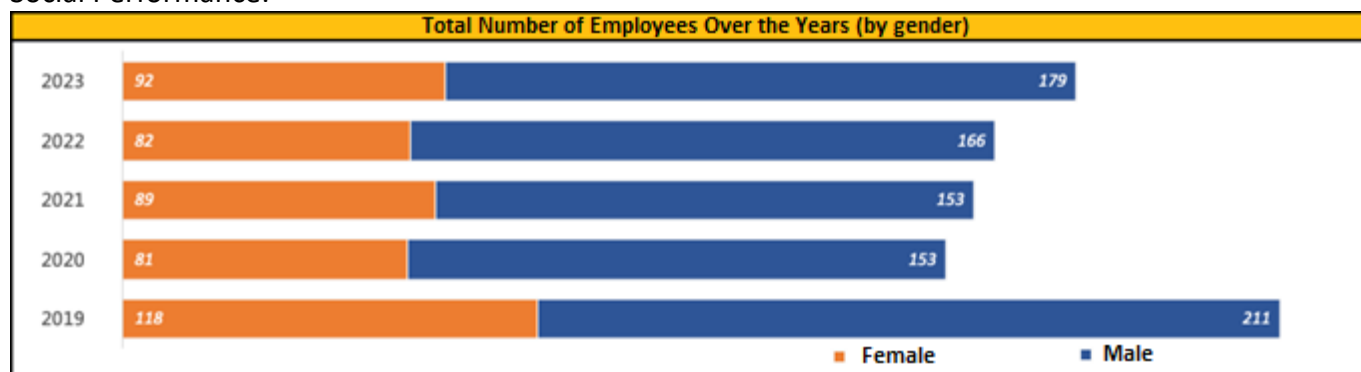
Note : Customer satisfaction points include "delivery achievement rate (45%)", "number of customer complaints (10%)" and "questionnaire survey (45%)". This statistic is the satisfaction score of the "questionnaire survey".

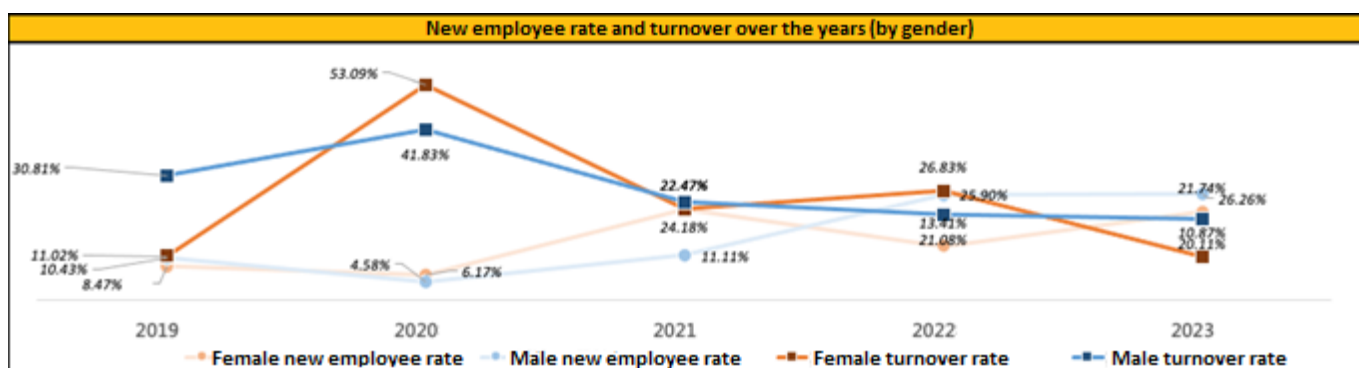
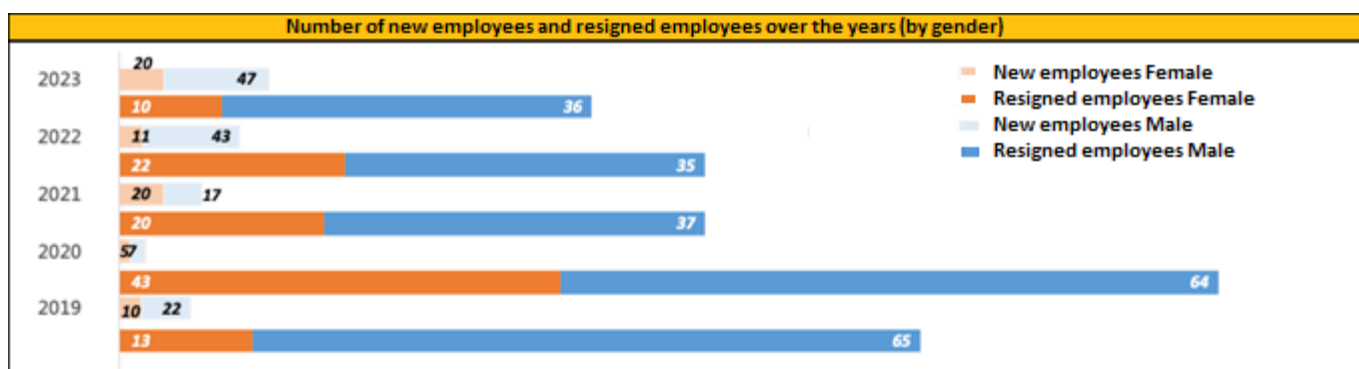
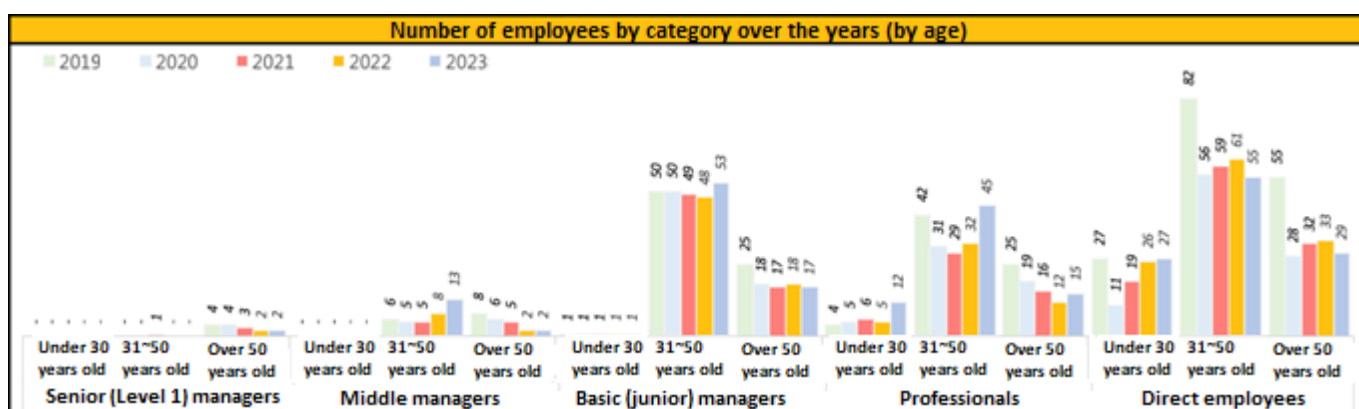
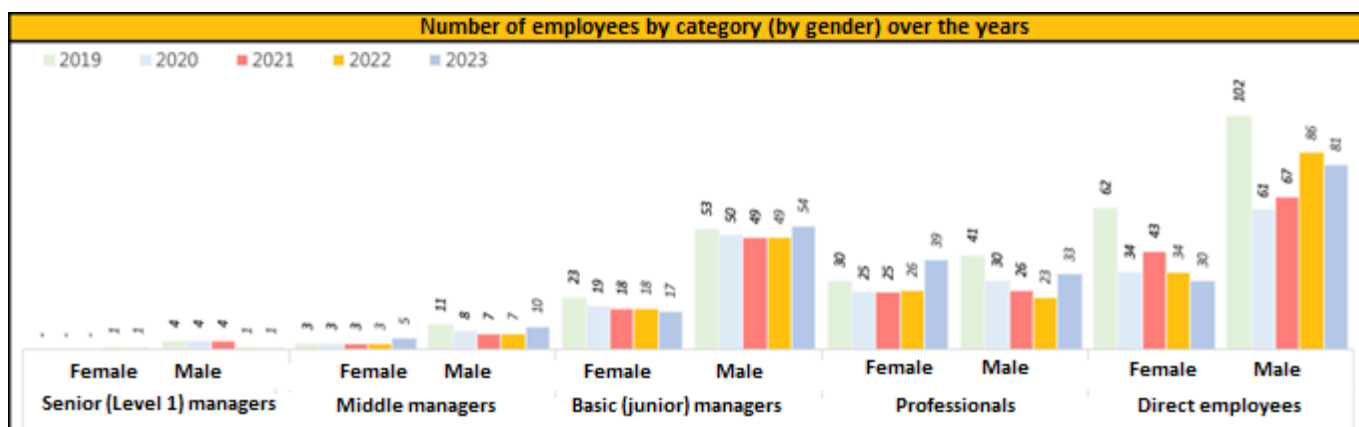
Environmental Performance:

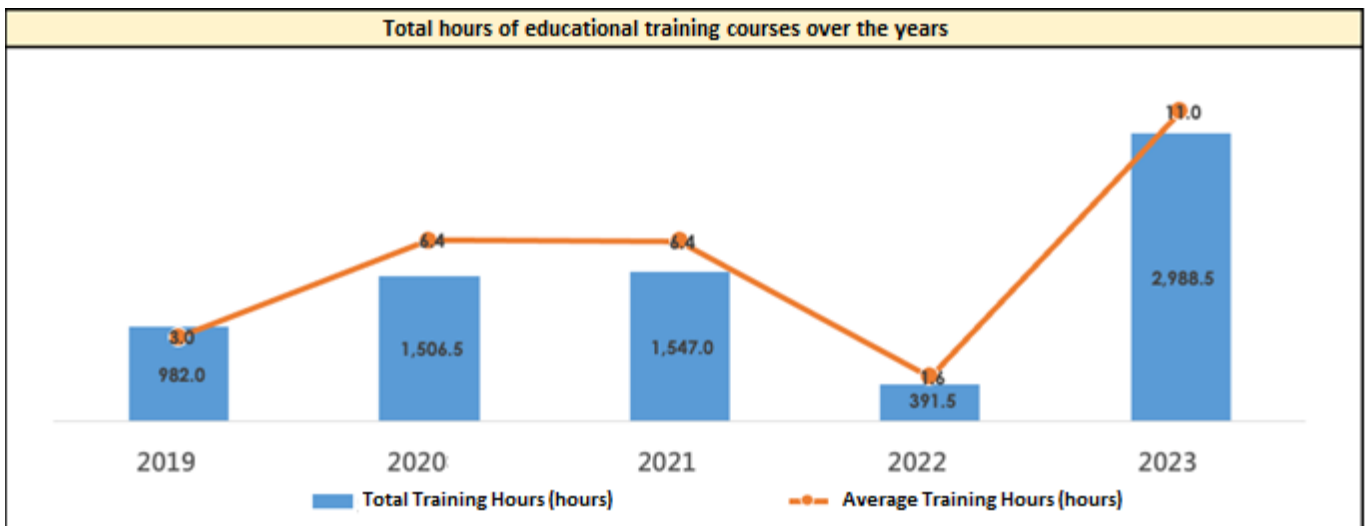
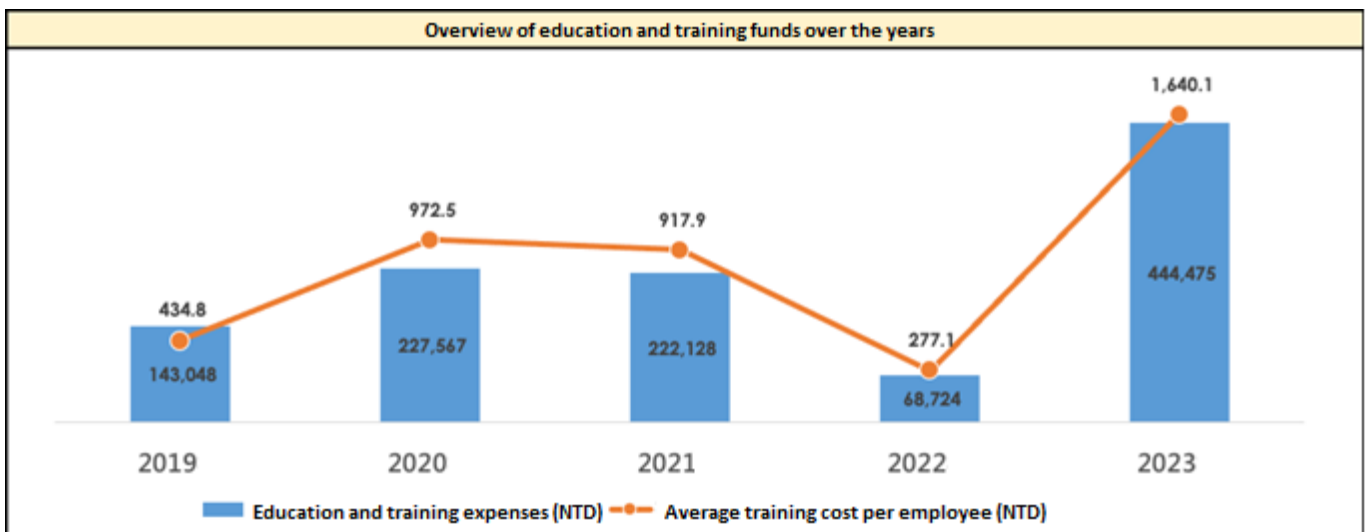
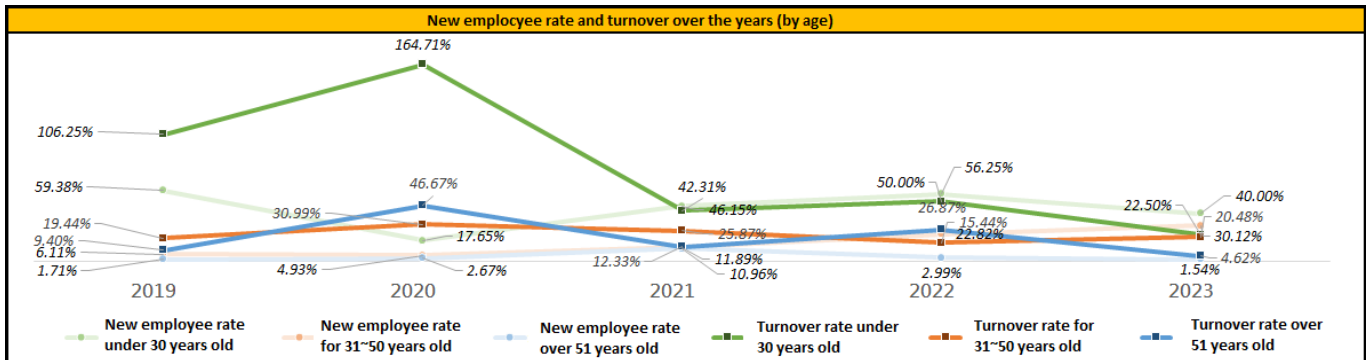
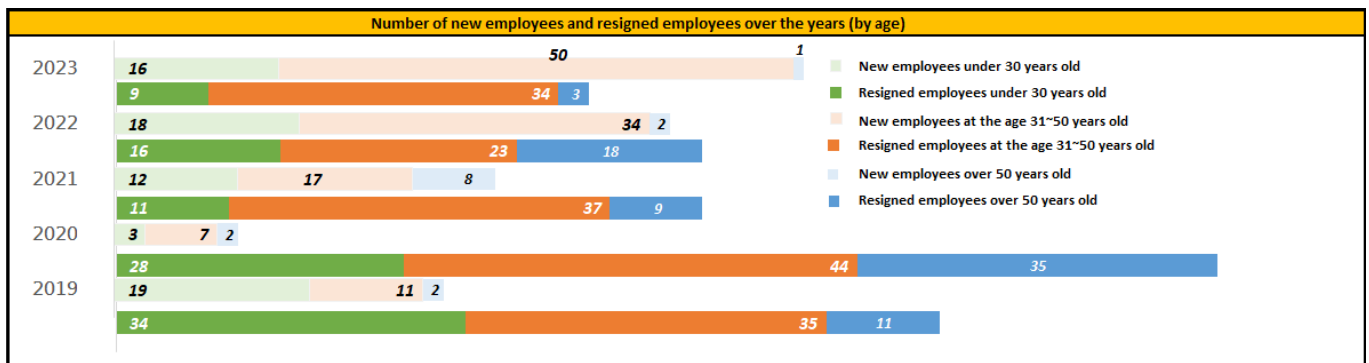




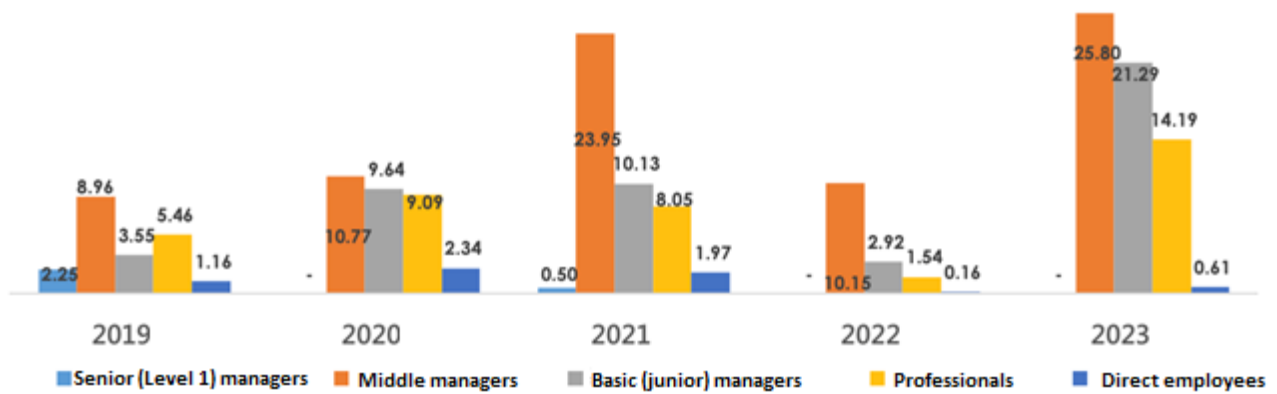
Social Performance:



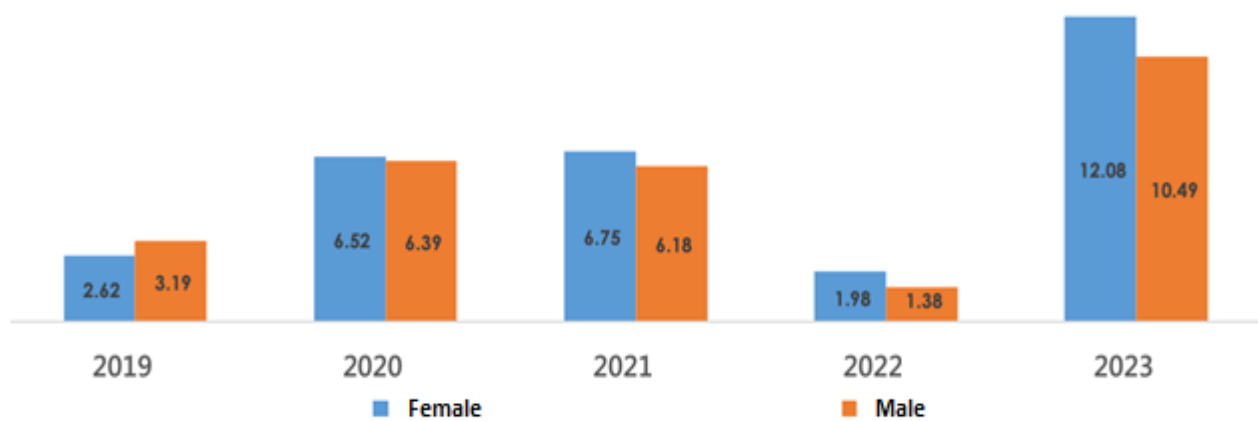




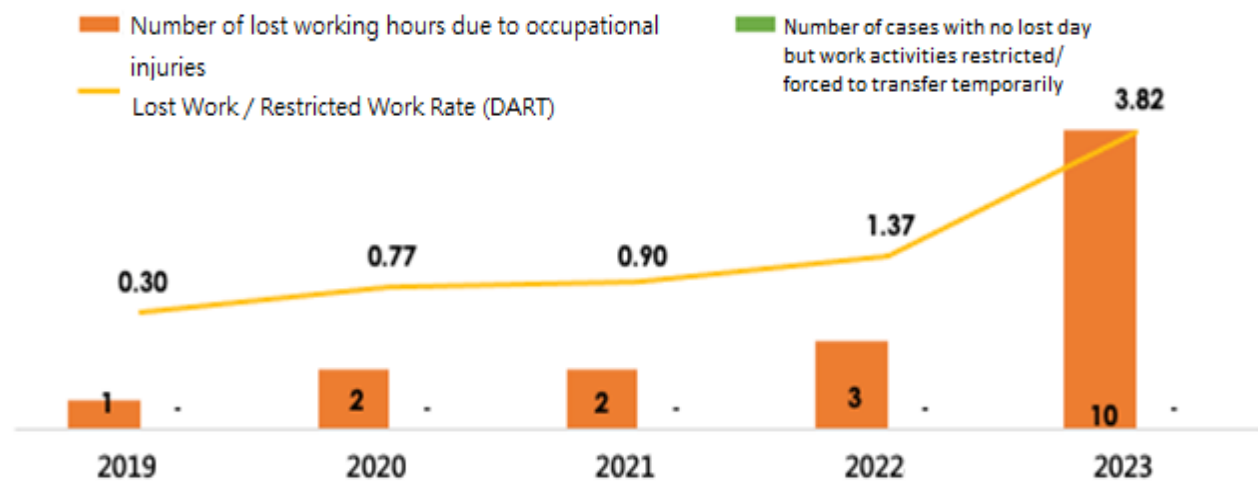
Average hours of education and training over the years (by employee category)

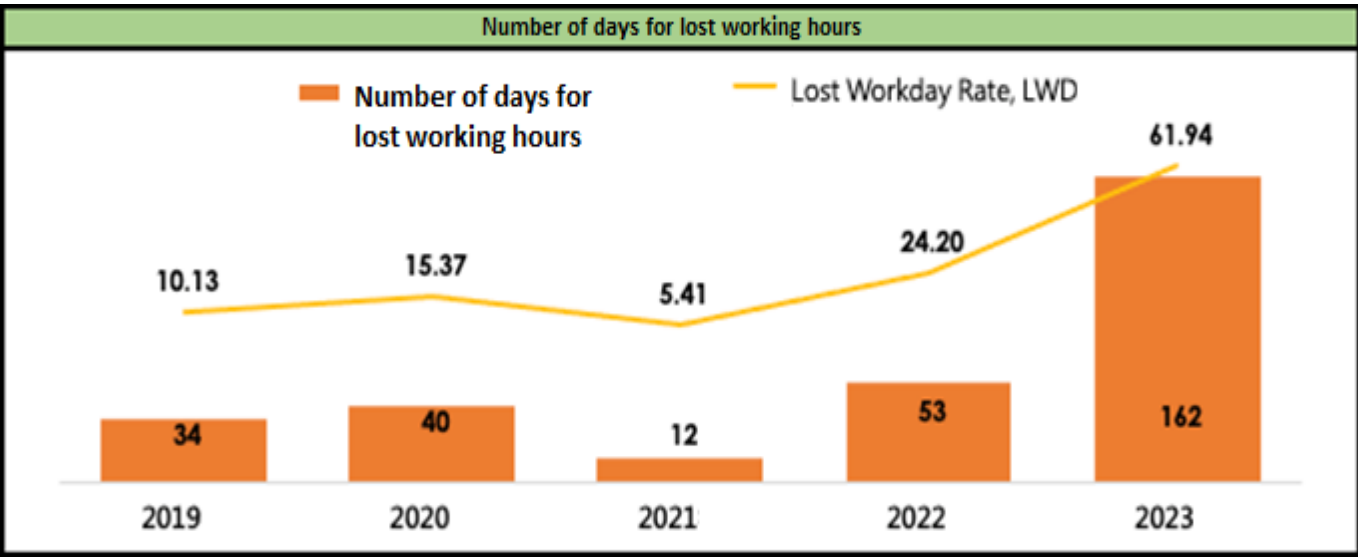
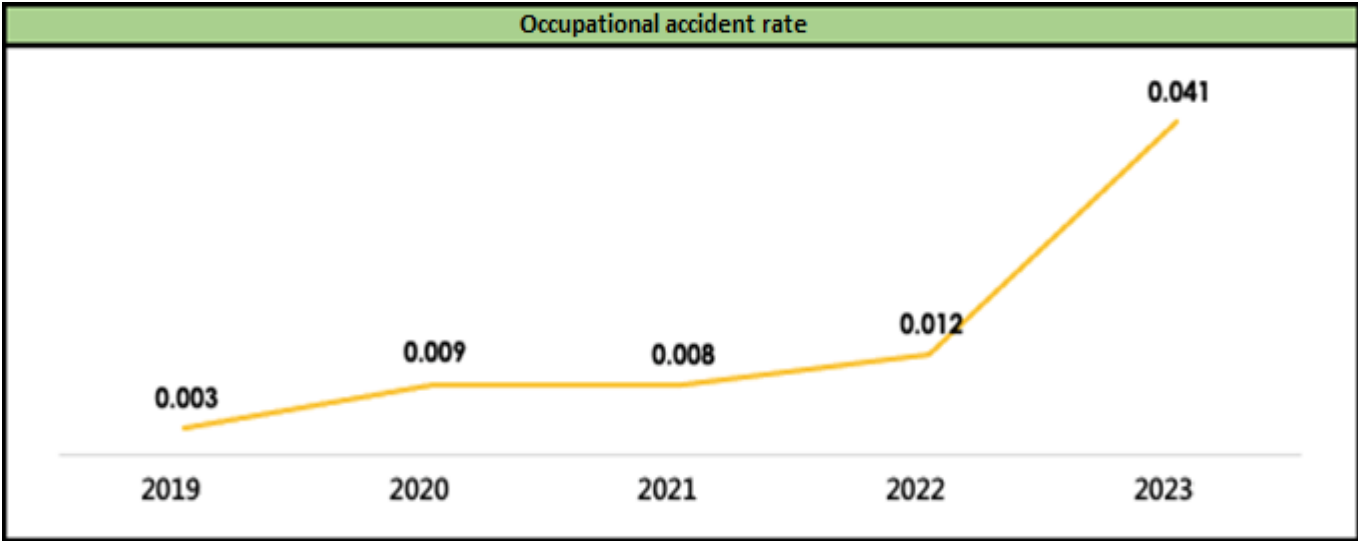
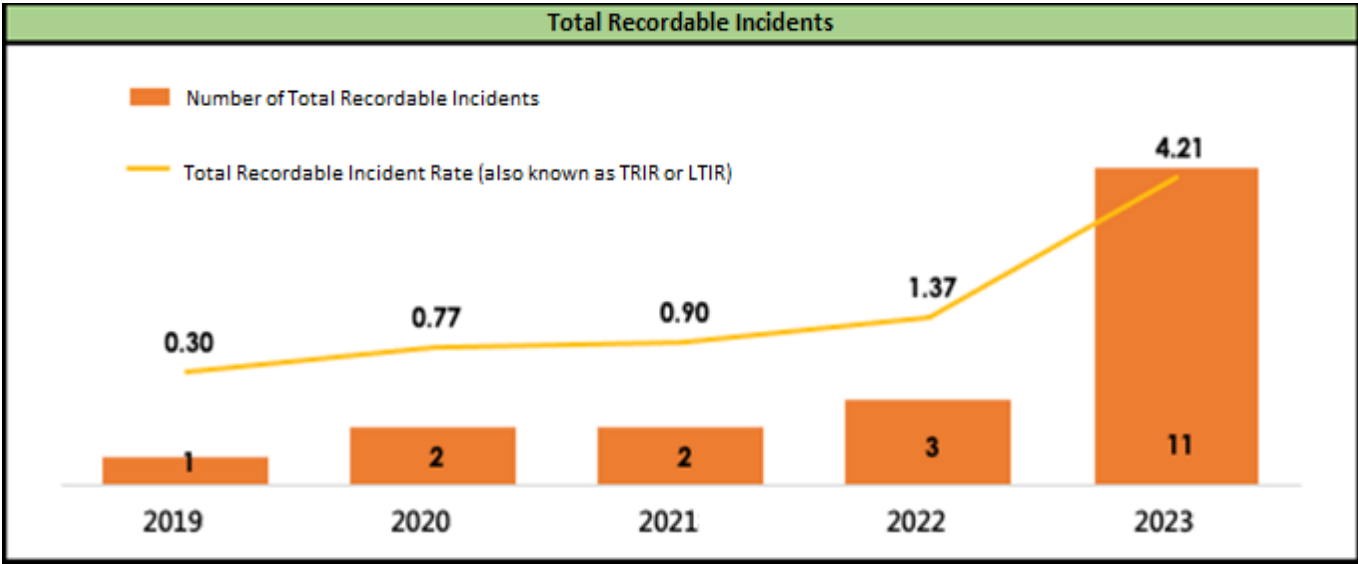


Average hours of education and training over the years (by gender)



Lost Work/Restricted Work





1. About Right Way Industrial

1-1 Company Overview

Right Way Industrial was founded in Tainan, Taiwan in 1964, it mainly has two business entities: one provides the automotive industry and other industries with high-quality castings and forgings, as well as complete product development and manufacturing services from engineering design to mass production. The Group's productivity primarily focuses on aluminum alloy gravity casting, HPDC high pressure casting, aluminum alloy forging, steel forging, surface treatment (anode, galvanization and coating, etc.) and precision finishing. And the other is the system cabinet production business. Right Way Industrial introduces new system cabinet factory-related design technical talents and new equipment to create user-friendly and more practical system furniture. It serves customers with perfect quality control and fast professional service beliefs in metal processing, integrates resources and technology, and give back to the public and create a world of system cabinets in everyone's heart.

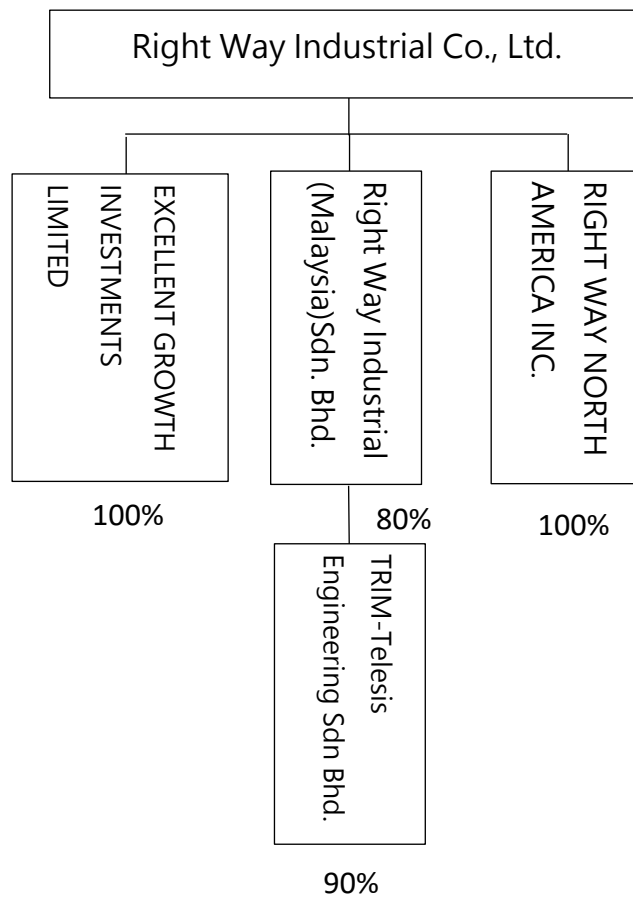
In the spirit of "Honor, Innovation and Sustainability," Right Way Industrial keeps introducing new technologies and resources. In addition to technical cooperation with the Industrial Technology Research Institute and multiple international leading manufacturers in Japan, the USA and Germany, it also expands its product lines to automotive connecting rods, fasteners, suspension control arms and steering joints, steering ball joints, tie rods, and other industrial parts, such as compressor, motor and pump casings, suspension and brackets, etc.. It invests in expansion of the scale of the plant and purchase of various computerized high-tech production equipment, in order to reduce production costs and shorten delivery period significantly. The long-established quality control system and professional technical personnel of Right Way Industrial ensure that every part that leaves the factory complies with international standards (subject to strict certification by IATF16949:2016 and ISO14001). The key to the success of its manufacturing operations is its insistence on providing customers with the most robust services with the highest product quality.

Right Way Industrial supplies goods to OEM customers primarily. Notwithstanding, it also provides the same professional services to customers in the after-sale service market. Its after-sale service is always proud of providing OE-level quality products to the independent product agents in the after-sale market. Relying on the solid foundation laid by the efforts of Right Way Industrial in developing the automobile and motorcycle industry over several decades, it has been definitively capable of working as an ODM. For the time being, it is working as a manufacturer of complex and high-tech parts for cars, ATV, snow cars, motorcycles, private yachts, vessels and gasoline/diesel trucks in the world. So far, Right Way Industrial has an output of millions of casting or forging parts needed by pistons, connecting rods, and steering and suspension systems for its customers.

Right Way Industrial's system cabinet business primarily focuses on the processing and sales of MFC boards. To ensure sustainable operation, we are actively working to increase production volume to lower production costs, enhance sales capacity, and expand market share. We are also developing high value-added new products, seeking new customers, and adjusting our production and sales mix to meet customer demands and increase product value. In the future, we plan to enter the field of green building materials and green building as a professional supplier, aiming to pursue opportunities in net-zero carbon construction.

Company name	Right Way Industrial Co., Ltd.
Stock Code	1506
Chairman	Li-Yun Hsieh
Date of establishment	1965/03/13
Time to market	1980/08/11
Corporate Headquarters	No. 1015, Zhongzheng W. Rd., Dajia Neighborhood, Rende Dist., Tainan City 717-44
Business Locations	Taiwan and Malaysia
Market service	Europe, America, Asia and Africa
Product line	Castings, forgings and system cabinets
Paid-in capital	NT\$3 billion (until the end of 2023)
Number of Employees	271 persons (until the end of 2023)
Operating revenue scale	NT\$1.14 billion (2023)

Right Way Industrial Investment Structure



Scope of Disclosure in the Sustainability Report

Category	Investment Entity	Level of disclosure and non-disclosure
The parent company, and the subsidiaries engaged in manufacturing, logistic and sales operations	<ul style="list-style-type: none"> Entities of Right Way Industrial Co., Ltd. Right Way Industrial (Malaysia) Sdn. Bhd. 	100% disclosure, Malaysian factory only discloses greenhouse gas inventory information.
Subsidiaries engaged in operating activities, such as investment, only	<ul style="list-style-type: none"> EXCELLENT GROWTH INVESTMENTS LIMITED TRIM-Telesis Engineering Sdn Bhd. RIGHT WAY NORTH AMERICA INC. 	As a holding company that invests and controls the affiliated companies, its business activities never involve environmental and social issues and it only discloses financial information. No relevant information may be disclosed.



Milestone

Year	Summary
1965	Right Way Industrial Co., Ltd. was established, primarily engaged in the production and processing of pistons.
1966	The Ministry of Economic Affairs approved the technical cooperation between Right Way Industrial and Art Metal. Mfg. Co., Ltd. to produce pistons.
1973	The Ministry of Economic Affairs approved the technical cooperation between Right Way Industrial and Yayoi Forging Co., Ltd. to produce automobile transmission parts. Technical cooperation with Japan 555 Trademark Yayoi Forging Co., Ltd. to produce vehicle tie rods and ball joints
1980	Listing of the Company stocks
1989	Invest in incorporation of Right Way Industrial (Malaysia) Sdn Bhd.
1996	Invest in incorporation of Right Way Auto Parts (Fuzhou) Co., Ltd.
2002	Pass the ISO-14001 environmental management system verification.
2004	Accredited with ISO/TS 16949:2002 Honored with the "Outstanding Supplier Gold Award" from FORD Worldwide
2006	Honored with the 2005 Excellent Performance and Excellent Resale Vendor Awards from China Motor Corporation.
2007	Honored with the "BRP 2007 Supplier Recognition Program" Medal
2008	Honored with 2007 Export Quality Excellence Award from China Motor Corporation.
2010	Honored with Outstanding Achievement in Routine Management by Sanyang Motor Honored with the 2009~2010 Outstanding Manufacturer Award from ROTAX Honored with the 2010 Outstanding Quality Manufacturer Award from BRP Honored with the 2010 Quality Progress Award from CMC
2011	Honored with the Excellent Manufacturer Award by Yulon Motor and CMC Awarded by Tainan City Government as the Business Unit for Harmonious Labor-Management Relations
2012	Honored with the Excellent Supplier Award by CMC
2013	Honored with "Excellent Supplier" and "Excellent Quality" by "Jasper Engines & Transmissions"
2015	Honored with the 2015 Routine Performance Award from Sanyang Motor Honored with two awards, namely the Annual Silver Medal Award and the Quality Zero Defect Award from Arctic Cat
2021	Awarded by as the Business Unit for Harmonious Labor-Management Relations in Tainan City
2022	Brighton-Best (Ta Chen International, Inc.) joined the Right Way Industrial management team.
2023	Awarded by as the Business Unit for Harmonious Labor-Management Relations in Tainan City

Guilds and Associations

Right Way Industrial participates in the "Taiwan Transportation Vehicle Manufacturers Association" proactively, in order to uphold the spirit of service, professionalism and efficiency, establish good and long-term relations with peers, enhance mutual benefits, improve industrial technology, and strengthen international competitiveness. Meanwhile, it also joins the "Taiwan Forging Association" to jointly research and promote the application of forging technology and facilitate industrial exchanges.



Corporate Sustainability Policy

Right Way Industrial advocates and implements the RBA Code of Conduct, including due diligence and risk pre-warning related to business operations and human rights. Meanwhile, given this, Right Way Industrial has established the Corporate Social Responsibility Policy Statement and made it public on the Company's website to enable all stakeholders to understand the determination of Right Way Industrial to achieve the sustainable development.

The Statement is also promoted and trained at all levels within Right Way Industrial, and implemented in the routine operations, including the engagement with stakeholders, such as the selection and evaluation of suppliers. Right Way Industrial will never allow its employees or trading counterparts to violate the Statement. If any violations are found, or should there be any questions or suggestions, please feel free to contact the Company at: Don.Huang@rightway.tw. We will protect the whistleblower's information, conduct detailed investigation, and reply as soon as possible.



Right Way Industrial Social Responsibility Management Policy Statement

實施項目 Implementation	內容 Description	備註 Remark
職業安全 Occupational safety	<p>本公司每年定期提供員工免費健康檢查，並設置工安人員對全體員工實施安全與健康教育，及致力於降低對員工安全與健康之危害因子，預防職業上可能隱藏之危險災害，另廠內勞工健康服務護理人員也提供必要急救設備、措施，並與中大型醫院簽署救護醫務合作契約，由該院指派符合中央機關認證認可之醫師，於合約期間每月指定時間至本公司提供員工健康專業諮詢、醫療顧問、醫療轉介等服務。</p> <p>We regularly provide employees with free health checks every year, and sets up safety and health personnel to implement safety and health education for all employees, and is committed to reducing the hazards to employees' safety and health, preventing dangerous occupational disasters, and in-house labor Health service nurses also provide necessary first aid equipment and measures. And signed a contract with the medium and large hospitals for physicians in the factory. The hospital will assign physicians that meet the requirements of the central authority to provide medical consultation, medical consultants, and medical referrals for employees' health management during the contract period every month.</p> <p>設有職業安全衛生管理委員會，定期檢視執行環境/職業安全衛生/管理安全管理制度，預防職業、傳染性安全風險。並於110年建立 ISO-45001：2018 職業安全衛生管理系統。</p> <p>Set up an occupational safety and health management committee to regularly review and implement the environmental/occupational safety and health / process safety management system to prevent occupational disasters and reduce work safety risks, we also established ISO-45001 2018 Occupational Health and Safety Management Systems (OHSMS) in 2021.</p>	
環保 Environmental protection	<p>本公司環安衛政策 Occupational Health and Safety Management Policy</p> <p>1. 遵守法規 2. 風險管理 3. 節能減廢 4. 全員參與 5. 目標達成 6. 健康促進 7. 持續改善</p> <p>1. Compliance with the regulations 2. Risk Control 3. Energy saving and waste reduction 4. Full participation 5. Reach the goal 6. Health promotion 7. Continuous improvement</p> <p>(1) 為善盡環境保護及照顧同仁安全健康之企業責任，並基於對環境保護的自覺，及污染防治等管理之需求，和環保社會責任之職責，本公司於民國 91 年依據 ISO-14001 國際標準的要求事項建立環境管理系統，並於當年 9 月通過 ISO-14001 環境管理系統認證，隨後於民國 94 年通過 ISO-14001：2004 國際版認證，並於 101 年將 ISO 標準更新為 ISO 14001：14001 版，並於 107 年通過 ISO 14001：2015 年新版環境管理系統。</p> <p>(2) In order to fulfill the corporate responsibility of protecting the environment and caring for the safety and health of colleagues, and based on the consciousness of environmental protection, pollution prevention and management, and the responsibility of environmental protection and social responsibility, we have established an environmental management system based on ISO-14001 to in accordance with the requirements of international standards, and passed the ISO-14001 environmental management system certification in September of 2002, and subsequently passed the ISO-14001:2004 renewal and certification in 2005. In addition, RWS cleaner production was incorporated into ISO14001 & 14001 in 2012. In order to set environmental sustainability goals and regularly review progress, ISO-14001:2015 new version of the environmental management system was approved in 2018.</p> <p>(3) 提供員工乾淨、安全無虞之飲用水，定期委託環保署認可之機構依法要求廠家對飲用水做大腸桿菌數之水質檢測，並對供水設備進行定期保養與消毒。</p> <p>(4) Provide employees with clean and safe drinking water, and regularly entrust agencies approved by the Environmental Protection Agency to perform water quality testing on the Escherichia coli in drinking water by regulations; and regularly maintain and disinfect water supply equipment.</p> <p>(5) 本廠在公司之各項產品、活動及服務過程中，對於產生之廢棄物、廢氣、廢水、運作毒性化學物質與能源消耗等可能造成的環境衝擊，及對產生危害風險的預防控制設定目標與標準，並以具體之管理方案來改善整體的環境績效並提升環境品質。</p> <p>(6) Commitment during the company's various products, activities and services, the possible environmental impact of waste, waste gas, waste water, operation toxic chemicals and energy resources consumption, and set goals and targets to control of the risk of harm, and use specific management solutions to improve overall environmental safety performance and thus environmental quality.</p>	
友善職場 Friendly workplace	<p>1. 環境常保衛生、明亮、通風 The environment is always hygienic, bright and ventilated.</p> <p>2. 注重建物安全、不定期維護 Pay attention on the safety of building and regular maintenance.</p> <p>3. 尊重多元性別文化 Respect for multiculturalism.</p> <p>4. 反職場霸凌：本公司從職業安全衛生法規定，及維護本公司全體人員於職場上避免遭受不當之對待，訂定職場不法侵害防治計畫，並訂定職場公平公。Anti-workplace bullying: We are in accordance with the Occupational Safety and Health Law, maintain that all employees of the company avoid being treated inappropriately in the workplace, establishes a prevention plan of workplace illegal infringement, and announces it at the workplace.</p> <p>此外，本公司遵守就業平等及職場平等以及反歧視精神，並投保各項公共意外責任保險、職業災害勞工團體保險等，並與團體協約法勞工會訂團體協約。In addition, we abide by the spirit of equality in employment, workplace equality, and anti-discrimination, and insures such as public accident liability insurance, occupational disaster insurance, and employee group insurance, and signs group agreements with unions in accordance with the group agreement law.</p> <p>We were awarded by the Ministry of Labor and the Taiwan Municipal Government for signing a group agreement. And was the Taiwan Municipal Government's praise for excellent labor relations</p>	
永續經營 Sustainable development	<p>為永續經營，並善盡地球村成員義務，本公司致力於以下項目：</p> <p>In order to sustainably operate and fulfill the obligations of the Global Village members, we committed to the following projects:</p> <p>1. 不使用衝突礦區(CMR)原料用於所有製程，並同步要求供應商提供聲明以修護此義務。 Do not use conflict mining area (CMR) raw materials in all processes, and simultaneously require suppliers to make declarations to comply with this obligation</p> <p>2. 尋找綠色生產機會，利用綠色能源，循環使用水資源，推動節能減碳。 Find green production opportunities, use green energy, recycle water resources, and promote energy conservation and carbon reduction</p> <p>3. 遵守道德規範：遵守法令，反賄賂，誠信經營，回饋社會。 Ethical issues: compliance with laws, anti-bribery, integrity management, giving back to society</p>	

總經理 (General Manager):

Link to "Right Way Industrial Co., Ltd. Social Responsibility Management Policy Statement"
<https://www.rightway.com.tw/index.php?option=module&lang=cht&task=pageinfo&id=797&index=2>

1-2 Introduction to Products

1-2-1 Metal processing products

The customers of Right Way Industrial are mostly international leading companies, namely leading manufacturers engaged in different industries. We provide to OEMs, tier-1 depots, and after-sale service parts dealers, etc., such as, ATV, snowmobile, jet ski, and marine engines for recreational vehicles; the general vehicles including automobiles, commercial vehicles and motorcycles; non-automotive and Air-conditioning compressors for industrial use, agricultural and heavy-duty machinery, mowers and snow blowers, oil, gas and pumps; automobiles and commercial vehicles of the tier-1 manufacturers; automobiles and race cars in the after-sale parts market.

The main products are divided into castings and forgings. In terms of castings, we provide castings with low hole, high performance, and excellent strength through gravity casting and high and low pressure casting technologies. Right Way Industrial is equipped with internal X-ray inspection equipment, so that the internal condition of casting nest in the blank aluminum casting may be verified via X-ray inspection to ensure the quality and strength of castings. We own the most advanced mechanical processing plant that can create various automotive and other industrial parts for our customers, and provide excellent aluminum casting products of consistent quality. Whether it is cast aluminum or cast iron, we can use different casting techniques to form the materials for the automotive and other industrial applications, such as, piston (aluminum re-casting), connecting rod (aluminum die-casting), steering bracket (aluminum re-casting), steering bracket (aluminum recasting, cast iron), industrial compressor casings (aluminum recast), and industrial pump casings (aluminum recasting) and other products.

For forgings, Right Way Industrial is capable of producing various forgings to satisfy the needs of customers. Right Way Industrial started with the production of Pistons. It owns the top precision processing technology for metal products. Right Way Industrial is more capable of providing high-quality forging and processing products. All iron forging blanks are subjected to magnetic particle testing to ensure structural integrity, strength and quality. Aluminum alloy forgings have excellent mechanical properties, high stability, and the advantage residing in lightweight. All aluminum forging blanks are subjected to fluorescence inspection to ensure that there are no forging marks and integrity of the parts and structural strength and reliability required by them. Our product development process is integrated from engineering design to manufacturing and quality assurance, so we also provide a full range of services to meet customers' needs for high-quality product development. Irrelevant with steel or aluminum alloy materials, we can use different forging technologies to form them in automobiles and other industrial applications. For example, Piston (aluminum forging), engine connecting rod (steel forging), steering knuckle (steel forging), suspension control arm (aluminum forging, steel forging), steering ball joint and tie rod (steel forging).

In response to the requirements under environmental protection laws and regulations, we have successively proposed to the OEM center that the surface treatment process for parts should be changed from hexavalent chromium to trivalent chromium. So far, 4 car models of CMC have been encounter and mass production is in progress.



1-2-2 System cabinet

The system cabinet, as the name suggests, is 'a type of cabinet that can be freely combined and adjusted according to the homeowner's needs to achieve different functionalities.' First, the cabinet components are disassembled into individual parts, and then different styles of components are manufactured based on customer requirements. The cabinets are assembled systematically, allowing for both standardization and customization, which not only reduces costs significantly but also achieves the benefits of economies of scale.

Right Way Industrial operates as a part of the panel processing segment within the entire supply chain. We accept orders from interior design firms or builders, and based on these orders, we procure veneered panels from domestic and international suppliers. We then perform cutting and drilling, and finally deliver the finished products to our clients.



1-3 Overview of Operations

Performance of Operating Activities

SASB operating activity indicators				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-000.A	(1) Total quantity manufactured (unit: pieces)	2,015,301	2,063,889	1,785,200
TR-AP-000.B	(2) Gross manufacturing weight (unit: metric tons)	1,081	1,274	1,194
TR-AP-000.C	(3) Areas occupied by manufacturing plants (Unit: m ²)	22,380	22,380	22,380

Note: The total manufacturing quantity and weight only include metal processing products.

Market Overview of metal processing products

Taiwan's auto parts and components industry owns a complete supply chain primarily consisting of small-and-medium-sized enterprises. The auto parts and components industry has the advantages residing in various and small amount of products and flexible manufacturing. In recent years, manufacturers have continuously invested in R&D and improved the production technology, and own international competitiveness enough to enter the international supply chain of auto manufacturers. The slowdown of the global market, overcapacity, and execution of free trade agreements with countries in various regions have affected the auto parts industry far greater than OEMs. The development of auto parts and components are oriented towards modularization, intelligentization, electrification, and lightweight. In response to the demand for low-price, small and multi-purpose vehicles in emerging countries, and the diversified needs for high-value automotive parts and components, new energy, and electric vehicles in advanced countries, Taiwan's auto parts manufacturers should orient their development towards modularization or system functions. Only by building smart manufacturing technology, enhancing the added value of products and establishing an international division of labor, the manufacturers can maintain industrial competitive advantages and corporate profits.

Return to the fundamentals of product competitiveness, continue to develop high-precision and high-value components, and assist manufacturers in R&D through the government's project resources and corporate capacity, which will increase competitiveness and reduce the impact of low-cost product competition in other countries. Looking to the future, in order to expand the scale of the export market, in addition to making breakthroughs in international trade negotiations, it is very important for Right Way Industrial to make more efforts to develop overseas markets and improve product competitiveness, and continue to invest the R&D of new technologies. We believe that with the efforts of all departments, Right Way Industrial will have the ability and position to compete with other manufacturers. It is expected that the export market will continue to expand, and Right Way Industrial will become one of the world's leading suppliers of automotive parts and components.

Market Overview of System cabinet

In the early phase in Taiwan, house purchases, house changes, and renovation were not popularized. Therefore, when selecting the designs and furniture, wooden works were used for decoration. Wooden work decoration accounted for a large proportion of household decoration in the past. The wooden work decoration in the early phase has the problem of a longer construction period and formaldehyde in the decoration environment. Formaldehyde (or formalin) is a colorless and irritating gas that can cause adverse effects on human health. With the rise of Taiwanese people's awareness of environmental protection, coupled with the beginning of the customization services of household decoration, the system furniture was born. System furniture is fast in construction, diverse in specifications, cleaner in the construction environment, and stable in quality, and the results can be

known in advance through the design. System furniture has gradually become the mainstream in the household decoration market. Customers can visit stores for simple renovations on their own or commission store designers to design and visit the site for measurements, and the household renovation can be completed in a short period after contract signing and deposit payment.

The Company and its subsidiaries are primarily engaged in the business lines including manufacturing, processing, trading, and import and export of auto and motorcycle parts and components. The main operating revenue as a percentage by region is specified as following:

Unit: NT\$ thousand						
By product	2021	Percentage (%)	2022	Percentage (%)	2023	Percentage (%)
Pistons	181,895	17.09	275,312	24.12	259,646	22.76
Forging	553,548	52.02	541,172	47.40	582,079	51.03
Others	328,694	30.89	325,134	28.48	260,971	22.88
System cabinet	-	-	-	-	38,024	3.33

Unit: NT\$ thousand						
Territory	2021	Percentage (%)	2022	Percentage (%)	2023	Percentage (%)
Taiwan	293,122	27.55%	270,520	23.70%	209,933	18.40%
Malaysia	88,594	8.33%	135,593	11.88%	161,563	14.16%
Mainland China	151,672	14.25%	88,575	7.76%	4,903	0.43%
The United States	335,359	31.51%	433,456	37.97%	575,725	50.47%
Other countries	195,390	18.36%	213,474	18.70%	188,596	16.53%
Total operating revenue	1,064,137	100%	1,141,618	100%	1,140,720	100%

Operational Performance

In 2023, due to the global economic downturn and the impact of customers adjusting their inventory and sluggish demand for Right Way Industrial's main metal processing products, operating revenue reached NT\$ 1.14 billion, remaining flat compared to the previous year. The consolidated income (Unit: NT\$ million) of Right Way Industrial over the years is as follows:

Operating revenue and profit or loss over the years (Unit: NT\$ million)					
	2019	2020	2021	2022	2023
Operating revenue	1,177	845	1,064	1,142	1,141
Operating costs	1,104	795	910	939	956
Gross profit	73	50	154	203	185
Operating expenses	349	194	185	187	126
Selling expenses	68	36	33	34	26
Administrative expenses	163	127	118	136	89
R&D expenses	67	30	28	18	11
Expected credit impairment loss	50	1	6	(1)	0
Operating income	(276)	(144)	(31)	16	59
Non-operating revenue (expense)	(93)	(63)	69	87	42
Net profit before tax	(368)	(207)	38	103	101
Income tax expense	(1)	3	3	11	12
Net income from continuing operations	(367)	(210)	35	92	89
Gains from discontinued operations	0	(160)	14	0	0
Net income	(367)	(370)	49	92	89
Other comprehensive income (net)	(19)	(12)	(17)	23	(21)
Total comprehensive income	(387)	(382)	32	115	67
Basic earnings per share (NTD)	(2.52)	(2.19)	0.26	0.43	0.29
GRI-specific disclosed expenses (Unit: NT\$ million)					
Employee salary and benefits	332	246	235	243	204
Interest and dividend expense	39	30	23	11	3
Government subsidies	0	22	0	0	0

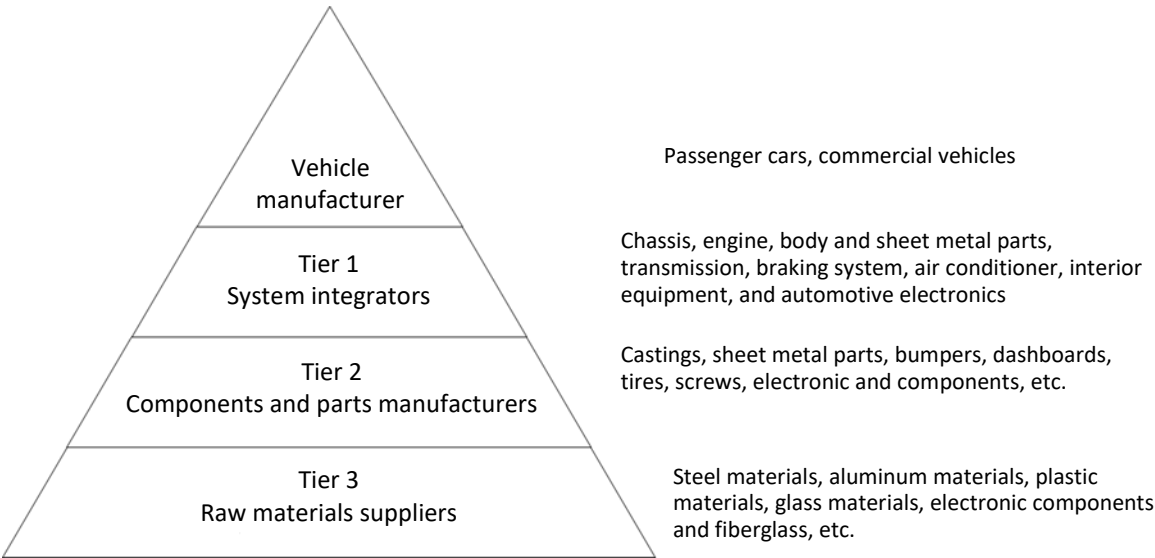
• Role in the Metal Processing Industry Chain

The automobile industry and the parts and components industries form a typical System of Central-Satellite Factory. The central factories contract the spare parts operations to Tier 1 satellite factories, such as engine, body, power, air conditioner, and automotive electronics system manufacturers. Tier 1 satellite factories then subcontract the detailed parts operations to Tier 2 and Tier 3 satellite factories, so as to form a multi-level pyramid-shaped division of labor structure. Taiwan's auto industry, whether in the manufacturing quality of complete vehicles or parts and components, is very close to the advanced country's standard, universally recognized internationally. Notwithstanding, with the rapid emerging of the vehicle industry in China and Southeast Asia, it provides a good opportunity for Taiwan to enter the vehicle and component industry. Adequate planning may enable the scale of Taiwan's auto industry to expand significantly; otherwise, the auto industry emerging through cooperation of foreign car groups and Mainland China might come back to haunt Taiwan's auto industry. The point of decision is whether the auto industry in Taiwan can grasp the key technologies in a timely manner, enabling relevant players to establish the core capacity and develop differentiated products of technical significance.

In terms of the global vehicle market, auto makers have established a stable satellite supply system of parts and components. It is not easy to change the stable satellite supply system. It is very difficult for emerging suppliers to launch into the satellite supply system already established by the center factories; therefore, they can only seek to launch into the after-sale and maintenance market. Therefore, how to develop high value-added products with market differentiation in a timely manner in the domestic parts and components industry, or how to enter the System of Central-Satellite Factory as early as possible will be an important factor for the booming of Taiwan's parts and components industry.

Regarding anti-competitive behaviors, anti-trust and monopolistic behaviors, Right Way Industrial complies with the requirements under national and international laws and regulations, and has established the fair trade requirements in the Code of Ethical Conduct to expressly prohibit such business behaviors. Meanwhile, the product industries invested by Right Way Industrial comprise medium-sized manufacturers; therefore, price monopoly or joint pricing with peers is not likely to take place in the industry.

Structure of the upstream and downstream segments of the auto industry



• **Role in the System Cabinet Industry Chain**

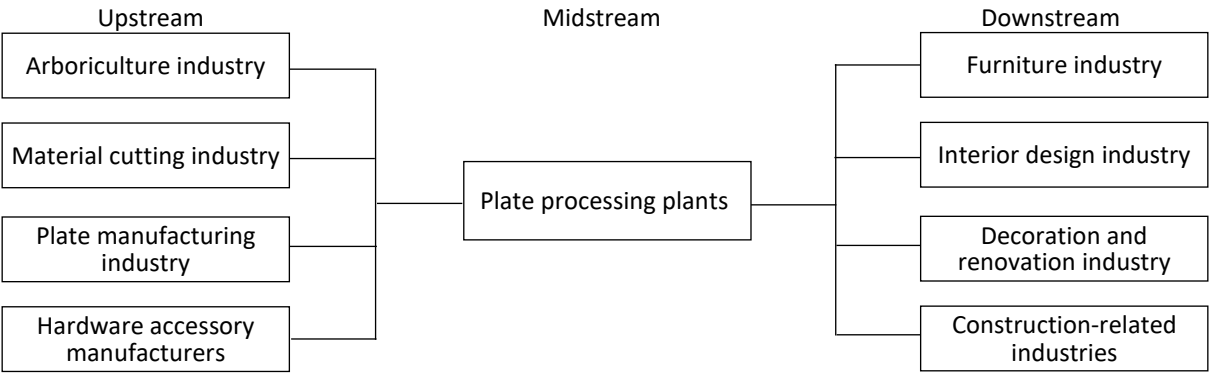
After purchasing plates from domestic and foreign plate suppliers, Right Way Industrial undergoes in-house processing according to the model specified in customer orders and then delivers the products to customers. It also accepts orders with multiple models (i.e., processing on order or cooperation with peer companies for one-stop services from design, processing, and to the final on-site assembly) to satisfy the needs of customers to the greatest extent.

Upstream: Plate manufacturers and hardware accessory suppliers. Plates are mainly produced from treetops, bark, sawdust, wood cores, wood blocks, tailings and bonding resins.

Midstream: Wood material processing plants that cut, drill, and wash the plates according to customer orders and assemble and deliver goods according to customer needs. The Company is in this line of business.

Downstream: Mainly the furniture industry, interior design companies, interior design companies, decoration and renovation companies, construction-related industries, and end consumers (individual or corporation)

Relationship among Upstream, Midstream, and Downstream in the Industry:



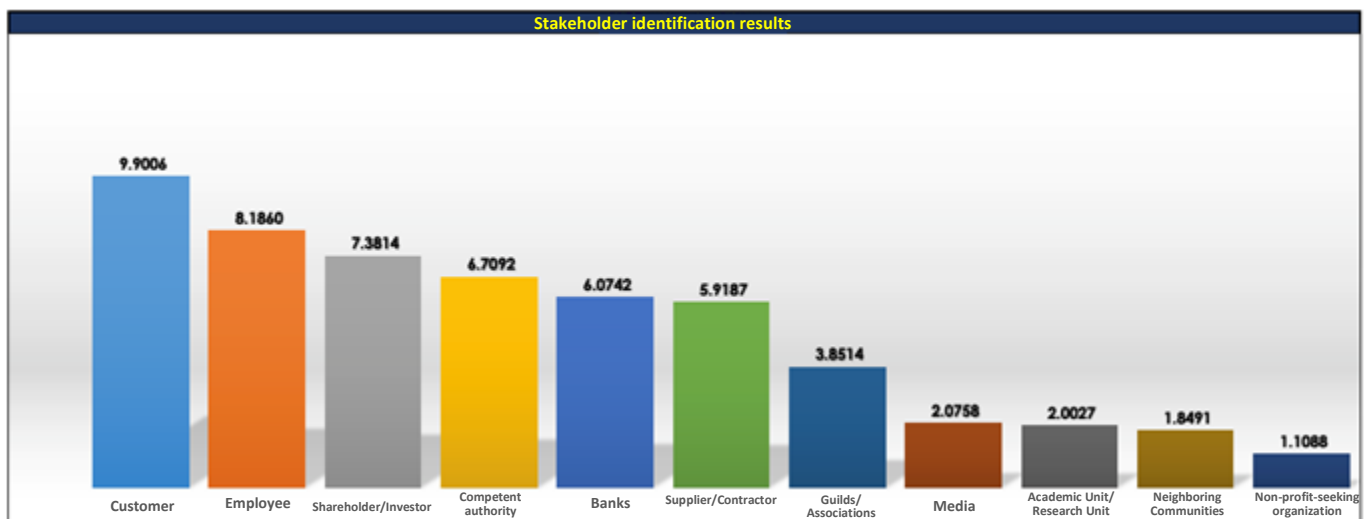
2. Sustainability Issue Management

2-1 Identifying Important Stakeholders

Based on the five major principles upheld by the AA1000 Stakeholder Engagement Standard, namely Dependency, Responsibility, Tension, Influence and Diverse Perspectives, Right Way Industrial examines the connection of stakeholders with Right Way Industrial to discuss and analyze the issues at the major issue analysis meeting with the stakeholders. In 2023, Right Way Industrial identified 4 types of key stakeholders, namely customers, employees, shareholders, and competent authorities.

2-2 Important Stakeholder Engagement

Right Way Industrial values the rights and interests and opinions of stakeholders very much, and has open and direct communication channels with stakeholders to ensure effective and favorable results in communication with stakeholders, and to understand and respond to their concerns in a timely manner. Notwithstanding, Right Way Industrial will continue to review and improve our sustainable development performance.



Type of Stakeholder	Customer
What it means to Right Way Industrial	Customers lay the core foundation of the Company's sustainability. We are committed to satisfying customers' needs, working with them to achieve technological innovation, and creating business growth.
Responsible department	Marketing, Quality Assurance Unit
Engagement Method/Frequency	Customer satisfaction survey (annual) Customer audit (from time to time)
Engagement Outcomes	Customer relationship management, product quality followup and improvement

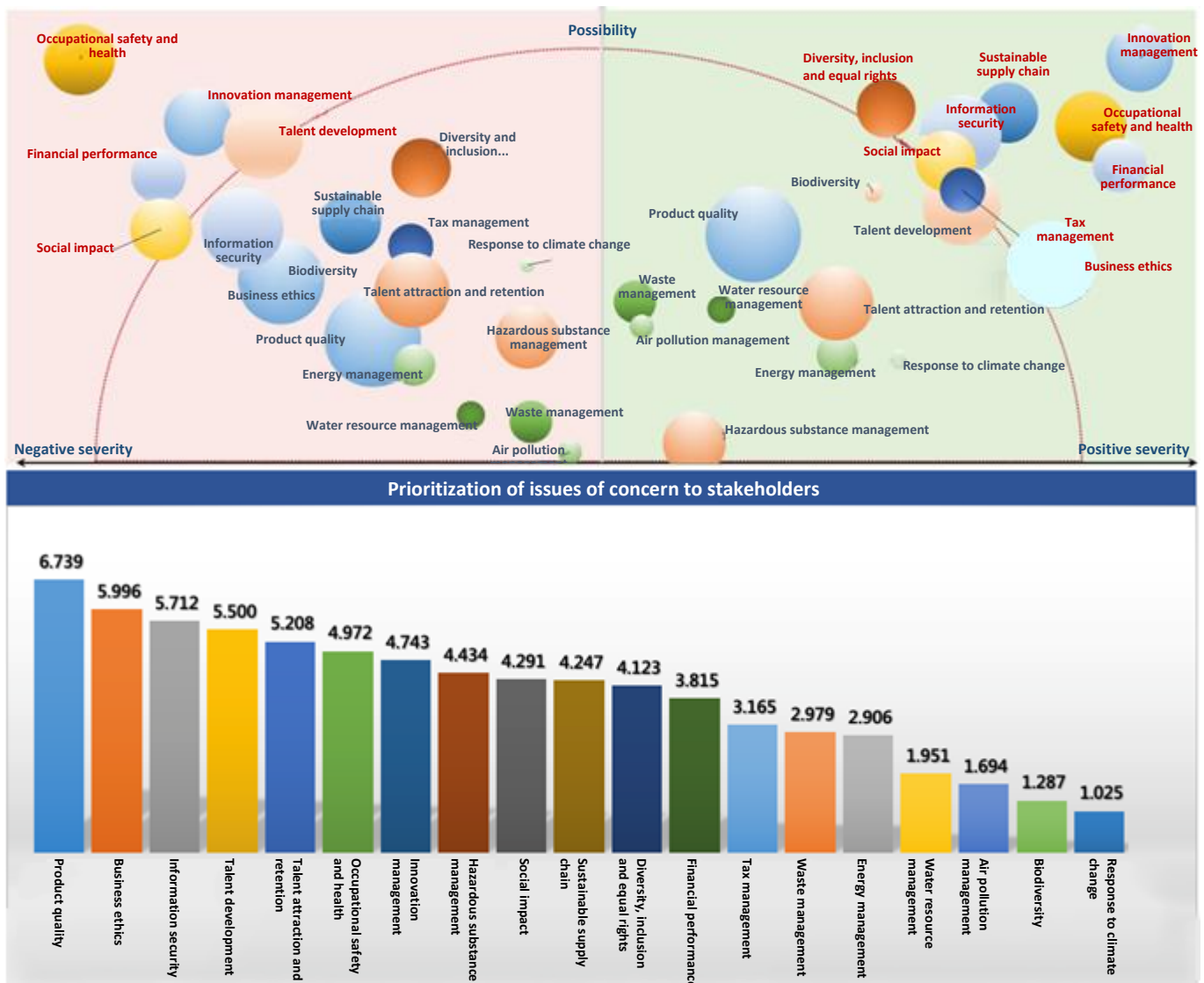
Type of Stakeholder	Employee
What it means to Right Way Industrial	Employees are the Company's most important assets. With their efforts in product innovation and R&D, they are the key stakeholders of Right Way Industrial to maintain its leading technology to drive the Company's continuous operation and growth.
Responsible department	Management Dept.
Engagement Method/Frequency	Employee Welfare Committee (quarterly) Performance interview (twice a year) Education and training (from time to time)

	Labor-management meetings (quarterly) Public notice via Intranet or internal email (from time to time) Employee Complaint Mailbox/Welfare Committee Opinion Mailbox (from time to time)
Engagement Outcomes	Irregular public notices for employee benefits (health checkups, group insurance, etc.), welfare committee's information, education and training course information and performance management operations, etc. Collect employees' feedback via the employee complaint and opinion mailboxes

Type of Stakeholder	Shareholders and investors
What it means to Right Way Industrial	Shareholders and investors make investment in Right Way Industrial, who focus on the Company's operations and sustainable development. The Company continues to build information transparency to protect shareholders' rights and interests and share operating results with them.
Responsible department	Finance Dept.
Engagement Method/Frequency	Investor conferences (from time to time) Shareholders' Meeting (annually) Market Observation Post System/Announcements on the Company's Website (from time to time)
Engagement Outcomes	Through the shareholders' meeting, and the investor conference convened from time to time, the Company explains its business performance to investors and answers to the issues concerned by them. Announcement of real-time important messages, such as corporate governance, business performance and other relevant information that shareholders and investors are concerned about.

Type of Stakeholder	Competent authority
What it means to Right Way Industrial	The competent authority focuses on the Company's compliance results in terms of economic, environmental and social aspects, and promotes industrial development and resource assistance.
Responsible department	Management Dept. & Finance Dept.
Engagement Method/Frequency	Announcement via Market Observation Post System (from time to time) Official correspondences (from time to time)
Engagement Outcomes	Participation in policy promotion meetings convened by the competent authority from time to time In response to the supervision and audit by the competent authority

2-3 Identification of Material Sustainability Issues



In addition to continuing to communicate with stakeholders, Right Way Industrial also follows the GRI Guidelines and Stakeholder Engagement Standards to survey key stakeholders on their issues of concern. The level of concern of the stakeholders and level of sustainability impact were summarized based on the level of impact of these issues on the sustainability of Right Way Industrial, and the results were mapped into a risk matrix to disclose the management approach and performance in the sustainability report.

After discussion by the sustainability report disclosure team, because the operating environment does not change much, we continue to pay attention to the 5 major issues, i.e. “product quality,” “business ethics,” “information security,” “talent development,” and “talent attraction and retention,” and were disclosed as material issues in the Report, which were also reported to senior executives and confirmed as the topics of disclosure in the Report of this year.

Material Issue Management Policy

The identified material issues correspond to the GRI Sustainability Reporting Standards, and each department confirms the indicators, management policies, and performance results that should be disclosed, and completes the outcome in the Report. The corresponding aspects and management policies of sustainability-related issues are coordinated by the General Manager and senior executives.

Stakeholders	Major Issues of Concern	Responding Sections
Customer	<ul style="list-style-type: none"> • Product quality • Business ethics • Hazardous substance management • Information security 	3-3 Product Quality and Safety 4-3 Ethical Corporate Management 3-3 Product Quality and Safety 4-4 Information Security Management
Employee	<ul style="list-style-type: none"> • Product quality • Financial performance • Talent development • Talent attraction and retention • Diversity, inclusion and equal rights 	3-3 Product Quality and Safety 1-3 Operational Overview 6-2 Talent Development 6-1 Talent Attraction and Retention 6-3 Employee Relations
Shareholders	<ul style="list-style-type: none"> • Product quality • Financial performance • Information security • Talent attraction and retention 	3-3 Product Quality and Safety 1-3 Operational Overview 4-4 Information Security Management 6-1 Talent Attraction and Retention
Competent authority	<ul style="list-style-type: none"> • Business ethics • Information security • Product quality • Sustainable supply chain 	4-3 Ethical Corporate Management 4-4 Information Security Management 3-3 Product Quality and Safety 3-4 Suppliers and Raw Materials Management

Issue Category	Scope and Degree of Impact	Management Policy
Product quality	Quality is the lifeblood of Right Way Industrial and one of the foundations of sustainable business development. Any quality issue will pose a threat to consumer safety and will directly affect the Company's financial performance.	All the production lines of Right Way Industrial passed the certification of IATF 16949:2016 quality system. For the development of new products, we strictly follow the spirit and requirements upheld by the APQP development procedure, and establish a complete process from product development to mass production to ensure that the quality, development time schedule, and production cost targets are all met.
Business ethics	The Company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency, implements the ethical management policy, and prevents possible impacts posed by unethical behaviors proactively, in order to solidify the management foundation for sustainable business development.	Right Way Industrial has established its "Ethical Corporate Management Best Practice Principles" according to the law, which applies to all employees. It clearly defines that all employees of the Company shall not directly or indirectly offer, promise, request or accept any improper benefits, or commit other unethical behaviors against ethical management, laws or fiduciary duty during the process of business activities, in order to gain or maintain benefits.
Information security	Nowadays, the acquisition and distribution of information are becoming increasingly convenient, which are not only the advantages but also threats to business operations. Only proper management can achieve a balance between information security and convenient information.	For Right Way Industrial, the IT Department is responsible for the "Operating Procedure for Management of Information Security" and the Finance Department is responsible for the "Operating Procedure for Handling of Internal Material Information and Prevention of Insider Trading" to jointly maintain the Company's information security management. There are regular internal education and training and software and hardware testing and drills to ensure that self-protection is sufficient to deal with threats for internal and external information disclosure.
Talent development	Employees are the Company's largest assets. We strive to attract, train and retain the best talents, provide a challenging and good working environment and encourage	Right Way Industrial provides employees with sufficient training to enable them to do what they are good at. The contents of career development include pre-job training, on-the-job training, special skills and professional certifications, personal career planning, and cultivation of

Issue Category	Scope and Degree of Impact	Management Policy
	colleagues to achieve self-growth and continue their professional education, in order to affect the Company's competitiveness in the constantly changing market positively.	operational management talents. The Company also complies with the relevant labor laws and regulations and formulates the overall remuneration policy and structure to attract, encourage, reward and retain outstanding talents.
Talent attraction and retention	Right Way Industrial strives to become the world's leading professional manufacturer of lightweight metal forming. Only with the assistance of outstanding talents, Right Way Industrial may meet the different needs from customers. Recruiting and retaining outstanding employees is one of the key factors to the sustainable development of Right Way Industrial.	The Company's personnel selection and employment are free from discrimination due to race, gender, nationality, religion, social class, physical disability, sexual orientation, political stance or age, etc.. Employees can enjoy generous welfare measures, including group insurance, education and training courses, annual and festival bonuses, employee training, subsidies for domestic and overseas travels, rewards for outstanding and senior colleagues, club activities and employee welfare committees, etc. The Company also has an employee opinion mailbox and conducts employee satisfaction survey twice a year to provide a smooth communication channel and allow employees to provide constructive opinions at any time.

GRI Topics and Report Chapters Corresponding to Material Issues

Issue category	GRI Material Topics	Corresponding Chapter
Product quality	416 Customer Health and Safety 2016 417 Marketing and Labeling 2016	3-3 Product Quality and Safety
Business ethics	2-15 Conflict of Interest 2-27 Legal Compliance 205 Anti-corruption 2016 206 Anti-competitive Behavior 2016 207 Taxation 2019	4-1 Corporate Governance 4-2 Tax Governance 4-3 Ethical Corporate Management
Information security	418 Customer Privacy 2016	4-4 Information Security Management
Talent development	404 Training and Education 2016	6-2 Talent Development
Talent attraction and retention	401 Employment Relations 2016	6-1 Talent Attraction and Retention

3. SASB Issues of Concern

3-1 Energy management

Disclosure Topic: Energy Management				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-130a.1	(1) Total energy consumption (including fuel and electricity) (GJ)	35,413.3	29,460.18	24,092.03
	(2) Percentage of electricity consumption to total energy consumption	62.03%	64.96%	68.25%
	(3) Percentage of renewable energy consumption to total energy consumption	0	0	0

Energy management

Right Way Industrial exercises proper control over the tap water, well water, electricity, fuel oil, gas, packaging materials, mechanical equipment, handling, and transportation vehicles used internally to reduce energy waste, effectively analyze energy use and consumption, and identify major energy use and consumption areas to review and identify opportunities to improve energy performance. The scope of energy control includes the Company's equipment consuming water and electricity, fuel, forklifts and trucks.

The key points of the current regulations governing energy management are stated as following:

- I. Lighting equipment: The work area and office shall have sufficient brightness. Other non-operating areas shall be closed or only illuminated in the manner that does not affect personnel safety. Meanwhile, the staff shall turn off the switch at any time when leaving, in order to save electricity.
- II. Air conditioners: The air conditioners in offices, conference rooms, and workplaces shall be maintained at a suitable temperature setting. Air conditioners shall not be turned on when the room temperature is below 25°C, and shall be adjusted or turned off appropriately when there are fewer staff or when the staff leave.
- III. Production machine and equipment, forklifts, and trucks: The production unit and material unit shall regularly maintain production machine and equipment, forklifts, and trucks to maintain smooth operation of the machine, increase efficiency and reduce electricity consumption.
- IV. Water conservation: Each user unit has formulated relevant regulations on water conservation to control the clean water used by machines, equipment, and various processes as well as the domestic water used by personnel.
- V. Fuel oil, gas, natural gas, and chemicals: Joint assessment on process improvement or alternative measures to achieve the goal of saving other public energy and reducing operating costs.
- VI. Energy-saving control over company vehicles and forklifts: Set the speed of company vehicles and the safe driving speed of forklifts at the plant premises, and formulate regular vehicle maintenance plans, maintenance and management, in order to effectively control the Company's assets and increase the service life of vehicles .

Energy conservation measures and results

In 2023, we continued to implement changes in working hours and energy-saving measures by reducing the operational days of the boiler. The centralized operation of the insulation furnace saved approximately 784,204 kWh of electricity and 76,153 m³ of gas consumption. All outdoor lighting in the factory area was replaced with LED lighting, resulting in an estimated saving of 47,240.08 kWh of electricity. The reconfiguration of the air compressor piping eliminated air leakage losses, leading to a reduction of 0.04 kWh of electricity used per unit for each product in the casting department. The energy-

saving projects reported by Right Way Industrial to the Energy Bureau resulted in an average annual energy savings of 1.3%.

We anticipate an increase in production capacity in 2024 and will purchase new machinery, making energy consumption assessment for the new equipment a key focus for energy-saving initiatives. Additionally, improvements in the forging process will enhance the precision of flatness and reduce the steps involved in sandblasting, with results expected to be evident next year.

Year	Items	Contents	Annual equivalent energy conservation (GJ)
2023	Holding furnace	Centralize operation and mitigate the use of boilers	4,602.82
	Improvement of lighting fixtures	The outdoor perimeter lighting has been completely converted to LED lighting.	170.06
	Improvements to the air compressor	Reconfiguration of the air compressor piping to eliminate air leaks and reduce losses.	0.00014 GJ per casting
2024	Improvements in the forging process	Enhancing flatness precision to reduce sandblasting processes	41.634

Right Way Industrial primarily uses purchased electricity and liquefied natural gas (LNG) as its energy sources. Purchased electricity is primarily sourced from Taiwan Power Company. Energy consumption in 2023: electricity 16,441.74 GJ, liquefied natural gas 6,985.89 GJ, with a total energy consumption of 24,092.03 GJ during the reporting period. The energy consumption intensity is 25.68 GJ per million revenue, a decrease of 19.6% compared to 2022. The implementation of optimized production line scheduling has increased output, resulting in a significant reduction in energy consumption intensity, demonstrating a commitment to energy conservation.

The solar power systems were installed on the rooftops through leasing agreements, one seven years ago and the other three years ago. The system installed seven years ago operates on a fixed monthly rental basis, so no generation statistics have been obtained. The solar power system installed three years ago has a capacity of 1,489.2 kW. The total generation in 2022 was 1,926,931 kWh, and in 2023 it was 1,904,403 kWh. In the future, we will evaluate additional areas suitable for solar installations and consider a self-consumption generation model.

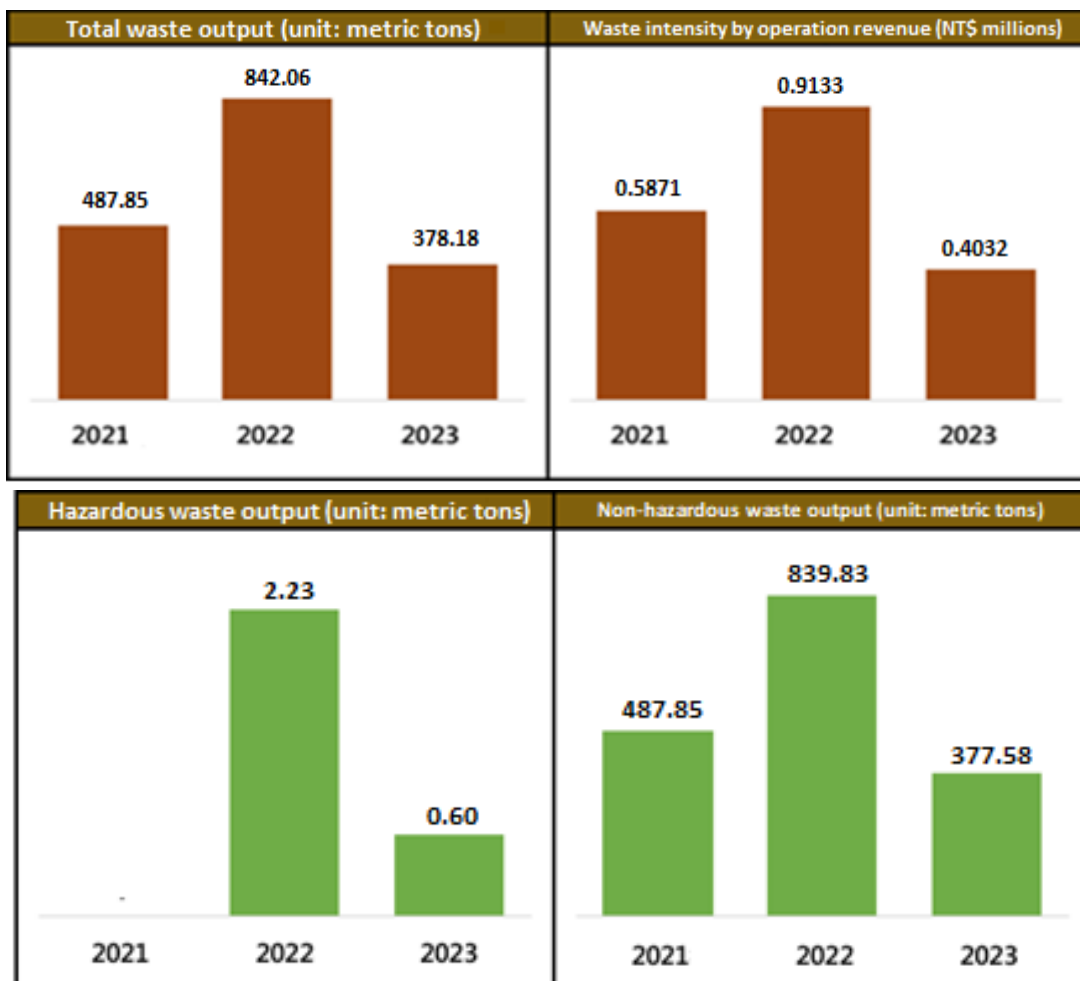
3-2 Waste Management

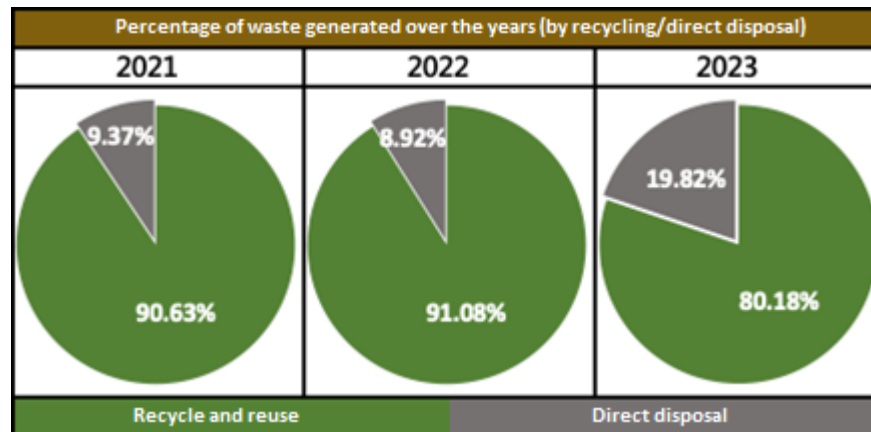
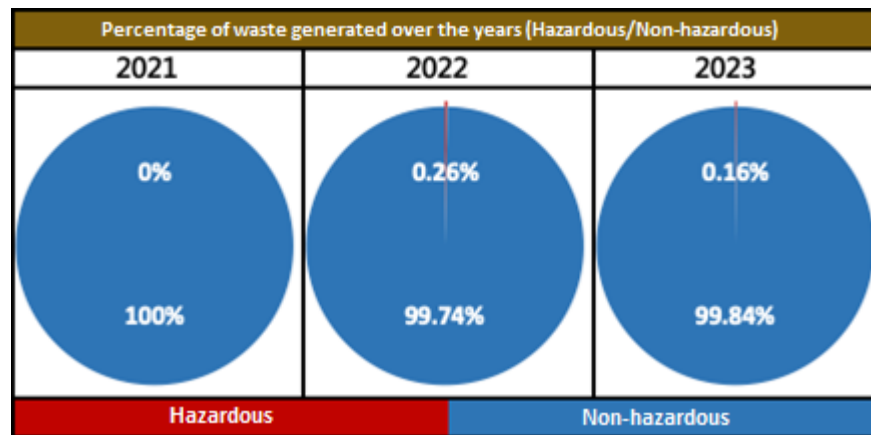
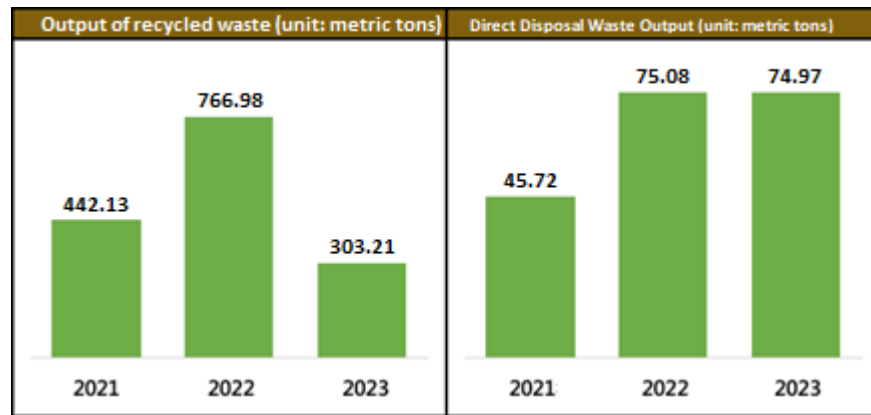
Disclosure Topic: Waste Management				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-150a.1	(1) Total weight of waste generated from manufacturing (unit: metric tons)	487.85	842.06	378.18
	(2) Percentage of hazardous waste in total waste	0%	0.26%	0.16%
	(3) Percentage of recycled weight in total weight of waste	90.6%	91.1%	80.18%

Waste Output

The waste generated by Right Way Industrial may be categorized into the following three types, which are declared, cleared and disposed of in accordance with environmental protection laws and regulations. The general waste and living garbage D-1801 are incinerated primarily in the incinerators in Gangshan, Dingjin and Renwu. No violations committed in 2023. Waste statistical values refer to the amount of waste produced, not the amount removed.

1. Recyclable waste: Waste materials such as iron and aluminum from production processes are collected and treated as scraps. The other wastes, such as lubricants, paper and waste plastics, are collected for recycling.
2. General industrial waste: Domestic garbage D-1801 (incineration), waste sludge D-0902 (landfill), waste furnace slag D-1201 (landfill), waste oil sludge D-1799 (heat treatment), waste ceramics R-0403 (recycling) and collected dust D-1099 (bury).
3. Hazardous Industrial Waste: Cleaning Naphtha C-0301 (Incineration).



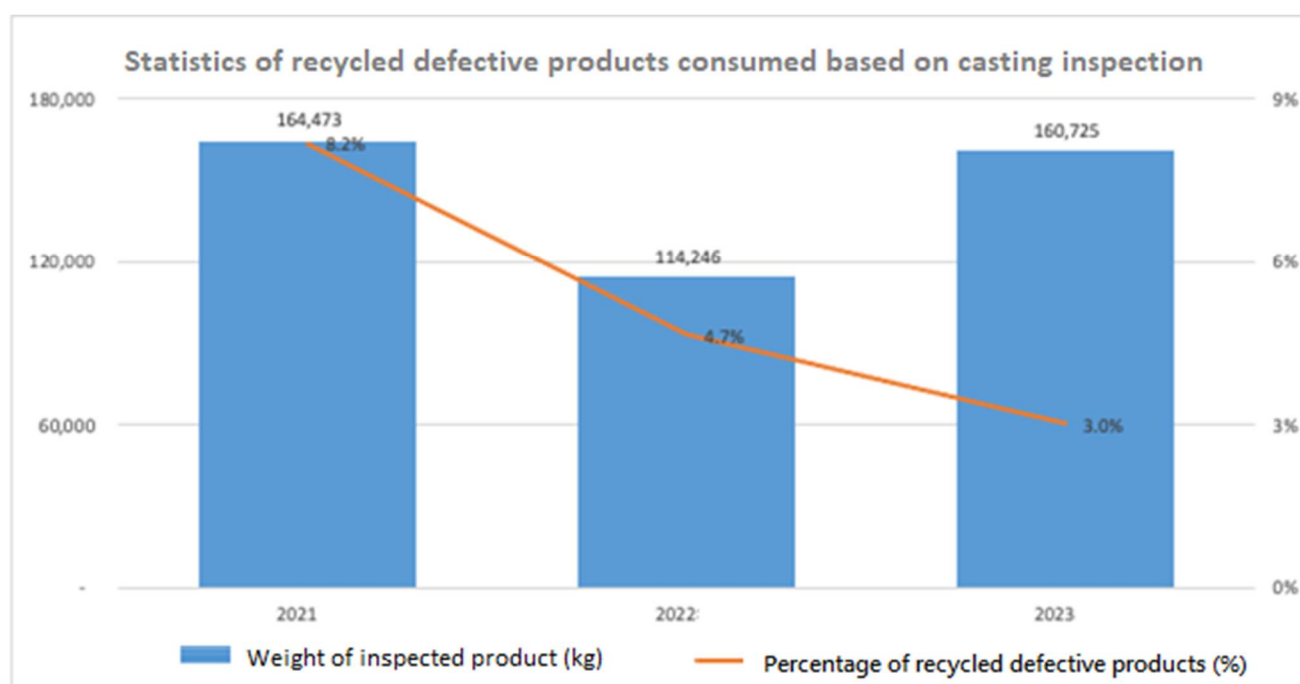


Waste recycling

The Casting Products Department has three types of waste that can be recycled and reused, namely aluminum castings, inspected defective products, and processing aluminum scraps. The disposal methods are re-melting for reuse and sale of scraps. In response to the Company's internal improvement of casting quality, the number of recovered defective products found in the inspection has gradually decreased for the most recent three years. If there are defective products or waste mixed with oil and foreign matter during the processing, waste disposal service suppliers will be invited to assist in cleaning and proper disposal of the same. For example, scrap iron and scrap aluminum are collected and sold by recycling service suppliers in the plant.

The sales statistics about scraps and other recycled goods are stated as following.

Recycled quantity over the Years (metric tons)			
Recycled Items	2021	2022	2023
Ceramics	-	9.15	1.2
Paper box	10.81	21.02	12.32
Plastic box	0.32	2.04	1.35
Iron scrap	269	583	182.91
Aluminum scrap	150	132	82
Waste wood pallets	12	19.77	23.43



Waste reduction

Right Way Industrial continues to carry out the corrective action to reduce waste output and disposal costs. Currently, the main projects in progress at the site are specified as following:

1. Lubricating oil for static recovery and increase in the turnover rate to reduce the cost of lubricating oil disposal and treatment;
2. Iron and aluminum impurities in waste oil are treated separately and reused after filtration. Aluminum cutting oil is then squeezed to purify the oil;
3. Leftover composted for reuse;
4. The stain removal oil is allowed to stand to precipitate impurities before reuse.
5. After the consumables and dust-collected wood chips from the panel factory are recycled through the recycling plant, the recycling plant processes them into reusable energy materials.

3-3 Product Quality and Safety

Disclosure Topic: Product Safety				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-250a.1	Total number of recalled vehicles	0	0	0

Quality Policy

Right Way Industrial takes into account internal and external issues in the corporate environment and the requirements of stakeholders during the design and establishment of the quality management system, and defines the scope of the quality management system with procedural documents to establish each process, including the Company's on-site and external locations. The drawings and specifications of the products of Right Way Industrial are provided by the customers. Right Way Industrial implements the process development, manufacturing and production. Therefore, the parts related to product design are not included into the system.

Through the implementation of the quality system, the quality policy is in place to ensure that the Company's product quality meets customers' requirements. It may apply to all units of the Company engaged in quality system activities. Based on the ISO-9001:2015 CNS 12682 & IATF 16949:2016, and the requirements under RoHS, and in the spirit of continuous improvement on the management cycle, the Company has established and documented its quality manual, procedures and operating standards, implemented and maintained the same, and kept improving their effectiveness. Right Way Industrial has assessed the special requirements of customers within the scope of its quality management system, in order to respond to customers' needs.

Right Way Industrial implements PDCA and continuous improvement in its daily operations to provide products and services that meet customers' expectations. The products used by the automaker must pass the customer's product inspection before mass production. Right Way Industrial is committed to emphasizing product safety in its quality policy. The quality policy is as follows:

- Quality is the life of Right Way Industrial
- Quality comes from production, not inspection.
- Quality never compromises.

Right Way Industrial products belong to the safety components of automobiles and motorcycles. In accordance with the IATF 16949 international quality standard and the important security requirements (CC, SC) and drawings and size required by customers, at the stage of development, it discusses FMEA and designs process control parameters, and the quality control plan (QC), inspection standards, and operating standards are all controlled by continuing the design parameters at the stage of development. The raw materials procurement (materials analysis), process inspection, shipping inspection and related tests all follow the strict quality control in accordance with the quality control plan, and the test on product safety life (durability testing, etc.) and relevant environmental regulations, such as REACH, RoHS, etc., is conducted regularly.













Right Way Industrial continues to work with domestic and foreign auto and motorcycle components and parts, industrial parts and central plant customers. By meeting the needs of customers for IMDS (International Material Data System) declaration and certification and no use of conflict minerals, Right Way Industrial gradually reduces corporate carbon emissions and move towards the sustainable supply chain. By working with suppliers at different stages, Right Way Industrial keeps reviewing the processing methods and optimizing the process, in order to emphasize on the seamless connection between upper and lower segments of the project and meticulous quality control with strict and quality reliability certification and strive to achieve the production of correct and standard products to meet customers' needs and improve customers' satisfaction level in one time.

Product Development

All product designs and materials are collaboratively developed and designed according to the customer's specifications. At the initial stage of product design, Right Way Industrial will discuss with the customer for product design review, and then provide the customer with the initial sample for assembly and testing, and then discuss with the customer any areas for optimization. Products will comply with customers' specifications and international specifications, such as blank specifications (e.g. ASTM B85 Standard Specification for Aluminum-Alloy Die Castings and ASTM B917 Heat Treatment of Aluminum-Alloy Castings from All Processes), processing specifications (ISO-2768 General tolerance), and environmental protection specifications (RoHS 2011/65/EU). In addition to the international norms, the customers will set forth their product specifications subject to the special requirements, e.g. blanks, processing, appearance and environmental protection requirements, as well as compliance with the local laws and regulations of the selling countries, include product and service information and labeling regulations. The automakers will also propose specifications according to the national requirements of the selling countries. It will be submitted for testing and mass production upon customers' acknowledgement.

In order to reduce the GHG emissions, customers are increasingly promoting lightweight products and electric vehicles. Right Way Industrial focuses on the lightweight design and development of vehicle chassis parts and reduce the weight of a vehicle by replacing iron parts with aluminum parts. In addition to saving energy and reducing carbon emissions, electric vehicles can also be driven for longer distances with the same electricity volume.

In the product design and development stage, the R&D department of Right Way Industrial will first provide product feasibility assessment data to discuss with customers the specifications that can be undertaken, in order to reduce the product the defective rate from initial development until mass production. At the stage of development, development engineers discuss the tool design with the production department, in order to improve the efficiency of process. At the stage of sampling and trial production, development engineers collect the problems in the trial production process and discuss them with the development team for improvement. The yield rate of trial production and sampling reaches about 90%, and then the production department engages in the mass production. At the stage of mass production, the production department continues to optimize and improve the products to increase the yield rate.

Process	Steel forging	Aluminum casting	Aluminum forging
Product	C/R 	piston 	knuckle 
	balance shaft 	manifold 	control arm 
	nozzle bracket 	oil pump 	housing 
	tie rod 	housing 	eyelet 
Specifications	<ul style="list-style-type: none"> ASTM A711 Specification for Steel Forging Stock ASTM A788 Specification for Steel Forgings, General Requirements JIS G0306 Steel forgings - General technical requirements DIN EN 10243 Steel die forgings – Tolerances on dimensions ISO-2768 General Tolerance ASME Y14.5 GD&T Standard RoHS 2011/65/EU 	<ul style="list-style-type: none"> ASTM B85/B85M-18e1 Standard Specification for Aluminum-Alloy Die Castings ASTM B85 Standard Specification for Aluminum-Alloy Die Castings JIS H5202 アルミニウム合金鋳物 Aluminum-Alloy Castings ASTM B917 Heat Treatment of Aluminum-Alloy Castings from All Processes ISO-2768 General Tolerance ASME Y14.5 GD&T Standard RoHS 2011/65/EU 	<ul style="list-style-type: none"> ASTM B247 Standard Specification for Aluminum and Aluminum-Alloy Die Forgings, Hand Forgings, and Rolled Ring Forgings SAE AMSQQA367E Aluminum Alloy Forgings SAE AMSA22771D Aluminum Alloy Forgings, Heat DIN EN 586 Aluminium And Aluminium Alloy Forgings ISO-2768 General Tolerance ASME Y14.5 GD&T Standard RoHS 2011/65/EU

Topic Research

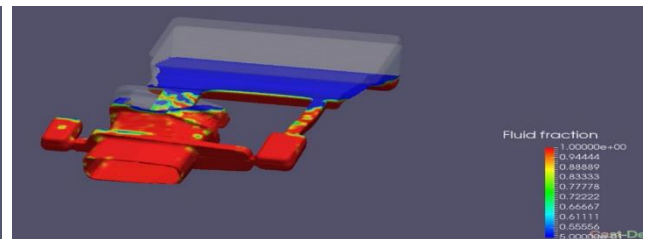
For the development of new materials or new technologies, Right Way Industrial often asks for help from professors in the Metal Industries Research & Development Centre and some universities to help us reduce errors during the testing and verification process. We have applied for patents and development subsidies from professional institutions for some of our innovative technologies. Meanwhile, we also provide our on-site data to postgraduate students for special research and discussion.

We are engaging in some industry-academia collaboration projects with National Cheng Kung University, Kun Shan University, Feng Chia University, National Kaohsiung First University of Science and Technology, and Metal Industries Research & Development Centre. These projects help us exchange the experience in the academic and factory management practices and corporate management. Encourage the transfer and sharing of academic knowledge, create long-term partnership and opportunities, and promote innovation and creativity. Right Way Industrial provides internship opportunities, lean special research projects, and train future outstanding talents in traditional industries through the industry-academia cooperation.

In the early stages of product development, Right Way Industrial will use mold flow software to conduct casting plan simulations to predict and eliminate potential casting risks before mold production to plan the best casting plan. This operation can not only save development costs, but also shorten the development time and provide customers with better services.



Casting defect indication



Aluminum soup flow indication

Laboratory Management and Measuring Technology

The measurement laboratory of Right Way Industrial uses precision instruments for measurement and periodic calibration, including Japan Mitutoyo three-dimensional, Sweden HEXAGON three-dimensional, Japan Mitutoyo horizontal projector, Japan Mitutoyo roughness and contour measuring machine, Germany SPECTRO spectrometer, OLYMPUS metallographic microscope, and universal testing machine, Germany MU 2000 X-RAY, Japan ACCRETECH (Tokyo Precision) RONDOCM 54SD-N, Rockwell hardness tester, Vickers hardness tester and many other instruments to ensure that product design and size will not pose any impact to the use of the product. In terms of product functions, the Company's laboratory uses special testing machines to conduct the tests, including hardness test, tensile strength test, salt spray test, and durability test, to achieve the commitment of “zero defect quality,” ensure product safety, and protect the consumers’ lives and property.

Scope of internal experiment capability



Chemical Product Management

For the chemical product management, Right Way Industrial establishes, based on the Ministry of Labor's "Regulations for the Labeling and Hazard Communication of Hazardous Chemicals," the "Operating Standards for the Management of Hazardous Chemicals," and the list of hazardous chemicals and the database of safety data sheets. It also declares the chemicals via the Permit and Report of Chemicals platform, in accordance with the "Regulations for Governing Designating and Handling of Priority Management Chemicals," "Regulations Governing Designation and Handling Permission of Controlled Chemicals" and "Operating Handbook for Management of Chemical Control Banding." When samples are sent to customers for confirmation, a Material Safety Data Sheet (MSDS) will be attached thereto for customers' review.

In the event of a chemical spill, the situation will be handled according to the emergency response procedures. The relevant responsibilities are as follows:

Operating procedures	Operational content
Emergency event discoverer	Notify emergency response personnel or on-site supervisors of the incident.
Rescue team	Quickly inspect the container outlet or replace the leaking container, and prepare waste sawdust and rags to contain the leaked oil, along with firefighting equipment.
On-site supervisory personnel	1. Monitor the response dynamics. 2. Notify the senior supervisor of the current situation and report back with instructions.
Safety protection team	1. Assess the situation and determine whether to shut down operating machinery to prevent accidents, fires, or explosions. 2. Establish restricted access areas, prohibiting smoking, open flames, and sparks in the leak vicinity.
Medical response team	Ensure personal protective equipment is ready for use to handle potential injured individuals.

Improvement of Proposals

Given the globalized competitive environment, efficiency improvement and cost reduction are identified as indispensable capabilities. Therefore, Right Way Industrial has established a proposal and rationalization committee to optimize processes and strengthen corporate competitiveness based on the collective wisdom of employees. The organizational design proposed to be improved consists of mid-level executives, and the chairperson is elected from the supervisors holding the position as managers and may be reelected for no more two terms. The relationship between orders and benefits will be reconfirmed by the management level during the benefit evaluation. The primary review members consist of 5th job rank staff (unit head), and the rationalization members consist of 6th job rank staff (section) or higher, and the proposed improvement will combine with the performance.

The scope of the proposal also covers the environment, environmental protection, safety and health, so that employees can work at ease and comfortably, indirectly participate in the Company's management and improve the quality of the working environment. In order to encourage employees to submit proposals, Right Way Industrial has formulated measures to encourage employees to think about it. In addition to setting basic rewards, additional bonuses will be granted to those who demonstrate outstanding improvement results. Through continuous improvement, a win-win situation that strengthens the Company's physique and employees receive feedback may be achieved.

Year	Number of proposals	Number of adopted proposals	Improvement benefits (NT\$ ten thousand)
2021	90	79	127.8
2022	88	73	137.8
2023	107	89	203.1

Quality Improvement

Right Way Industrial implemented the spirit of continuous improvement of the quality management system and embarked on the optimization of quality-related issues in 2023. The main contents include the following three items, including cost control, reduction of customer complaints, and multi-skilled worker training, all of which have achieved the goals by default.

Item No.	Work Objectives	KPI	Implementation Overview
1	Cost of control over external quality failure	0.079% of total cost of goods sold	The actual average cost of external failure in 2023 was 0.01%.
2	Reduce customer complaints against quality	Customer complaint rate under 0.12% of total shipments.	The customer complaint rate in 2023 was 0.02%. 6 complaints from customers.
3	Multi-skilled worker training	Rotation ratio among junior staff: over 30%	In 2023, the rotation rate for different functions of grassroots staff was 33.3%

In 2024, in addition to continuing the improvement plans prepared in 2023, Right Way Industrial will prepare two more quality improvement plans, in order to improve the laboratory's capabilities and to further enhance the quality awareness, and achieve perfect quality management.

Item No.	Improvement plan	Improvement Objectives
1	Cost of control over external quality failure	0.075% of total cost of goods sold
2	Reduce customer complaints against quality	Customer complaint rate under 0.12% of total shipments
3	Multi-skilled worker training	Rotation rate for different functions of junior staff is more than 30%
4	Enhancement of quality awareness of employees	Quality awareness board dissemination and education and training

Customer Audit

Right Way Industrial quality system accepts customers' on-site audit each year, in order to conduct the focus audit on quality system and finance. It will be asked to complete the self-assessment form before the audit, covering the sustainability-related aspects and plant's physical risk. Then, the audit shall be conducted based on the results specified in the self-assessment form. In 2023, the QMS system was accepted and passed the annual routine supplier audits conducted by Yulon Motor and Sea Star.

Customer Satisfaction Level

The unit prices of products provided by the industries in Taiwan do not have a competitive advantage compared to those in Southeast Asian countries. Therefore, the Company needs to attract customers from other areas. The Company is committed to providing customers with the best services, identifying customers as the first priority, and consolidating customer satisfaction and loyalty through services.

In September each year, Right Way Industrial selects customers with an annual transaction volume of more than US\$100,000 for a satisfaction survey. The target is set as 95 points. The average score in 2023 was higher than 97.7 points. Domestic customer satisfaction was 99%, while international customer satisfaction was 98%.

● Domestic Customer Satisfaction Level

Customer Satisfaction Questionnaire	2021	2022	2023
Product quality	93.33	95.00	92.00
Delivery accuracy	84.44	92.50	92.00
Product development capability	93.33	95.00	92.00
Degree of compatibility with new product development operations	93.33	92.50	92.00
Expertise of the Company's personnel in products	91.11	95.00	92.00
Overall Satisfaction Level	91.00	94.00	92.00
Setting of Goal	80.00	80.00	80.00
Questionnaire recovery rate (%)	75.00	80.00	91.00

● Foreign Customer Satisfaction Level

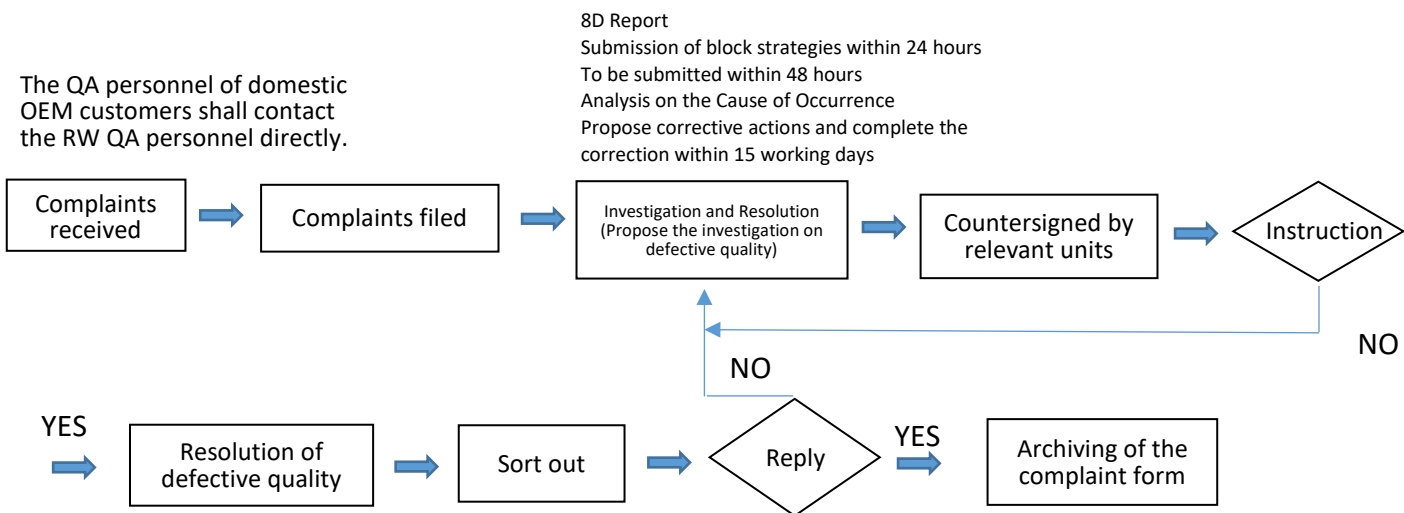
Customer Satisfaction Questionnaire	2021	2022	2023
Product quality	88.57	95.56	93.33
Delivery accuracy	74.29	67.78	86.67
Product development capability	80.00	86.67	93.33
Degree of compatibility with new product development operations	82.86	86.67	91.11
Expertise of the Company's personnel in products	82.86	88.89	86.67
Overall Satisfaction Level	81.72	85.11	90.22
Setting of Goal	80.00	80.00	80.00
Questionnaire recovery rate (%)	64.00	82.00	75.00

Customer Complaint Management

Right Way Industrial adheres to the concept of growing together with customers. When customers provide feedback, the feedback will be classified by the responsible personnel as the complaints, and the personnel will complete the "Customer Complaint Handling Record Form" and register the same for management. After approval by the unit supervisor, if necessary, the Form will be forwarded to the QA unit for analysis and disposal, together with the complained products. The QA personnel shall conduct tests on related items based on the reasons of customers' complaints, complete the test results and appraisal opinions, and submit the same to the technical unit, production unit and other responsible units for comments, and then submit them to the General Manager for approval. In principle, the other responsible units will have the QA unit determine the case based on the reasons of the customers' complaints. The complained products shall be handled in the manner authorized by the General Manager. Notwithstanding, the special requirements and time limit provided by the customers, if any, shall apply. If there are no special factors, the complaints shall be settled within 7 working days. When customers complain about the 8D report format, it is necessary to submit prevention countermeasures within 24 hours and cause analysis report within 48 hours, and then complete the improvement strategies within 15 working days. With the efforts of employees of Right Way Industrial, 6 customer complaints in 2023. In 2023, there were no violations of customer privacy or loss of customer data, product health and safety

hazards, and violations of product and service information and labeling laws and regulations, and marketing communication-related laws and regulations.

Customer complaint handling process



Customer Complaints Statistics	2021	2022	2023
Number of Cases	15	6	6
Customer Complaint Rate for Total Shipments	0.130%	0.064%	0.020%

Conflict Minerals

Right Way Industrial requires suppliers to sign the Letter of Undertaking for Conflict Minerals every 3 years, in order to meet the needs of customers for IMDS declaration and certification and no use of conflict minerals. For raw material suppliers, a total of 10 suppliers signed the Letter of Undertaking at the end of 2019. The Letter of Undertaking was issued to a total of 16 suppliers. As a result, the total of 16 suppliers all executed the Letter of Undertaking in 2022, i.e. the response rate by 100%.

3-4 Supplier and Raw Materials & Supplies Management

Right Way Industrial is used to dealing with its suppliers in good faith and free from any violations of laws. In order for our supplier partners to have a clearer understanding of the ethical management of Right Way Industrial, the “Supplier Code of Conduct” has been formulated in 2022 and disclosed to all supplier partners.

Disclosure subject: Raw materials and supplies procurement				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-440a.1	Descriptions about risk management associated with the use of key materials	Right Way Industrial conducts the assessment on risk over procurement of key raw materials in accordance with the internal risk management procedure. The possible risks include the limit on procurement volume, pricing, manufacturing bottlenecks, and goodwill. Different risk mitigation strategies are implemented separately.		

Supplier Management

The Company is a Tier 1 qualified supplier engaged in the OEM of automobiles and motorcycles. The Company's main products are aluminum castings, aluminum forgings, and iron forgings. The supply chain is mainly based on metal-related products, and there are more than 200 domestic and foreign suppliers. The suppliers are divided into those of raw materials and supplies, trade, outsourced processing, packaging materials, hardware and miscellaneous goods, and molds, blades, fixtures and jig, equipment molds, etc.

Procurement of system cabinets is approximately 3%.

Category	Contents	Proportion
Type of raw materials	Aluminum ingots, steel materials, blanks, accessories and sand cores	58%
Trade category	Trade commodity	21%
Outsourced processing	Heat treatment, electroplating, coating, processing, anode, sand blasting, fluorescent inspection	12%
Packaging materials, hardware and miscellaneous goods	Pallets, cages, packing materials and factory supplies	4%
System cabinet	System panels and hardware components	3%
Equipment mold	Equipment and Mold	2%

Metal business procurement are divided into 13 categories subject to the product attributes, including iron forging, cast iron, aluminum forging, piston, die casting, recasting, coating, anodizing, electroplating, processing, heat treatment, welding and grinding. The key suppliers refer to those with high technical threshold and low replaceability. There are about 25 key suppliers, and the purchase amount accounts for 75% of the total purchase amount.

The Company has established the “Supplier Management Procedures” to evaluate products, environmental and social responsibility, and human rights. Right Way Industrial conducts the evaluation primarily based on the quality management system. The selection process consists of the evaluation on product conformity, uninterrupted supply of goods, and related quality and delivery performance, and fulfillment of the corporate social responsibility of the Company and suppliers. If the supplier has the IATF 16949 quality certification system, ISO 14001 environmental management system, ISO 45001 occupational safety and health management system and other contributions to the environment, they may be listed as qualified suppliers. Evaluated as Grade B or above.

Newly developed suppliers shall go through the documentary review and approval. Meanwhile, a supplier development team shall be established. The procurement unit serves as the convener, and the members shall consist of personnel from the quality assurance, technical, industrial safety and other units to conduct the on-site assessment on new suppliers. The supplier evaluation form consists of nine major

assessment indicators, including quality assurance, process control, engineering management, material supply control, resolution of abnormality in quality, education and training, finished goods shipping management, environmental considerations, and HSE management. An order may be placed only after the new suppliers pass the supplier evaluation. A total of 4 new suppliers selected in 2023 have gone through the on-site evaluation and were held satisfying the safety and environmental protection requirements.

Audit on Supplier

To ensure that the products and services provided by the suppliers meet the requirements, QA personnel arrange supplier manufacturing process audit plans every year according to the Operating Standards for Engineering Monitoring. One to two audits are conducted per month, and engineering monitoring and audit as well as product audits are carried out. Meanwhile, the annual evaluation on suppliers' QA system is conducted against the suppliers with average monthly amount of procurement dependence exceeding NT\$200,000, and also key suppliers selected as the targets of annual supplier evaluation. The evaluation is organized by the QA personnel each year, which, together with the procurement and technical units, shall conduct the supplier evaluation from September to December, and notify the suppliers within 10 days prior to the evaluation. Auditors conducting the annual supplier evaluation shall understand the supplier's process technology and product requirements and have the competence of second-party auditors. The evaluation shall be implemented item by item based on the second-party audit method and spirit. The evaluation results are recorded in the annual supplier evaluation score sheet for each item. The evaluation results are divided into five grades, namely AA, A, B, C and D. In the annual supplier's total scores, 40% for the total scores of the supplier performance assessment, 10% for exemption from inspection, 10% for the number of deliveries, 10% for acquisition of ISO 9001 or IATF 16949 certification, 15% for the delivery achievement rate, and 15% for the cost matching rate. The annual evaluation is a plus/minus item, with AA grade +3 points, A grade +2 points, B grade +1 point, C grade -1 point, and D grade -2 points. For suppliers rated as D, they will be asked to apply stricter quality control and receive counseling services in the next 6 months. If the suppliers' performance still does not meet the Company's requirements and the suppliers fail to improve it, the procurement personnel shall apply for approval of termination of the transactions upon evaluation.

In 2023, Right Way Industrial conducted the on-site construction audits against 24 suppliers and annual evaluation on 15 suppliers, for a total of 39 suppliers and no negative environmental impacts from the supply chain were found. There are no risks related to human rights, such as freedom of association, child labor, and forced labor. In 2023, a total of 63 suppliers were included in the annual general supplier evaluation with an overall average score of 80.6. None of the suppliers with a grade of D, and the suppliers of grade C will also be counseled, such as reviewing process technical problems to overcome product quality non-conformity, or on-site process monitoring to confirm process stability in order to improve.

Supplier coaching and negotiation

Right Way Industrial continues to transition new development projects into mass production, providing guidance on the engineering and manufacturing capabilities of suppliers. In 2023, Right Way Industrial collaborated with customer-designated suppliers to improve the quality of post-processing affected by raw material quality, and jointly developed piston rings, enhancing the precision of surface treatment processes. Additionally, due to quality issues with upstream raw materials, after multiple unsuccessful communications, Right Way Industrial negotiated with customers to change suppliers in certain cases.

Right Way Industrial is gradually receiving carbon emission-related requirements from customers, necessitating a phased approach to extend these requirements to suppliers. The company recognizes that carbon emissions will be a key management focus in the future. Additionally, Right Way Industrial anticipates facing situations where second-generation suppliers may take over or small-scale manufacturers may cease operations. This could pose a potential risk in the future. Therefore, Right Way

Industrial evaluates the ongoing operational risks of these suppliers annually, and if necessary, will adjust transaction terms or seek new collaboration partners.

Local Procurement

Right Way Industrial has been producing castings, forgings, and processing for more than 50 years. In addition to cultivating its own technical capabilities and consolidating product quality as its core business philosophy, it also seeks to grow together with long-term suppliers in order to pursue corporate sustainability. Right Way Industrial is deeply rooted in Taiwan. So far, it has adopted local procurement as its procurement policy, hoping to support local industries and create job opportunities. Local procurement also has the advantages residing in more flexible supply and quick response time, and can also reduce energy consumption during transportation, and also transportation expenses. The local procurement amount accounts for 88%.

Year	Percentage of Local Procurement Suppliers	Money-to-money ratio
2023	91%	88%
2022	93%	89%
2021	93%	94%
2020	94%	94%
2019	91%	92%

4. Other Governance Issues

4-1 Corporate Governance

Right Way Industrial always values the rights and interests of shareholders. In order to effectively protect the rights and interests of investors, it achieves the robust overall management of the Board of Directors to exercise the supervision and management functions, improves the information transparency, strengthens the internal audit function, and presents financial data honestly, hoping to ensure the rights and interests of stakeholders and the sustainable development of the Company. Meanwhile, the Company is invited to participate in the investor conference organized by Yuanta Securities every year to explain the current status and prospects of the Company's operations.

Composition and Operation of the Board of Directors

The Board of Directors of Right Way Industrial is elected through shareholder meetings, adhering to the provisions of the Company Act and the Company's Articles of Incorporation. Each director serves a term of 3 years. The current board was appointed on June 21, 2022, with a total of 9 directors. Among them, 1 member is female, accounting for 11.11% of the board, and 3 directors are independent. Age-wise, 1 director is in the 31-40 age group, 1 directors are in the 41-50 age group, 1 directors are in the 51-60 age group, and the remaining 6 directors are all aged 70 or above. Right Way Industrial conducted a full re-election of directors at the shareholders' meeting in June 2022, and Ta Chen International, Inc. joined the management team of Right Way Industrial.

The Board of Directors exercises its powers in accordance with relevant laws and regulations, the Company's Articles of Incorporation and the Rules of Procedure for Board of Directors Meetings. Based on professional expertise and abundant industrial experience in various fields, each director fulfill his/her supervisory and management responsibilities, aim to perfect the Company's operating system and protect investors' interest and right as his/her own responsibility, exercise their powers with a high degree of self-discipline and prudence, and execute the Company's business development and important decisions honestly. The Board of Directors will also invite CPAs to attend the Board meeting to report and communicate with the directors face-to-face. A total of 5 Board meetings have been held in 2023. The following refers to the Board members' information and annual attendance records by the end of 2023. The average attendance rate was 95%.

Right Way Industrial is a listed company. The Board of Directors is the supreme governance body of the Company, and the Board of Directors is responsible for the election and nomination of senior managers. Two functional committees, the Audit Committee and Remuneration Committee, are established under the Board of Directors to assist the Board of Directors in fulfilling its supervisory duties. The organizational charter of each committee has been approved by the Board of Directors, and the committee's activities and resolutions are regularly reported to the Board of Directors.

Title	Name	Gender	Main work experience (educational background)	Number of actual attendance	Actual attendance rate
Chairman	Li-Yun Hsieh 1	Female	Department of Banking, Tatung College of Business Chairman, Ta Chen Stainless Pipe Co., Ltd.	4	80%
Director	Russel Lou 1	Male	Department of Business Administration, NTU General Manager, Right Way Industrial Co., Ltd.	5	100%
Director	Chien-Te Li 1	Male	Graduate Institute of Business Administration, Tunghai University Finance Manager, Brighton-Best International (Taiwan) Inc.	5	100%
Director	Sheng-Tien Chiu 1	Male	Department of Accounting, National Cheng Kung University	5	100%

			Financial Assistant Vice President, Ta Chen Lung Mei Home Life Co., Ltd.		
Director	Jui-Tsai Kuo	Male	Department of Financial Management, Tatung Institute of Technology Assistant Vice President of Sales, Ta Chen Stainless Pipe Co., Ltd.	4	80%
Director	Po-Han Chen	Male	Department of Public Finance, NCCU Internal Auditing Manager, Ta Chen Lung Mei Home Life Co., Ltd.	5	100%
Independent Director	Ming-Chang Shen	Male	Department of Business Administration, Fu Jen Catholic University Senior Assistant Vice President, Core Pacific Securities Co., Ltd.	5	100%
Independent Director	Kuan-Hsiang Wang	Male	NTU Administrative Leadership Program (40 credits for three school years) Director General of Department of General Affairs, Ministry of Finance	5	100%
Independent Director	Yen-Hsiu Yeh	Male	Department of Business Administration, Fu Jen Catholic University Director, Tung Ying Industrial Co., Ltd.	5	100%

Note: 1. Representative of Brighton-Best International (Taiwan) Inc.

Some of the important resolutions of the Board of Directors are listed in the table below. For more important resolutions of the Board of Directors, please refer to “2023 Important Resolutions of the Board of Directors.”

Date of Board meeting	Name of proposal reported to the Board of Directors
2023/01/06	Passes the pricing of the 2023 1st issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.
2023/03/13	1. Passed director and employee remuneration distribution plan. 2. Passed the effectiveness of the Company's 2022 internal control system and the Statement on Internal Control System. 3. Passed the evaluation on the independence and competence of the external auditors certifying the Company's financial statements. 4. Passed the amendments to certain provisions of the “Articles of Incorporation.” 5. Passed the Group's adoption of the “GHG Accounting and Verification Schedule Planning.”
2023/05/11	Passed the determination of the record date for capital increase out of issuance of new shares for the Company's employee stock warrants in Q2 2023.
2023/08/11	Passed the proposal for the addition of corporate governance-related regulations.
2023/11/09	1. Passed the Company's 2024 internal audit plan. 2. Passed review on the Company's determination of the salary & bonus to directors and managerial officers, and the year-end bonus to the Company's directors, existing managerial officers and employees. 3. Passed the determination of the record date for capital increase out of issuance of new shares for the Company's employee stock warrants in Q3 2023.

Continuing Education of Directors

Continuing education for directors is to establish a mechanism and channel for directors to further education and learning related information and maintain its core values and professional advantages and capabilities. Right Way Industrial provides corporate governance refresher courses organized by competent authorities and private institutions from time to time for directors and supervisors to refer and choose. Below is the training courses and training courses for directors in 2023 hours, the compliance with the essential hours of further education is 100%.

Course name	Hours	Directors participating in the course
Global Economic Outlook and Investment Strategies	6	Li-Yun Hsieh, Russel Lou, Chien-Te Li, Po-Han Chen, Sheng-Tien Chiu, Jui-Tsai Kuo, Ming-Chang Shen, Kuang-Hsiang Wang, Yen-Hsiu Yeh
Practical discussion and countermeasures on insider trading and false financial reports	6	Chien-Te Li

Mechanisms for Avoiding Conflicts of Interest

The Board of Directors convenes a meeting at least once a quarter. In 2023, a total of five meetings were convened.

If any director or the juristic person represented by the director has a stake in the discussion issues at the meetings, he shall explain the stake to the Board of Directors, and recuse himself from any voting.

The important resolution will also be disclosed on the Market Observation Post System (MOPS) immediately.

Audit Committee and Remuneration Committee

In order to assist the Board of Directors in evaluating and supervising the remuneration level of the Company's directors and managers, the "Remuneration Committee Organization Charter" has been formulated and then the "Remuneration Committee" was established. Meanwhile, it also established the Audit Committee and formulated the Audit Committee Organization Charter. After the full re-election of directors on June 22, 2022, the Audit Committee elected 3 independent directors to serve as the audit members to assist the Board of Directors in fulfilling its responsibility to supervise the Company's accounting, auditing, financial reporting processes, and the quality and integrity of financial control. The Remuneration Committee has elected three members, with Ming-Chang Shen as the convener responsible for determining the performance evaluation, remuneration and remuneration of directors, supervisors, and managers. The members of the Audit Committee and the Remuneration Committee and their meeting attendance in 2023 are stated as follows:

	Title	Name	Required frequency of attendance	Number of actual attendance	Attendance by Substitution	Actual attendance rate
Audit Committee	Independent Director	Ming-Chang Shen	5	5	0	100%
	Independent Director	Kuan-Hsiang Wang	5	5	0	100%
	Independent Director	Yen-Hsiu Yeh	5	5	0	100%

	Title	Name	Required frequency of attendance	Number of actual attendance	Attendance by Substitution	Actual attendance rate
Remuneration Committee	Independent Director	Ming-Chang Shen	2	2	0	100%
	Independent Director	Kuan-Hsiang Wang	2	2	0	100%
	Independent Director	Yen-Hsiu Yeh	2	2	0	100%

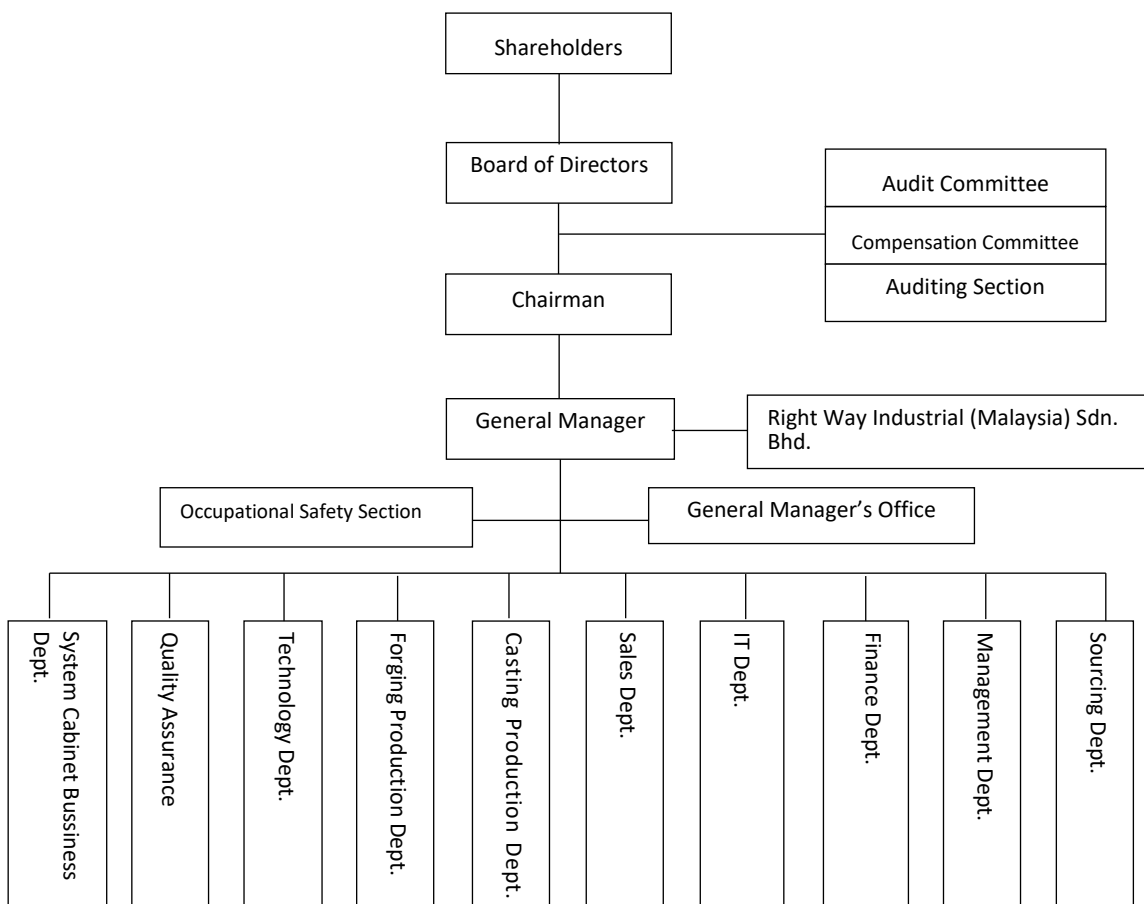
Procedures for Handling Material Inside Information

In order to establish a good mechanism for handling and disclosure of material inside information of Right Way Industrial, avoid improper information disclosure, and ensure the consistency and accuracy of information disclosed to the public, the “Procedures for Handling Material Inside Information” has been formulated, which are applicable to the directors, managers and employees of Right Way Industrial. The three principles for the disclosure of material inside information are:

- I. Information shall be disclosed in an accurate, complete and timely manner;
- II. There should be a basis for information disclosure;
- III. The information shall be disclosed fairly.

Organizational Structure

Right Way Industrial adopts a flat organizational structure, emphasizes operational flexibility and efficiency, takes the promotion and expansion of distribution platforms as the core of operation, and insists on targets and quick responses. In terms of corporate governance, the Board of Directors of Right Way Industrial has established the Audit Committee and the Remuneration Committee to assist the Board of Directors in fulfilling its supervisory duties. The organizational charter of each committee has been approved by the Board of Directors, and the committee's activities and resolutions are regularly reported by the committee chairperson to the Board of Directors.



Department	Department's functions
General Manager	Follow the decisions made by the Board of Directors, responsible for the Company's operations per instruction given by the Chairman, take charge of the overall planning on the development and supervision of each department's business, execute plans, preside over management meetings and resolve various motions proposed at meetings.
Sales Dept.	Marketing and promotion at the customer end, PR communications inside and outside the Company, and sales at home and abroad.
Quality Assurance Dept.	Responsible for planning, promoting, executing and confirming quality matters.
Technology Dept.	Responsible for new product valuation, production technology, maintenance of machine and equipment, product development and mold design, etc.
Production Dept.	Casting production: The Independent Cost Center is responsible for manufacturing and processing pistons and gravity casting parts, facility management, and quality and cost control. Forging production: The Independent Cost Center is responsible for manufacturing forging parts, facility management, and quality and cost control. System cabinet: The Independent Cost Center is responsible for manufacturing the system cabinet, facility management, and quality and cost control.
Management Dept.	Responsible for the management system and planning of various management regulations, HR, education and training, general affairs, safety at factory premises, legal contracts and environmental safety, etc.
Finance Dept.	Responsible for shareholders service, financial scheduling, cash cashier, accounting treatment, taxation/financial settlement and cost analysis, shareholders' meeting matters, and matters related to the Board of Directors (including Audit Committee and Remuneration Committee).
Sourcing Dept.	Responsible for materials & supplies, finished goods inventory management, procurement, production scheduling planning and logistics.
IT Dept.	Responsible for computer hardware and access to networks in the factory, information security, computer system maintenance & support, modification of system programs, process improvement and streamlining, etc.
Occupational Safety Section	Responsible for all occupational safety matters in the plant.

Performance Evaluation on the Board of Directors and Remuneration Policy

In order to improve the remuneration system for the directors and managers of Right Way Industrial, the "Remuneration Committee Organization Charter" has been established for compliance. The remuneration includes cash compensation, stock options, bonus shares, retirement benefits or severance pay, various allowances and other substantive incentives. The Remuneration Committee evaluates the Company's directors and managers' remuneration policies and systems in a professional and objective manner, and makes recommendations to the Board of Directors for its decision-making reference. It also regularly reviews the annual and long-term performance goals and the remuneration policies, systems, standards and structures of the Company's directors and managers to ensure that they are in line with the Company's sustainable development needs. Remuneration Committee also regularly evaluates the achievement of ESG performance targets of the Company's directors and managers, and establishes the contents and amount of their individual remunerations. In the compensation package for senior managers at Right Way Industrial, ESG-related performance assessments account for 10% of the overall performance evaluation.

In 2023, the ratio of the total annual total remuneration to the General Manager to the annual total remuneration to the employees' median total salary (excluding the general manager) was 7.4 times. All employees were active and had their salary growth percentages calculated over the two years, 2022 and 2023. Then, they were prioritized to get the median. The ratio of the General Manager's salary growth percentage to the median of employee salary growth was -28.24 times. Said remuneration includes basic monthly salary and variable bonus (excluding stock ownership trust). In order to prevent the salary growth of employees who have not received the remuneration of a full year (those who were new employees recruited in 2022 or those who resigned in 2023) from becoming negative value and failure to calculate

the salary growth the employees who were active throughout 2022 and 2023 were excluded lest the statistical results of the median should be different from the actual situation.

Internal Audit

Right Way Industrial has established an independent internal audit unit under the supervision of the Board of Directors directly. It also appoints qualified and appropriate full-time internal auditors according to the Company's scale, business conditions, management needs, and other relevant laws and regulations. The auditors shall uphold the spirit of detachment, independence, and objectivity to perform their duties. Report to the Chairman and independent directors on a monthly basis or when necessary, and attend the Company's regular Board of Directors meetings and make audit reports.

The internal auditors prepare the annual audit plan based on the risk assessment results each year, including the items to be audited each month, in order to check the internal control system of the Company, and shall attach the working paper and related information to prepare the audit report. The deficiencies and abnormalities found in the internal control system should be tracked after the report is approved to prepare a follow-up report, in order to ensure that the relevant units have taken appropriate corrective actions.

Pursuant to the competent authority's regulations, the internal audit unit shall audit derivative transactions on a monthly basis, and audit endorsements/guarantees, commitments and contingencies, and loaning of funds on a quarterly basis. It shall submit the follow-up report on correction of the deficiencies found in the previous audit per three months. It also implements self-inspection on the internal control system every year to improve the Company's operating performance. Meanwhile, in accordance with the provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the audit report and audit follow-up report are submitted to the independent directors of the Company before the end of the following month upon completion of the audit report. There were no violations this year.

4-2 Risk Management

In order to establish a comprehensive risk management system and stable business operations to move toward the goal of sustainable development, Right Way Industrial has formulated the risk management regulations covering “financial risk,” “operational risk,” “information security risk,” “environmental risk,” and “other risks,” including the entire range of risks that may have direct and indirect economic impacts on stakeholders and the economy, such as risks over climate change and human rights. The Board of Directors is the highest decision-making body of the industrial risk management of Right Way Industrial. It is responsible for approving risk management policies and important risk management systems and supervising the implementation of risk management systems, in order to ensure the effectiveness of risk management. The Audit Committee proposes improvements of the Company's risk management policy design, and supervises the implementation of risk management to ensure the effective implementation of the internal control system. Finance Department is dedicated to executing the risk management and is responsible for coordinating related departments to proceed with the risk management. Auditing Department prepares the annual audit plan based on the risk assessment results each year, and implements the audit on each system according to the plan to ensure compliance. Each business unit is directly responsible for the initial risk discovery, assessment and control. It shall fully understand the risks faced by the business lines which it is responsible for and shall be responsible for supervising and controlling the relevant risks over the units subordinated to it. The risk management procedures include the identification, measurement, response, monitoring and reporting of various risks. Risk management-related information is disclosed on the Company's website in accordance with the information disclosed by the competent authorities. In response to geopolitical risks in the Taiwan Strait in 2023, special arrangements have been made for a backup mechanism at the Malaysia plant to ensure a more stable supply service.

Governance mechanism and structure:

The Board approved the “Risk Management Regulations” of the Company on November 11, 2022 in order to establish a comprehensive risk management system and stable business operations to move toward the goal of sustainable development. The scope of risk management covers financial risk, operational risk, information security risk, environmental risk, and other risks, and emerging risks that may have direct and indirect economic impacts on stakeholders and the economy (i.e., climate change) are also included for identification and management.

The Company's climate change governance structure allocates authority and responsibilities in accordance with the existing risk management organizational structure. Each business unit shall be the direct unit for initial risk discovery, assessment and control. The financial department shall coordinate, manage, and report the operation of risk management to the Board on a regular basis.

Organize	Responsibilities
Board of Directors	Approved the risk management policy and risk management system, and supervised the implementation of the risk management system to ensure the effectiveness of risk management.
Audit Committee	Supervised the company's implementation of risk management to ensure the effective execution of internal control systems.
Finance Dept.	As the dedicated unit for implementing risk management (hereinafter referred to as the Right Way Industrial Dedicated Unit), responsible for coordinating with relevant departments to carry out risk management activities.
Auditing Section	Develop an annual audit plan based on the results of the risk assessment each year, and conduct audit activities according to the plan to ensure compliance with regulations.
Business units	As the primary unit for the initial identification, assessment, and control of risks, responsible for supervising and managing the relevant risks of subordinate units.

Climate Risks and Opportunities

To address global climate change and align with international low-carbon trends, Right Way Industrial initiated a systematic assessment of climate-related risks and opportunities in 2023, referencing the "Recommendations of the Task Force on Climate-related Financial Disclosures" released by the Financial Stability Board in June 2017. The results of this assessment are expected to be reported to the board in November 2024.

Identification and Assessment of Climate Risks and Opportunities

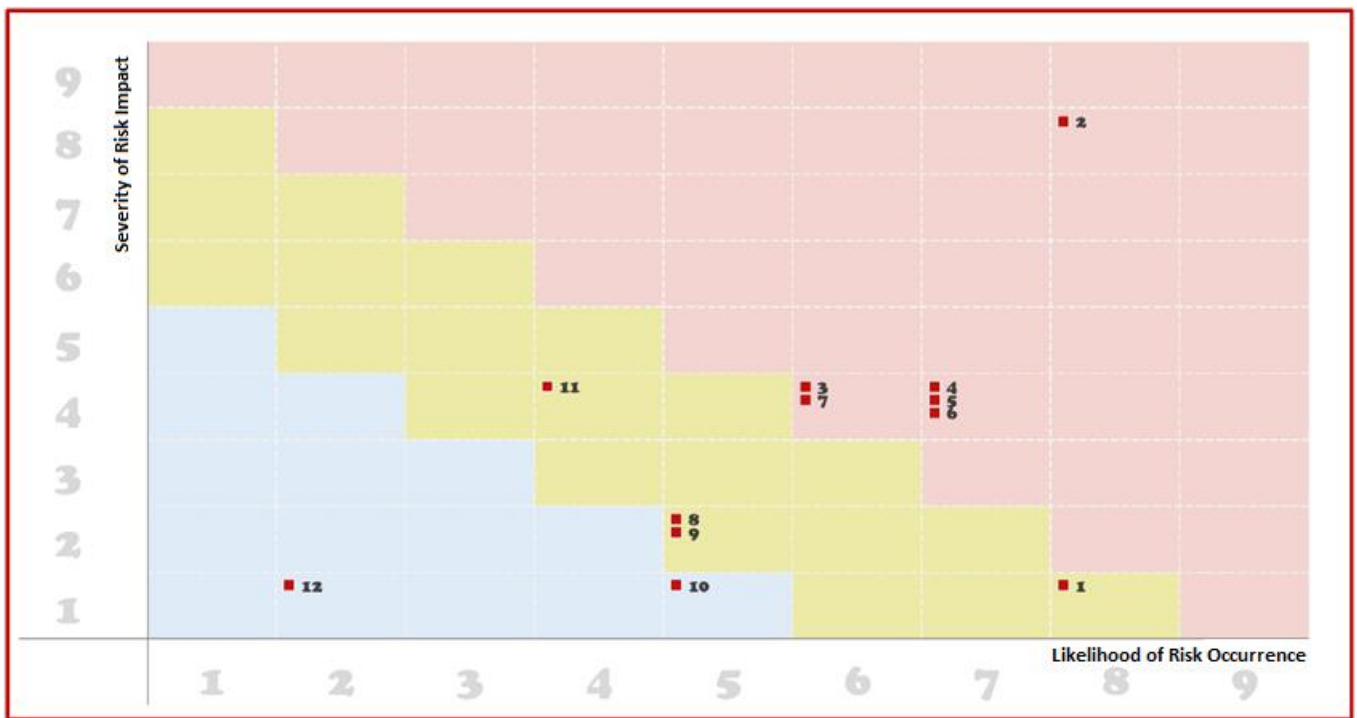
The "Recommendations of the Task Force on Climate-related Financial Disclosures," released in June 2017, require companies to effectively manage climate change risks and opportunities through four core elements: "Governance," "Strategy," "Risk Management," and "Metrics and Targets." Enhancing awareness of climate risks and implementing "Risk Identification" and "Risk Assessment" are the main tasks for Right Way Industrial in 2023 as it systematically promotes climate governance. The implementation steps are as follows:

Identification of Risks and Opportunities

In reference to the "Taiwan 2050 Net-Zero Emission Roadmap and Strategy" of the National Development Council, the "Corporate Governance 3.0 - Sustainable Development Roadmap" of the FSC, the "Climate Change Response Act" of the Ministry of Environment, the Carbon Border Adjustment Mechanism of the EU, and industrial trends, the Company identifies risk and opportunity factors that may be associated with the Company's low-carbon transformation in the future. At the same time, based on simulation data from the National Disaster Prevention and Rescue Technology Center's "Climate Change Disaster Risk Adaptation Platform," the "Taiwan Climate Change Science Report 2017," and the "Tainan City Climate Change Adaptation Plan 2020 Revised Edition," we consolidate the physical risk factors that may be faced under climate change. Considering Right Way Industrial's geographical location, industry type, and upstream and downstream relationships in the value chain, we selected 6 transitional risks, 4 transitional opportunities, and 6 physical risks from a built-in database of 44 risk and opportunity factors for impact assessment based on their relevance.

Risk and Opportunity Assessment

Right Way Industrial conducts climate risk education and training through cross-departmental meetings to build awareness among relevant business units. Based on the selected risk and opportunity factors, we identify potential impacts and assess the likelihood and severity of short-, medium-, and long-term risks and opportunities. This helps us understand how these factors affect Right Way Industrial, the potential timing of occurrences, and their potential financial impacts. The results of the identification are ranked by their severity, as shown in the following chart:



1. Increasingly stringent reporting requirements related to climate change, with more disclosure items.
2. Carbon fees imposed on major carbon emitters.
3. Impact of carbon tariff mechanisms on the steel-related industry.
4. Low-carbon products gradually replacing existing product markets.
5. Changing customer behavior driven by low-carbon consumption demands.
6. Increased raw material costs resulting from the low-carbon transition process.
7. Decreased typhoon frequency but increased intensity.
8. Flooding affecting infrastructure operations.
9. Drought leading to unstable water supply.
10. Extreme summer heat threatening power supply stability.
11. Rising sea levels increasing the frequency of flooding.
12. Increased occurrences of extreme weather patterns affecting production capacity.



1. Adopt more efficient production processes.

2. Reduce carbon footprint through resource recycling and reuse.
3. Increase the use of clean energy to achieve carbon reduction goals.
4. Introduce an emerging risk management framework based on the TCFD model.

Response Planning

In response to the identified potential risks and derived opportunities, the focus in 2023 will primarily be on assessing the resilience of existing programs and facilities against climate change risks and opportunities. Moving forward, we will continue to consider the company's operational development strategy, with relevant departments formulating ongoing improvement measures. Subsequent reviews and implementations will be conducted in accordance with the "Risk Management Guidelines."

Supervision and Reporting

The significant climate-related risks and opportunities identified in 2023 will be initially reported to the board in 2024. In the future, we will regularly review the risk and opportunity factors each year based on the organization's situation and external demands, allowing for timely assessments of the feasibility of existing strategic initiatives. Through goal setting, we aim for continuous improvement. By utilizing a risk management cycle mechanism, we seek to gradually reduce the impact of climate-related risks and create opportunities to enhance competitiveness.

Short-, Medium-, and Long-term Climate-related Risks and Opportunities

Based on the results of the identification and assessment of climate risks and opportunities in 2023, we concluded the main risk and opportunity factors that may cause short-, mid-, and long-term impacts. After internal and external discussions, 7 main risks and 1 possible opportunity were summarized. Extreme weather events may cause impacts on the Company as follows:

Transformation risk	Risk factor	Financial impact	Response strategies and plans
Short-term (0-1 years)	<ul style="list-style-type: none"> ■ The reporting requirements for climate change have become more stringent, and the number of disclosure items has increased 	Increase in indirect costs	<ul style="list-style-type: none"> ■ External lecturers have been invited to conduct education and training on GHG inventory and TCFD so that employees can improve their awareness of climate change.
Mid-term (1-3 years)	<ul style="list-style-type: none"> ■ Carbon border tax affects the iron and steel-related industries ■ Imposition of carbon fees on large companies with major carbon emissions 	Increase in direct cost	<ul style="list-style-type: none"> ■ Customers may focus on the location of suppliers. The proportion of our products exported to the EU is relatively low. In the future, the Company will continue to focus on the relevant mechanisms of exporting countries. ■ Continue to upgrade the old and obsolete equipment in the plant and pay attention to the latest technologies related to process

			equipment to improve the energy consumption of processes.
Long-term (3-5 years)	<ul style="list-style-type: none"> ■ Low-carbon products continue to replace existing products ■ The low-carbon consumption requirements change customer behavior ■ Rising raw material costs due to low-carbon transformation 	Increase in direct cost	<ul style="list-style-type: none"> ■ Based on the development trend of electric vehicles, Right Way Industrial has assisted customers in reducing energy consumption with lightweight products. In addition, the sales of cylinders may be affected; however, the proportion of sales of cylinders is small. ■ The raw material prices of upstream suppliers will be reflected in the selling prices of products in accordance with market conditions.
Physical risk	Risk factor	Financial impact	Response strategies and plans
Long-term (3-5 years)	<ul style="list-style-type: none"> ■ Fewer typhoons with increased intensity 	Decrease in income due to the decrease in production capacity	<ul style="list-style-type: none"> ■ In response to heavy rainfalls that cause insufficient drainage, the cross-sectional area of the discharge outlet has been changed to increase the flow rate; automatic liquid level alarms and manual gates are used to control the direction of flooding, and the floor height of the plant is raised. There has been no equipment damage due to flooding arising from heavy rain. ■ Due to the government's water restrictions (forced water conservation) during periods of water shortage, the current storage capacity of water towers is sufficient to buffer the water consumption of the process for two to three days. In addition, the plant conducts water shortage emergency response drills every two years to respond to possible future changes.
Transformation opportunity	Opportunity factor	Financial impact	Ways to realize the opportunity
Short-term (0-1 years)	<ul style="list-style-type: none"> ■ Change to more efficient production processes 	Reduce indirect costs	<ul style="list-style-type: none"> ■ Right Way Industrial is an energy user, and it saves 1% of electricity according to the energy-saving targets established by the energy user and the execution plan. At present, the Company has

			implemented the replacement of fixed frequency air compressors with inverter air compressors, the replacement of halogen lamps with LED lamps, and other measures. In the future, the Company will continue to adopt high-efficiency equipment in response to the low-carbon transformation to reduce energy costs and strengthen production stability.
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Metrics and Goals

In August 2022, the Financial Supervisory Commission announced that starting in 2024, publicly listed companies must disclose nine key pieces of information in their annual reports, including the impact of climate change on business operations, governance attitudes, and risk assessments. This disclosure will also encompass four climate scenario hypotheses and an inventory of greenhouse gas emissions. In the future, there will be further alignment with international standards, directly adopting the IFRS Sustainability Disclosure Standards. The low-carbon transition process will be influenced by more stringent regulatory policies and rising energy costs, which will increase manufacturing costs in the supply chain and drive up the prices of raw materials and end products.

Right Way Industrial, as an energy user, sources 99% of its greenhouse gas emissions from purchased electricity and natural gas. Each year, we set a target to reduce energy consumption by 1% in accordance with regulations for energy users and implement a corresponding action plan. In 2023, we proactively adopted ISO 14064-1:2018 to conduct our first inventory of greenhouse gas emissions for 2022. This initiative establishes foundational capabilities for identifying, quantifying, and managing emission sources, helping us understand our situation in greenhouse gas management. Moving forward, we will also align with our energy-saving goals by planning to reduce greenhouse gas emissions by 1% each year.

4-3 Tax Governance

Tax Policy

Right Way Industrial seeks to improve tax risk management, is committed to information transparency, legal compliance, and supports the government's preferential tax policies to promote local economic development and industrial innovation, and formulate the overall tax policy. In terms of tax management, Right Way Industrial will continue to work on the following aspects:

- I. Ensure that the decision-making-related tax assessment is jointly participated by professional internal tax and external experts with appropriate qualifications and experience.
- II. The Company's major decisions have been included in the tax assessment, and the approval level has been escalated to the Company's top managerial officer.
- III. Information transparency in tax reporting enables tax disclosure to be handled in compliance with relevant regulations and standards, such as submission of the transfer pricing reports to the tax authorities.
- IV. Transactions between affiliated companies comply with transfer pricing practices.
- V. In response to the relevant major regulatory requirements under the global anti-tax avoidance trend, avoid using tax havens or low-tax countries for tax planning for the purpose of improper tax avoidance.
- VI. Interact with tax authorities in an honest, honest, respectful, and fair manner based on mutual trust, information transparency, and legal compliance, and voluntarily raise material tax issues so that both taxpayers and tax collectors can focus on the effective use of information.

Tax Payment Status

Right Way Industrial's business locations are situated in Taiwan and Malaysia, which pay various taxes in compliance with local laws and regulations each year. All operations in Taiwan have been subject to the income tax calculated at the statutory tax rate. In previous years, due to the impact posed by Sino-US trade and COVID-19, the Group's operating overview declined more than the previous years and loss credit was made available. Therefore, Right Way Industrial didn't pay the income tax. Therefore, the difference between the cash tax rate and the effective tax rate in the consolidated financial statement is a timing difference (temporary difference).

Unit: In Thousands of New Taiwan Dollars

Income tax-related information	2021	2022	2023
Net profit before tax	38,033	103,304	100,592
Income tax expense	2,934	11,398	12,034
Nominal effective tax rate	7.7%	11.03%	11.96%
Income tax paid	456	154	2,407
Cash effective tax rate	1.2%	0.14%	2.39%

Governance Principles and Risks

Follow the internal control process to identify, assess and manage tax risks arising from changes in laws and regulations, and have the Audit Committee supervise the implementation of internal control systems, such as accounting, taxation, and financial reporting procedures.

Transfer Pricing Management

The transactions between Right Way Industrial and its affiliated companies follow the regular transactions principles and the "Regulations Governing Assessment of Profit-Seeking Enterprise Income

Tax on Non-Arm's-Length Transfer Pricing ." A CPA firm shall be retained to issue the transfer pricing report.

4-4 Ethical Corporate Management

Ethical Corporate Management Policy

Any directors, managers, employees, agents, or persons with substantial controlling power of the Company shall not directly or indirectly offer, promise, request or accept any improper benefits, or commit other unethical behaviors against ethical management, laws or fiduciary duty during the process of business activities. In order to engage in business activities under the principles of fairness, honesty, trustworthiness, and transparency, to implement the ethical management policy, and to actively prevent unethical behavior, Right Way Industrial has formulated various relevant codes of conduct, and continues to pay attention to domestic and foreign policies and laws that have potential impacts on the Company's business and finance. Various corporate governance regulations and measures were formulated in a timely manner, and the internal audit unit also regularly audits legal compliance. To ensure that directors and managers strictly abide by the code of conduct and ethical code when engaging in business activities, the Company has established the "Director's and Managers' Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" and the "Code of Conduct and Ethical Corporate Management Procedure and Guidelines" and the whistle-blowing system, as the standard of conduct for each director to junior staff of the Company. The work rules also stipulate that no violation of ethics or acceptance of bribe from vendors or customers is allowed. If any violation of ethics or acceptance of bribe is found, whistle-blowing can be made through the telephone or e-mail (reporting box) radial to the contact person. Upon verification of the investigation, and the work rules shall apply. There were no complaints against violations of the code of conduct, such as corruption incidents, during the reporting period.

Promotion, Education and Training

Right Way Industrial conducts 100% anti-corruption risk assessment and education and training for all business locations. No major risk was found upon the assessment. The Company has adopted a zero-tolerance policy against corruption and bribery, unfair competition, leaks, infringements, and insider trading. If any employee is found to have violated the code of professional conduct or internal regulations through the whistle-blowing mechanism or internal audit inspections it is necessary to record, investigate and impose penalties on, the violations according to the relevant requirements. Regular education and training on corporate governance, anti-corruption, and ethical management have been organized for employee in 2023.

Legal Compliance

As a publicly listed company, Right Way Industrial not only complies with the Company Act and other relevant laws and regulations but also actively implements corporate governance. We promote adherence to regulations concerning human rights, anti-corruption, and other compliance matters among our subsidiaries and employees. We have established codes of integrity and conduct to ensure the rights and interests of stakeholders. In 2023, we have not faced any penalties from regulatory authorities or legal actions related to violations of economic, human rights, anti-corruption, product liability, or environmental regulations.

4-5 Information Security Management

Right Way Industrial's IT Department is the unit in charge of information security. This unit has one IT supervisor and two professional IT personnel responsible for formulating internal information security policies, planning information security operations, and promoting and implementing information security policies, in order to provide reliable information services and continue to improve the information security awareness among all colleagues. In order to prevent the Company's information system and data from operational risks and hazards such as improper use, disclosure, tampering, and destruction, the Chief Information Officer serves as the convener of the "Cyber Security Response Team" in accordance with the Company's internal "Operating Standards for Data Processing," The chief information officer shall serve as the convener, and the information officer as team members, and one emergency contact person is established to be mainly responsible for implementing information and communication security prevention and emergency response related measures.

The information security policies are stated as follows in accordance with the Company's internal "Operating Procedure for Management of Information Security," and information security work is promoted accordingly.

1. Establish the information security management regulations in line with laws and customers' needs.
2. Protect the confidentiality, completeness and availability of the Company's and customers' information.
3. Include the common sense that information security is everyone's responsibility into the Company's culture.
4. Provide a safe information operating environment to ensure the Company's sustainable operation.

According to the development of the information security policy, the management axes can be divided into "system and regulation," "use of technology" and "personnel training".

1. System and regulations: The Company has set forth the letter of undertaking for access to the information system, which must be executed by supervisors at the management level and above/specific system users who need the computer system administrator's access authority. The regulations governing sensitive data and intellectual property protection will be adjusted according to the Company in a timely manner, if necessary.
2. Application of technology: In order to prevent various external information security threats, the Company not only adopts a multi-layered network architecture design, but also builds various information security protection systems, such as central anti-virus systems and email filtering systems, to enhance the security of the overall information environment. sexuality.
3. Personnel training: The Company regularly sends information security promotion emails to all employees at least twice a year, and sends more than 12 hours of information security-related professional courses to information security personnel every year.

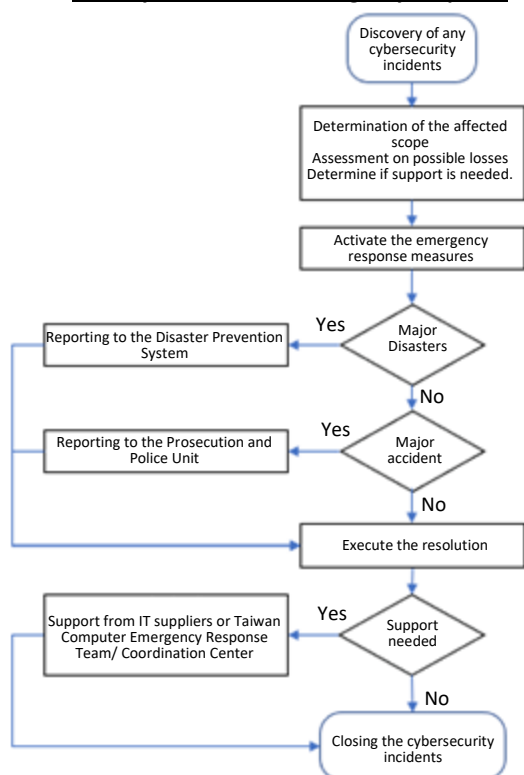
Right Way Industrial regularly reviews the internal information security regulations, analyzes internal risks based on asset value, vulnerabilities, threats, and impacts, and formulates security measure enhancement items based on risk assessment results to refine and enhance the overall information security environment. The information security management measures implemented by the Company include the following:

Items	Explanation	Related measures
Authority administration	Personnel account, authority management, system operation	Please complete the "Authority Network Request Form" will be automatically sent to the IT Department for creation of an account upon approval of the related supervisor.
Cyber Threat Protection	Defense against internal and external network attacks	An external network firewall is built, and each computer is equipped with a central version of anti-virus software to automatically update virus patterns.
System availability	Upgrade the availability of the primary system and measures to be taken in case of service interruption	Software and hardware maintenance contracts are signed each year, and system restoration drills are conducted at least once a year.

In light of the increasingly severe cybersecurity challenges, Right Way Industrial conducts routine cybersecurity awareness campaigns via email for all employees. In 2023, we executed a social engineering exercise, achieving an email open rate of 7.4%, a link click rate of 2.7%, and an attachment opening rate of 2.4%. Following the exercise, we provided additional cybersecurity training to employees. Every October, we perform remote server backup tests and restoration drills. In December 2023, we successfully implemented EDR (Endpoint Detection and Response). Moving forward, we will continue to enhance our management practices.

In the event of an information security incident, Right Way Industrial has established a cybersecurity reporting procedure, and the reporting and handling of the information security incident shall be carried out in accordance with the requirements for the procedure. There were no major information security incidents during the reporting year.

Operational Procedures for Reporting Hazardous Cyber Security Incidents and Emergency Response



5. Other Environmental Issues

5-1 Environmental Policy

Right Way Industrial Co., Ltd. is a manufacturer of high-quality castings and forgings for the automotive industry and other industries. The Company continues to improve the ESH performance by preventing environmental pollution, predicting dangers and eliminating disasters, and protecting employees' physical and mental health. In order to achieve a healthier environment, Right Way Industrial spares no effort to fulfill its social responsibilities and achieve the goal of sustainable operations. We are committed to the following principles to implement the ESH management system:

1. Compliance: Comply with all applicable ESH regulations and other requirements.
2. Risk management and control: Promote the ESH management system and risk management improvement measures, and implement the ESH risk control to strengthen risk control.
3. Energy conservation and waste reduction: Cherish all assets and energy, improve the efficiency of pollution prevention, promote industrial waste reduction, and create high-quality green products.
4. Total Involvement: Support workers and stakeholders to consult and participate, and receive appropriate responses and protection.
5. Goal achievement: Ensure the goal is achieved and provide the required resources.
6. Health promotion: Improve the health of all employees through health promotion and management.
7. Continuous improvement: Implement the ESH management system to achieve sustainable operations.

In recent years, in recognition of our sense of responsibility and mission as a global citizen, we have even incorporated the concept of green environmental protection into our development, design and production and manufacturing, and invested great effort in resource utilization, pollution prevention, recycling and waste reduction. Because of such dedication and insistence, Right Way Industrial has become the first manufacturer in the Republic of China to receive the CNS mark from the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs. The Company has also passed multiple international quality certifications, and awarded various certificates of excellence year after year. With a number of product patents, Right Way Industrial has not only established a good reputation and leading position in the industry, but also won the unanimous trust and respect from its customers.

Environmental Management System

The first external certification of the Company's ISO 14001 environmental management system took place in 2002, and the most recent external certification took place on June 12, 2023, which is valid until July 10, 2026.

Relevant routine education and training programs are organized on a regular basis every year. In 2023, 3 person participated in an external environmental course and 3 internal training sessions were arranged and attended by 45 participants.

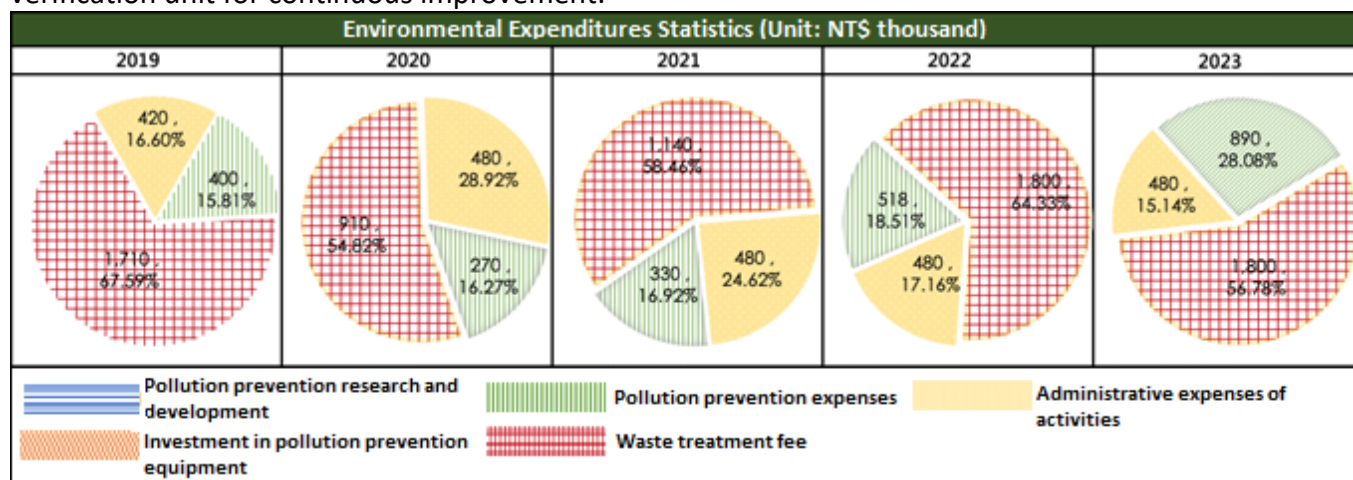
A total of 38 employees of Right Way Industrial have passed the ISO 14001 environmental management system internal auditor training to strengthen the professional function of internal audit and implement the effectiveness of the management system. The following refers to a list of environmental management related courses held in 2023.

Item No.	Course name	Class Method	Shift schedule	Hours	Trainees
1	Education and Training in terms of Environment and environmental safety regulations	Internal Hiring	1	2	All departments
2	Education and training on air pollution control equipment operation and emergency response handling	Internal Hiring	1	1	Casting Section, Anode Treatment Personnel

3	Education and training on wastewater control equipment operation and emergency response handling	Internal Hiring	1	1	Anode Treatment Personnel
4	2023 Annual Promotion of Regulations of Stationary Pollution Sources and Air Pollution Fee	External Employment	1	2	Environmental safety specialist
5	2023 Fugitive Granular Pollution Management Measures Education and Training	External Employment	1	6	Environmental safety specialist
6	Regulations on businesses subject to water pollution prevention and control	External Employment	1	3	Environmental safety specialist

Environmental Protection Expenditure

In order to avoid possible environmental pollution caused by pollutants during factory operations, energy conservation and carbon reduction, waste disposal, pollution prevention equipment, etc., are evaluated and included in the environmental protection expense item. In 2023, a budget has been prepared for the implementation of the greenhouse gas inventory plan, including further improving the replacement of high-energy-consuming equipment, improving process efficiency and increasing efficiency, and reducing carbon emissions. Integrate the ISO 14001 environmental management system with the GHG inventory business proactively, and plan the annual GHG inventory (ISO 14064-1) by an external verification unit for continuous improvement.



GHG Emissions

In recent years, carbon emission management has become one of the important issues in corporate operations. Therefore, Right Way Industrial launched a greenhouse gas inventory project in 2022 and established a complete greenhouse gas emissions inventory based on the ISO 14064-1:2018 organizational greenhouse gas inventory standard. Inventory and conduct inventory of greenhouse gas scope 1 and scope 2. In 2024, a third-party notary unit verification will be carried out, and the year and result after verification will be set as the base year and base value to ensure the accuracy and reliability of the greenhouse gas emissions inventory. Based on this, the reduction situation will be reviewed and the management policy will be revised on a rolling basis.

Greenhouse Gas Inventory Report Boundaries

The reporting boundary of this inventory is defined in accordance with ISO14064-1:2018 and is the combination of greenhouse gas emissions reported within the organization's boundaries and significant indirect emission sources arising from the organization's operations and activities, including the identification of direct and indirect greenhouse gases related to the organization's operations. Emissions and removal sources, however, the results of this inventory did not involve direct or indirect greenhouse gas removal sources. Therefore, the reporting boundaries are unified and only use greenhouse gas

emission sources to explain, and the relevant assessment and impact of greenhouse gas sinks will not be discussed for the time being. The types of greenhouse gases covered by the greenhouse gas inventory refer to the latest Intergovernmental Panel on Climate Change (IPCC) assessment report, which may produce CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ and other appropriate greenhouse gas groups (HCFCs... etc.) are included in the identification scope. According to the results of this emission source identification, the company didn't have PFCs, SF₆, NF₃ and other greenhouse gas emission types, while other greenhouse gas groups include HCFCs, CFCs and other types.

The organizational boundaries of this greenhouse gas inventory are defined in accordance with ISO14064-1:2018 and adopt the "operational control method".

Site	Operation base description	Inventory	Convinced	Exclude
Parent company	Right Way Industrial Co.,Ltd.	●	●	
Subsidiaries	Right Way Industrial (Malaysia) Sdn. Bhd.	●	●	

GHG emissions

The calculation of greenhouse gas emissions mainly uses the "emission coefficient method" or the "mass balance method" to quantify the types of greenhouse gases emitted by each greenhouse gas emission source and convert them into units of carbon dioxide equivalent per ton (tCO₂e) through the GWP value. The GWP value quoted in this inventory is the GWP-100 value published in the IPCC Sixth Assessment Report (AR6). The sources of emission coefficients cited mainly refer to Taiwan's "Ministry of Environment Emission Coefficient Management Table Version 6.0.4" and its original coefficients listed in the "2006 IPCC Guidelines for National Greenhouse Gas Inventories". For some emission sources, local calorific values are converted to local coefficients. The electricity emission factor is based on the 2023 electricity emission factor published by the Energy Bureau, which is 0.494 tons of CO₂e per megawatt-hour.

In the scope of Right Way Group's 2023 inventory, the greenhouse gas emissions within the organizational boundary are as follows: Scope 1 is 1,484.8907 metric tons of CO₂e (accounting for 21% of total emissions), and Scope 2 is 5,749.0115 metric tons of CO₂e (accounting for 79% of total emissions), totaling 7,233.9022 metric tons of CO₂e. Among these, Right Way Industrial's Taiwan facility has Scope 1 emissions of 577.6181 metric tons of CO₂e (accounting for 20% of total emissions), while Scope 2 emissions are 2,256.1968 metric tons of CO₂e (accounting for 80% of total emissions), totaling 2,833.8149 metric tons of CO₂e (accounting for 39% of total emissions). Right Way Industrial's Malaysia facility has Scope 1 emissions of 907.2726 metric tons of CO₂e (accounting for 21% of total emissions), and Scope 2 emissions of 3,492.8147 metric tons of CO₂e (accounting for 79% of total emissions), totaling 4,400.0873 metric tons of CO₂e (accounting for 61% of total emissions). The relevant emissions and their proportions are shown in the table below:

GHG emissions	tCO ₂ e					
Site	Scope 1 emissions		Scope 2 emissions		Total emissions	
Right Way Industrial Co.,Ltd.	577.6181	20%	2,256.1968	80%	2,833.8149	39%
Right Way Industrial (Malaysia) Sdn. Bhd.	907.2726	21%	3,492.8147	79%	4,400.0873	61%
Total emissions	1,484.8907	21%	5,749.0115	79%	7,233.9022	100%

According to the emission source identification results of this greenhouse gas inventory, the individual greenhouse gas emissions and intensity of Right Way Industrial in 2023 are as follows. The emission intensity of Category 1 is 0.6158 metric tons CO₂ e/NT\$ million, and that of Category 2 is 2.4052 metric tons CO₂ e/NT\$ million. The total emission intensity is 3.0210 metric tons CO₂ e/NT\$ million.

Year	Scope 1 emissions (metric tons CO ₂ e)	Intensity of Scope 1 (tCO ₂ e / NT\$ million)	Scope 2 emissions (metric tons CO ₂ e)	Intensity of Scope 2 (tCO ₂ e / NT\$ million)	Total emissions (metric tons CO ₂ e)	Intensity of total emissions (tCO ₂ e / NT\$ million)
2022	606.0821	0.6461	2,631.2220	2.8050	3,237.3041	3.4511
2023	577.6181	0.6158	2,256.1968	2.4052	2,833.8149	3.0210

Note : Scope 1 or 2 emission intensity of the parent company = Scope 1 or 2 emissions of the parent company / operating income in individual financial reports.

GHG emissions data by type (metric tons CO ₂ e)		
GHG type	2022年	2023年
CO ₂	551.50	431.49
CH ₄	2.98	23.38
N ₂ O	0.76	1.12
HFCs	28.85	30.11
PFCs	-	-
SF ₆	-	-
Others	7.67	91.51

Base year

Right Way Industrial chose the year when the "ISO14064-1:2018" standard was first used for greenhouse gas inventory and was externally verified by an independent third-party unit as the inventory base year, so it was set as 2023. If affected by national or group policies in the future, the principles for establishing the base year will be reviewed in a timely manner. The total greenhouse gas emissions within the organization's boundaries in 2023 are 7,233.9022 metric tons of CO₂e, and this is set as the base year emissions. In the future, if there is no change in the base year, the emissions will be compared with the base year year by year to understand the changing trend of the company's emissions and serve as the basis for future review and improvement.

External verification

The 2023 greenhouse gas inventory results of Right Way Industrial (Taiwan) and Right Way Industrial (Malaysia) Sdn. Bhd. were commissioned by a third-party inspection unit, SGS (Taiwan) to perform external verification from April 15, 2024 to May 06, 2024. The agreed guarantee levels are reasonable guarantee level for factory sites in Taiwan, Category 1 and 2, and limited guarantee level for factory sites in Malaysia, with the materiality threshold set at 5%.

The verification of other indirect emission sources in Categories 3 to 6 under the external verification contract agreed with SGS is limited assurance level. This greenhouse gas inventory operation did not identify significant indirect emission categories other than Category 2, so there is no calculation of greenhouse gases in Category 3 to 6. Gas emissions.

Greenhouse gas reduction targets

As an energy user, 99% of greenhouse gas emission sources are purchased electricity and natural gas. Every year, we save 1% of electricity in accordance with the energy conservation goals and implementation plans set by energy users, and proactively introduced ISO14064-1:2018 in 2023. Conduct the first inventory of Right Way Industrial's greenhouse gas emissions in 2022, establish basic capabilities such as emission source identification, quantification, and management, and understand Right Way Industrial's situation in greenhouse gas management. In the future, we will also plan to achieve a greenhouse gas reduction target of 1% per year in line with the energy saving goal. In order to avoid possible environmental pollution caused by pollutants during factory operation, energy conservation and carbon reduction, waste cleaning, pollution prevention and control equipment, etc. are evaluated and included in environmental protection expenses. In 2023, a budget was prepared to implement a

greenhouse gas inventory plan, including further improvement of the replacement of high-energy-consuming equipment, process improvement to increase efficiency, and reduction of carbon emissions. Actively integrate the ISO 14001 environmental management system and greenhouse gas inventory business, and then plan to conduct annual greenhouse gas inventory (ISO 14064-1) through external verification units to continue improvement activities.

Greenhouse gas reduction measures and internal performance tracking

In the future, Right Way Industrial will plan management measures that can appropriately reduce or prevent greenhouse gas emissions based on the annual inventory results and goals.

Greenhouse Gas Emissions Reduction and Removal Increment Plan

Right Way Industrial currently does not purchase or participate in greenhouse gas emission reduction and removal incremental programs that can obtain offset credits.

Biodiversity

The Site of Right Way Industrial is located on habitats that are not under protection or restoration and are not areas of high biodiversity value. The manufacturing activities, emissions, and waste required for the operation all comply with the legal requirements, and there are no incidents that endanger the natural ecology or species, nor do they cause changes to the natural ecology. Appropriate planting and greening have been carried out inside the factory to make the factory premises of Right Way Industrial am more natural and ecological.

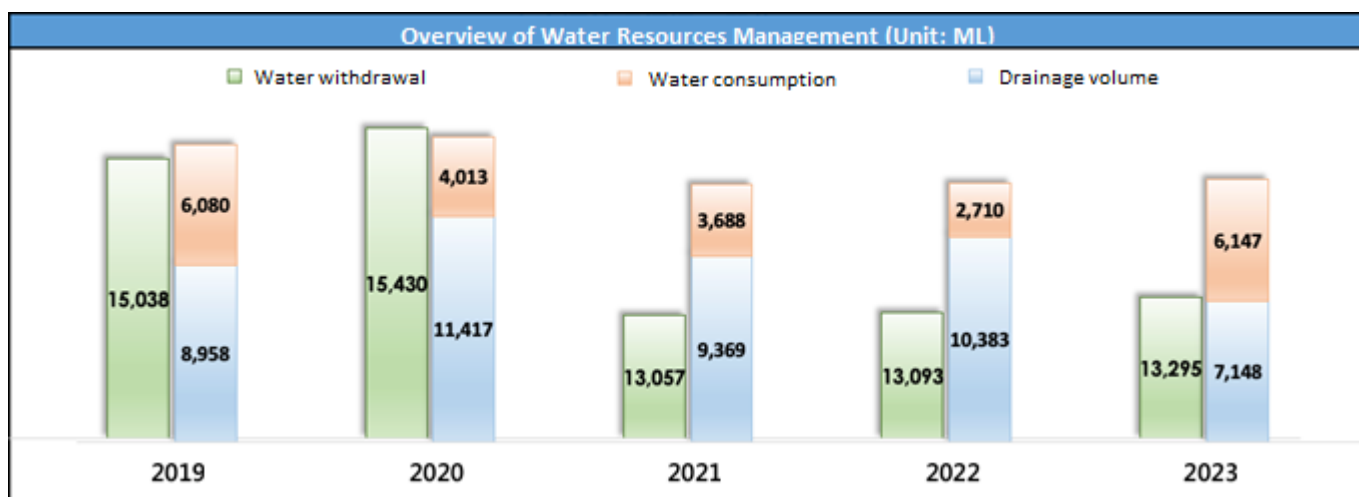
5-2 Water Resource Management

Water Withdrawal Information

All water drawn by Right Way Industrial is the Taiwan Water Corporation and the source of water is the Tsengwen Reservoir. According to the WRI water resource risk analysis, Tainan is not an areas of water stress. Meanwhile, as a professional manufacturer of vehicle parts casting and processing, it is a secondary processing industry without high pollution. It is equipped wastewater treatment and dust collectors for pollution source prevention, and strengthens the supervision of environmental protection personnel based on on-site operations. Professional training and equipment operation skills are entrusted to an EPA-approved testing organization for unscheduled inspections. Therefore, with proper prevention and control engineering treatments, it fully meets the emission standards required by the EPA.

Water Discharge Management

Upon approval of the competent authority, the wastewater shall be discharged in accordance with the "Effluent Standards for Metal Surface Treatment Industries," with a chemical oxygen demand (COD) of 100mg/l and a suspended solids concentration of (SS) is 30mg/l, and the pH value is 6 to 9. Right Way Industrial has two wastewater treatment equipment units that are inspected twice a year for sedimentation, stratification neutralization, and removal of suspended solids. Discharge outlets are equipped with daily water meters, and the wastewater is tested by a qualified inspection company. The regulations and standards for discharged water are more stringent, and 9 major metals must be inspected. The discharged water quality complies with laws and regulations, and the Environmental Protection Administration regularly tests the quality of wastewater at discharge outlets. No violations were found during the reporting period.

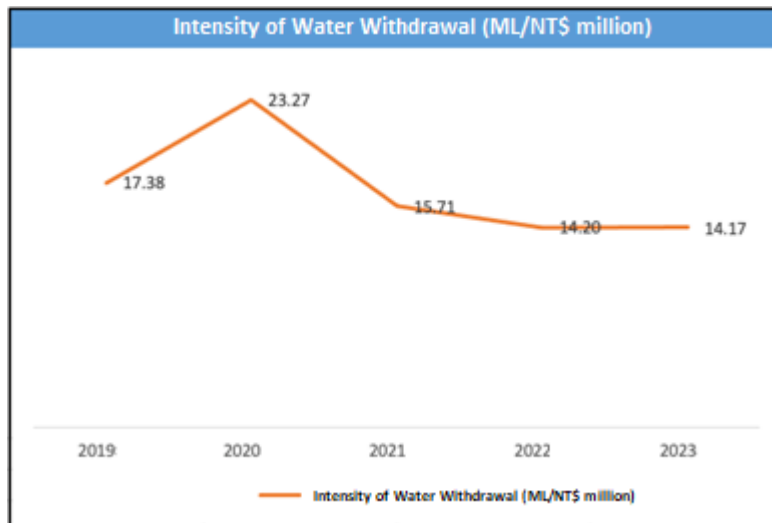


Test Item	Tested Vaule	Testing Unit	Test Item	Tested Vaule	Testing Unit
Declaration of drainage volume	1,434	Cubic meters/declared interval	pH	7.4	
Chemical oxygen demand (mg/L)	39.2	mg/l	Volume of water (CMH)	2	CMH
Water temperature (Celsius)	28.1	Celsius	Oil & Fat	0	mg/l
Fluoride	0.4	mg/l	Ammonia nitrogen	0	mg/l
Arsenic	0.001	mg/l	Nitrate Nitrogen	0.02	mg/l
Dissolved iron	0.2	mg/l	Lead	0	mg/l
Copper	0.07	mg/l	Zinc	0	mg/l
General network	0	mg/l	Nickel	0.05	mg/l
Suspended solid (mg/L)	23.5	mg/l			

Water Consumption and Conservation Plan

The tap water of Right Way Industrial is primarily applied to the anodization process and cooling water after casting stripping, and then supplies the domestic and drinking water for the Company's employees. The difference between the water withdrawal and drainage volume primarily result from the cooling water tower escape, domestic wastewater, and waste sludge, etc. The use of recycled water accounts for 3.8% of all water consumption. In 2023, the water consumption of Rende Plant was 13,295 metric tons/year. The recycled water

consumption of cooling towers is 30 metric tons/day, for 240 days per year. The capacity of the recovery pool is 10 metric tons. In terms of water use, Right Way Industrial is equipped with the water recycling facilities, and the recycling rate is about 7.1%. The Company continues to implement various water-conservation measures, including leak testing to improve the water loss of pipelines, and water-conservation valves installed in toilets to reduce the water supply. In 2022, the Company will continue to implement the water-conservation measures that have been implemented, in order to make contribution to water conservation.



5-3 Air Pollution Control

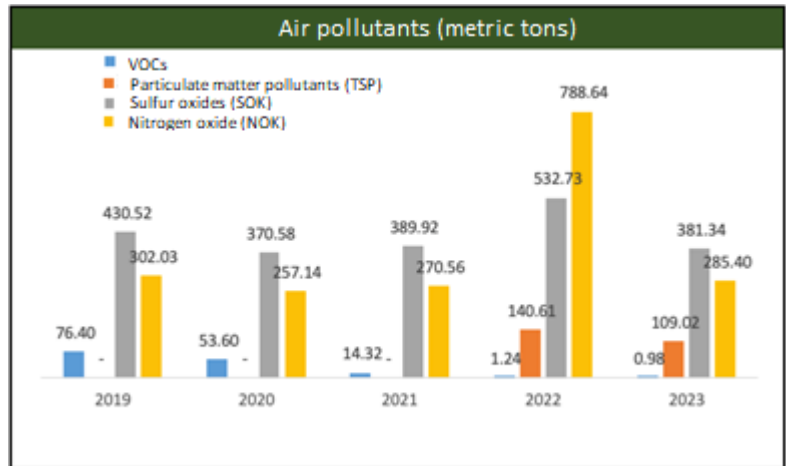
Air Pollution Management

The overall types of air pollution of Right Way Industrial are VOCs, TSP, NOx and Sox. In order to comply with the environmental protection laws and regulations, such as the “Regulations for the Reporting and Management of Air Pollutant Emissions from Fixed Pollution Sources of the Company,” Right Way Industrial calculates the emission of air pollutant according to laws, and regularly discloses the estimated air pollutant emission, consumption of raw materials, fuels and products used in the process

online. According to Article 6 of the Air Pollution Control Act, the frequency of air pollution inspection of Right Way Industrial is once every 5 years. All inspections are conducted in accordance with the relevant regulations.

In 2023, among the air pollutants reported by Right Way Industrial, the emission of volatile organic compounds (VOCs) was 0.98 metric tons, TSP 109.02 metric tons, SOx 381.34 metric tons, and NOx 285.4 metric tons, i.e. 776.74 metric tons in total. Air pollutants are mainly generated by the casting and sand blasting processes. The Company has installed qualified air pollution prevention and control equipment in accordance with laws. Replacement of filtration consumables and regular inspections once every 5 years are committed to reducing pollutant concentrations to meet the air pollution standards. There were no violations found in 2023.

Applied for license extension for M04 sandblasting process in 2023, and the other parts remain unchanged.



6. Other Social Issues

6-1 Talent Attraction and Retention

Talent Employment Policy

Right Way Industrial not only serves our customers, but also our employees. We recognize and reward the efforts and outstanding performance of our employees, and provide continuing education and learning opportunities for our team members. Based on the concept of humanized management and profit sharing, Right Way Industrial implements a human resource management system driving incentives, growth, and achievement, and invites outstanding talents from different fields to join Right Way Industrial and work together to make both parties' dream come true.

The employment principles are stated as following:

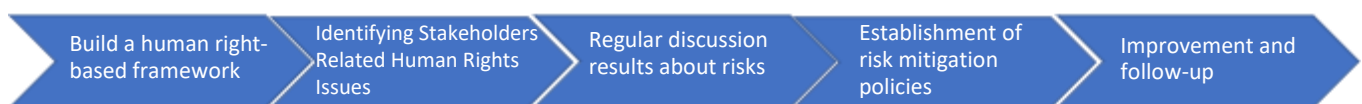
The Company prohibits discrimination in employment. At the time of employment, it will not discriminate employees based on race, class, language, ideology, religion, political affiliation, nationality, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, disability, zodiac sign, blood type or any trade union membership, unless otherwise provided in laws.

Respect the workers' human rights, freedom of religion and freedom of association, prohibit forced labor, abuse, verbal bullying, corporal punishment, harassment and other inhumane behaviors. Employees are provided with equal talent development, education and training. If an employee is treated unfairly in the workplace, such as workplace bullying or workplace sexual harassment, the work rules shall apply.

Right Way Industrial respects and supports internationally recognized human rights norms and principles, including the "Universal Declaration of Human Rights," "United Nations Global Compact" and "Declaration of Fundamental Principles and Rights at Work" of the International Labor Organization. The Company complies with the laws applicable within the jurisdiction where the Company is located, and formulates the human rights policies in accordance with the "United Nations Guiding Principles on Business and Human Rights," in order to perform the human rights-related education and training for all employees, promoting diversity and gender equality in the workplace and begin planning the human right risk assessment.

New employees, including migrant workers, must submit personal identification documents for age verification when reporting to ensure that the company does not use child labor. The documents submitted can be retrieved at any time by application if necessary. The recruitment fee for hiring foreign migrant workers is charged by the agency company that the company cooperates with, and the company pays for the migrant workers' accommodation and legal employment security fees.

Identification and Evaluation Process



Working hours policy

The working hours of Right Way Industrial are mainly 40 hours per week, and overtime is handled in accordance with the Labor Standards Law.

Employee Diversity

Right Way Industrial expects itself to become a professional global leader in lightweight metal forming. We are always looking for capable and motivated talents to meet the different needs from customers. We have been able to successfully operate for more than 50 years because of the hard work and dedication of each colleague. Employees are the Company's largest assets. We strive to attract, train and retain the best talents, provide a challenging and good working environment.

All employees of Right Way Industrial are over 18 years old. A majority of the employees are 31~50 years old, accounting for 61.25% of the total employees. Employees under the age of 30 years old account for about 14.76%, and employees over the age of 51 years old account for about 23.99%. Therefore, all of them form a young and middle-aged team. By gender, male employees account for about 66.05% and female employees account for about 33.95%. Most male employees are working at the production line, while most female employees are working in the office. The number of foreign migrant workers was 41 as of the end of 2023.

Total Number of Employees Over the Years (by gender)		2019	2020	2021	2022	2023
Number of People	Female	118	81	89	82	92
	Male	211	153	153	166	179
	Total	329	234	242	248	271
Percentage	Female	35.87%	34.62%	36.78%	33.06%	33.95%
	Male	64.13%	65.38%	63.22%	66.94%	66.05%
Total Number of Employees Over the Years (by age)		2019	2020	2021	2022	2023
Number of People	Under 30 years old	32	17	26	32	40
	31~50 years old	180	142	143	149	166
	Over 50 years old	117	75	73	67	65
	Total	329	234	242	248	271
Percentage	Under 30 years old	9.73%	7.26%	10.74%	12.90%	14.76%
	31~50 years old	54.71%	60.68%	59.09%	60.08%	61.25%
	Over 50 years old	35.56%	32.05%	30.17%	27.02%	23.99%

100% of senior executives of Right Way Industrial are local residents. Male managerial positions account for about 73.86%, and female managerial positions account for about 26.14%. Male non-managerial positions account for about 62.3% , while female non-managerial positions account for about 37.7%. Right Way Industrial takes care of disadvantaged personnel, and hires 4 persons with disabilities, including 1 female and 3 male workers. Labor contracts are primarily indefinite, and all employees are full-time workers. The Trade Union of Right Way Industrial has communicated with the Company for many times. In order to consider the employment cost and protect the rights and interests of employees as full-time workers, the job vacancy shall be primarily filled up by migrant workers or workers recruited externally. No staffing is required for the time being.

		2019	2020	2021	2022	2023
Senior (Level 1) managers	Female	-	-	-	1	1
	Male	4	4	4	1	1
Middle managers	Female	3	3	3	3	5
	Male	11	8	7	7	10
Basic (junior) managers	Female	23	19	18	18	17
	Male	53	50	49	49	54
Professionals	Female	30	25	25	26	39
	Male	41	30	26	23	33
Direct employees	Female	62	34	43	34	30
	Male	102	61	67	86	81

		2019	2020	2021	2022	2023
Senior (Level 1) managers	Under 30 years old	-	-	-	-	-
	31~50 years old	-	-	1	-	-
	Over 50 years old	4	4	3	2	2
Middle managers	Under 30 years old	-	-	-	-	-
	31~50 years old	6	5	5	8	13
	Over 50 years old	8	6	5	2	2
Basic (junior) managers	Under 30 years old	1	1	1	1	1
	31~50 years old	50	50	49	48	53
	Over 50 years old	25	18	17	18	17
Professionals	Under 30 years old	4	5	6	5	12
	31~50 years old	42	31	29	32	45
	Over 50 years old	25	19	16	12	15
Direct employees	Under 30 years old	27	11	19	26	27
	31~50 years old	82	56	59	61	55
	Over 50 years old	55	28	32	33	29

		2019	2020	2021	2022	2023
Permanent employees	Permanent employees (irregular) (female)	112	79	73	78	92
	Permanent employees (irregular) (male)	167	134	121	160	179
Temporary employees	Temporary employee (fixed-term contract) (female)	6	2	16	4	-
	Temporary employee (fixed-term contract) (male)	44	19	32	6	-
Employees with non-guaranteed hours	Employees without guaranteed hours (female)	-	-	-	-	-
	Employees without guaranteed hours (male)	-	-	-	-	-
Dispatched personnel	Dispatched personnel	15	20	-	-	-
Full-time employees	Full-time employee (female)	118	81	89	82	92
	Full-time employee (male)	211	153	153	166	179
Part-time employees	Part-time employee (female)	-	-	-	-	-
	Part-time employee (male)	-	-	-	-	-

Orientation for New Recruits

Right Way Industrial has designed the “New Hire Orientation Checklist” for new hires. After reporting on for duty, each new employee shall first conduct work safety education, and the unit supervisor will assign a facilitator to help new employees understand the Company’s safety, quality, company policies, employee rights and interests, company introduction, internal procedures, etc., and then conduct training and performance evaluation for individual departments.

Within three months upon the on-board, the HR unit will organize general education and training for newcomers, introducing the Company's core values, products, and processes, in order to enable them to have a comprehensive knowledge about the Company. Each unit supervisor conducts functional inspections based on the different duties to be performed by each employee, strengthen the defective training and gradually enrich various professional knowledge and skills, and record the training date and time, trainer, and training evaluation results. For the following grades: I: Beginner, L: Familiar, U: Can operate independently, O: Can be instructed. The same shall be submitted to relevant department head for approval to confirm the effectiveness of the training and the training results will be used as the basis for new employee evaluation. The evaluation shall begin one month prior to the expiration date of the probationary period. The probation period is 90 days, and the evaluation period for department heads will be extended. The evaluation procedure for new recruits is included in the labor contract, and 100% of the employees shall go through the performance result.

Employee Turnover

Right Way Industrial recruited 67 new employees in 2023, and 46 of them resigned, including 3 retirees, and 40 resigned voluntarily. The turnover rate in 2023 was 16.97%, and the average turnover rate in the past 5 years was 26.06%. When employees apply for resignation, their supervisors and HR will conduct exit interviews to understand the reasons for the employees' resignation, assess or approve the application, issue a resignation procedure contact form and a computer file retention checklist, and implement job handover and departure procedures. The HR unit gathers monthly statistics on the severance rate and reports them to the management meeting.

The reasons for resignation in 2023 were analyzed and categorized: personal factors 88.36%, salary and welfare-related 2.33%, others 2.33%, and retirement planning 6.98%. The Company has analyzed and improved salary and welfare, and made a salary adjustment in January 2023 by 6% - 8%, and a significant decrease in the severance rate compared to the same period last year.

		2019	2020	2021	2022	2023
New employees	Female	10	5	20	11	20
	Male	22	7	17	43	47
	Total	32	12	37	54	67
Resigned	Female	13	43	20	22	10
	Male	65	64	37	35	36
	Total	78	107	57	57	46
Employees who resigned voluntarily	Female	13	21	19	21	8
	Male	60	41	31	31	35
	Total	73	62	50	52	43
		2019	2020	2021	2022	2023
New employees	Under 30 years old	19	3	12	18	16
	31~50 years old	11	7	17	34	50
	Over 50 years old	2	2	8	2	1
Resigned	Under 30 years old	34	28	11	16	9
	31~50 years old	35	44	37	23	34
	Over 50 years old	11	35	9	18	3
Employees who resigned voluntarily	Under 30 years old	38	24	10	16	8
	31~50 years old	24	24	33	21	32
	Over 50 years old	11	14	7	15	3

		2019	2020	2021	2022	2023	5 years average
New employee rate	Female	8.47%	6.17%	22.47%	13.41%	21.74%	14.29%
	Male	10.43%	4.58%	11.11%	25.90%	26.26%	15.78%
	Total	9.73%	5.13%	15.29%	21.77%	24.72%	15.26%
Turnover rate	Female	11.02%	53.09%	22.47%	26.83%	10.87%	23.38%
	Male	30.81%	41.83%	24.18%	21.08%	20.11%	27.49%
	Total	23.71%	45.73%	23.55%	22.98%	16.97%	26.06%
Voluntary resignation rate	Female	11.02%	25.93%	21.35%	25.61%	8.70%	17.75%
	Male	28.44%	26.80%	20.26%	18.67%	19.55%	22.97%
	Total	22.19%	26.50%	20.66%	20.97%	15.87%	21.15%
		2019	2020	2021	2022	2023	5 years average
New employee rate	Under 30 years old	59.38%	17.65%	46.15%	56.25%	40.00%	46.26%
	31~50 years old	6.11%	4.93%	11.89%	22.82%	30.12%	15.26%
	Over 50 years old	1.71%	2.67%	10.96%	2.99%	1.54%	3.78%
Turnover rate	Under 30 years old	106.25%	164.71%	42.31%	50.00%	22.50%	66.67%
	31~50 years old	19.44%	30.99%	25.87%	15.44%	20.48%	22.18%
	Over 50 years old	9.40%	46.67%	12.33%	26.87%	4.62%	19.14%
Voluntary resignation rate	Under 30 years old	118.75%	141.18%	38.46%	50.00%	20.00%	65.31%
	31~50 years old	13.33%	16.90%	23.08%	14.09%	19.28%	17.18%
	Over 50 years old	9.40%	18.67%	9.59%	22.39%	4.62%	12.59%

Transfer Mechanism

In order to develop the careers of our employees in a balanced manner, Right Way Industrial has an internal transfer mechanism in place. When an internal position is vacant, an internal announcement will be issued internally to recruit the talent for the position. A survey on reassignment will be issued in November each year. The questionnaire is processed confidentially and sent to the General Manager for review, in order to properly arrange the employees' career development.

Performance Appraisal

Right Way Industrial conducts the performance evaluation twice a year. Vice General Manager and above, and the chairman of the labor union are exempted from the evaluation. The performance evaluation shall be conducted on the rest of employees, regardless of gender, and distribute the grade subject to each department's performance. Meanwhile, at the end of the performance evaluation, it

performs the performance interview with the employees whose performance is rated as C to demand that they should make improvement, or eliminate weak ones.

Remuneration System

Right Way Industrial adopts the principle of equal pay for equal work. The salary of employees depends on their education background, experience, professional ability, and work performance. No discrimination based on gender, religion, race, nationality and political affiliation, etc., will take place. The pay and labor conditions are guaranteed to fully comply with local labor laws and international human rights standards. The starting salary for the most entry-level employees, who are natives, without relevant work experience is NT\$27,000, regardless of gender, which is 1.02 times the base pay, NT\$26,400, under the Labor Standards Act in 2023. The annual raise is set subject to the business performance and individual performance. The more outstanding performance is, the higher raise is, in order to achieve the incentive effect. The average raise has been 1%~3% in recent years. In 2023, made a salary adjustment in January by 6% - 8% to strengthen its competitiveness in the labor market. Salaries are paid on the 5th of every month. If there is a holiday, they will be paid in advance. There was no delay or failure to pay during the reporting year.

Remuneration Category		Basic salary		Basic salary plus remuneration	
Gender		Female	Male	Gender	Female
Supervisors other than Level 1 supervisors		0.96	1		1
Non-managerial officers		1.01	1		1

Salary of full-time non-managerial employees (NT\$ Thousand)

Year	2019	2020	2021	2022	2023
Average number of employees	343	281	222	220	257
Average salary	468	479	521	550	562
Median salary	425	426	466	518	508

Employee Benefits

In 2023 we distributed New Year's Eve vouchers worth NT\$2,000 per person, and allocated funds to assist various departments in organizing New Year meals to comfort grassroots employees. The benefits enjoyed by Right Way Industrial employees are divided into six categories: health, living, festivals, insurance, learning, and seniority, such as life insurance, medical insurance, disability insurance, employer liability insurance, parental leave, retirement system, and employee shareholding, etc. The benefits that are superior to those provided under law include long-term bonus, annual diligence bonus (multiple times of 5 years), free Chinese food & overtime meal, employee travel, and model employee.

Items	Right Way Industrial's benefits measures
Health	Health education and care for workers, monthly on-site doctor consultations, and annual health checkups.
Daily life	Supply of lunch and overtime meals without charge, wedding gift money, funeral funds, merchants, contracted kindergartens, and employee trips.
Festivals	Lunar New Year gift money, Dragon Boat Festival gift money, Mid-Autumn Festival gift money and gifts, and birthday gifts
Insurance	Labor and health insurance, group insurance, employer liability insurance
Learning	Labor education and training, professional skills training
Seniority	Long-term bonus, annual diligence bonus (multiple times of 5 years), and model employee

Pension System

Employees who may apply the “Labor Pension Act” shall contribute 6% of the monthly salary to their personal pension account established by the Bureau of Labor Insurance. Employees may voluntarily contribute 0% to 6% as the monthly pension fund according to their wishes. The pension funds are allocated to individual pension accounts, and the voluntary contributions of employees may be fully deducted from the total comprehensive income of the year.

Unit: NT\$ thousand	
Present value of defined benefit obligation	94,672
Fair value of planned assets	(97,119)
Net defined benefit assets	2,447
Net defined benefit liabilities	0

Meanwhile, the “Labor Standards Act” may apply. 5% of the employee's total salary is appropriated on a monthly basis as the pension fund and deposited in a special account in the name of the Labor Retirement Reserve Supervisory Committee of Right Way Industrial Co., Ltd. The Retirement Reserve Fund Supervisory Committee shall pay the pension in accordance with laws after deliberation at the meeting.

Childcare Leave

Right Way Industrial implements a childcare leave without pay system in accordance with the “Act of Gender Equality in Employment.” In 2023, no employee applied for the leave, 1 employee expected to be reinstated, and 1 employee was actually reinstated, and the reinstatement rate was 100%. One employee was reinstated in 2022, so the retention rate at the anniversary of reinstatement was 100%.

Year	2019		2020		2021		2022		2023	
Gender	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees eligible for unpaid childcare leave in the current year (A)	6	11	9	13	9	9	3	8	2	4
Number of employees applying for unpaid childcare leave (B)	3	-	2	-	3	-	1	1	-	-
Number of employees expected to be reinstated in the current year (C)	2	-	1	-	2	-	1	-	-	1
Number of employees reinstated actually (D)	1	-	-	-	-	-	1	-	-	1
Number of active employees within 12 months after reinstatement (E)	1	-	1	-	-	-	-	-	1	-
Reinstatement rate upon expiration of leave without pay (D/C)	50%	-	-	-	-	-	100%	-	-	100%
Retention rate at anniversary of reinstatement (E/D of the previous year)	100%	-	100%	-	-	-	-	-	100%	-

Note 1: The calculation basis of the number of employees eligible for child care leave is based on the number of employees who have worked for 6 months or more and their children have reached the age of 3 in the current year .

Note 2: One female colleague was reinstated in 2018 and she has held the position for one year in 2019.

6-2 Talent Development

Education and Training Planning

Right Way Industrial has a well-established human resource management system upholding “screening, selecting, educating, using, and retaining” principles. It selects suitable talents according to the job description and provides them with sufficient training to enable them to exert their strengths and help us retain good talents. We have established a dedicated education and training unit. New recruits must undergo the orientation training. On-the-job training will be based on the needs of the job and the successor training plan. Education and training on job functions and operational management will be combined with job development to explore the potential of each person. We aim to make the best use of our talents for the effective operation of the organization and the improvement of customer service

quality. HR conducts annual education and training needs survey, job function inspections, special skills and professional certification retro-training each year, and arranges the education and training plan for next year for implementation. It is expected that employees will be able to perform better after receiving sufficient and appropriate education and training. Therefore, we also strive to provide employees with learning motivation to link education and training with the evaluation and promotion systems.

The training materials are also improved based on actual business needs. For example, the HR Committee has added the annual important topics to the education and training materials based on the experience in conducting audit against international automakers.

Some professional operations require professional licenses, such as X-RAYS, cranes, forklifts, environmental safety, labor safety and occupational nurses, etc. We arrange annual plans for professional technicians to receive regular training. Meanwhile, Right Way Industrial organizes business administration-related courses especially for grassroots officers, in order to cultivate their problem analysis and improvement planning capabilities, as well as strengthen internal communication and teamwork cohesion, and achieve sustainable corporate development. We believe that each employee has the most suitable career development. Combining the interests and functions of employees and working with the Company's business development goals, we create a learning culture and stimulate the potential of individuals and the organization. Employees in different professional fields can receive appropriate training to strengthen their professional skills and improve their abilities. Through a variety of learning channels and abundant training resources, each employee can improve their professional capabilities and enjoy self-growth.

Due to the impact posed by the pandemic for the recent three years, in order to avoid cluster infection, it would decrease education and training courses held to avoid the risk of cluster infection. The total number of hours of classes in 2023 was 405 hours, and the training expenditure totaled NT\$444,475.

Education and training expenses over the years	2019	2020	2021	2022	2023
Education and training expenses (NTD)	143,048	227,567	222,128	68,724	444,475
Total number of sessions (echelon)	56	62	44	24	68
Total course hours (hours)	320.5	278.5	152.5	103.5	405.0
Total Training Hours (hours)	982.0	1,506.5	1,547.0	391.5	2,988.5
Total Attendance (Person-time)	340	597	510	102	697
Average training cost per employee (NTD)	434.8	972.5	917.9	277.1	1,640.1
Average Training Hours (hours)	3.0	6.4	6.4	1.6	11.0

		Summary Table of Education and Training Hours					Summary table of average education and training hours				
		2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Education and Training Hours	Senior (Level 1) managers (Female)	-	-	-	-	-	-	-	-	-	-
	Senior (Level 1) managers (Male)	9.0	-	2.0	-	-	2.25	-	0.50	-	-
	Middle managers(Female)	43.5	48.5	71.0	50.5	174.0	14.50	16.17	23.67	16.83	34.80
	Middle managers(Male)	82.0	70.0	168.5	51.0	213.0	7.45	8.75	24.07	7.29	21.30
	Basic (junior) managers(Female)	136.5	241.5	277.0	80.0	530.5	5.93	12.71	15.39	4.44	31.21
	Basic (junior) managers(Male)	133.5	424.0	401.5	115.5	981.0	2.52	8.48	8.19	2.36	18.17
	Professionals(Female)	92.5	125.5	196.0	25.0	399.0	3.08	5.02	7.84	0.96	10.23
	Professionals(Male)	295.0	374.5	214.5	50.5	623.0	7.20	12.48	8.25	2.20	18.88
	Direct employees(Female)	36.5	113.0	57.0	7.0	8.0	0.59	3.32	1.33	0.21	0.27
	Direct employees(Male)	153.5	109.5	159.5	12.0	60.0	1.50	1.80	2.38	0.14	0.74
Statistics on training hours by rank	Senior (Level 1) managers	9.0	-	2.0	-	-	2.25	-	0.50	-	-
	Middle managers	125.5	118.5	239.5	101.5	387.0	8.96	10.77	23.95	10.15	25.80
	Basic (junior) managers	270.0	665.5	678.5	195.5	1,511.5	3.55	9.64	10.13	2.92	21.29
	Professionals	387.5	500.0	410.5	75.5	1,022.0	5.46	9.09	8.05	1.54	14.19
Training hours by gender	Direct employees	190.0	222.5	216.5	19.0	68.0	1.16	2.34	1.97	0.16	0.61
	Female	309.0	528.5	601.0	162.5	1,111.5	2.62	6.52	6.75	1.98	12.08
	Male	673.0	978.0	946.0	229.0	1,877.0	3.19	6.39	6.18	1.38	10.49

6-3 Employee Relations

Employee Communication Channels

In order to achieve effective communication with employees and solve the difficulties encountered by the employees or put forward suggestions, the Company has established a labor-management negotiation mechanism in accordance with the law, and set up a variety of employee communication channels, listen to the employees' voices, and ensure the negotiation rights of all employees, in order to continue improving our practices in a Friendly Workplace. The communication channels of Right Way Industrial are as smooth as in previous years. In addition to the routine promotion, other promotional activities will be conducted when the trade union holds an event to strengthen the mutual understanding of issues between employees and employers. Meanwhile, there were no incidents of discrimination and violations of the freedom of assembly and association in 2023.

Communication channel	Communication method
Company intranet	<ul style="list-style-type: none"> ● Publicity of government decrees
All types of e-mails	<ul style="list-style-type: none"> ● Employee complaint mailbox: Accepting various inquiries, suggestions, and complaints ● Welfare committee opinion mailbox: Accepting various benefits-related suggestions and feedback ● Mailbox for illegal infringement upon the workplace ● Ethical violation reporting mailbox
Other communication channels	<ul style="list-style-type: none"> ● Employee satisfaction survey ● Labor-management meeting ● Welfare committee meeting ● Training for new employees ● Performance interviews between employees and supervisors ● Publicity when the trade union holds an event

Employee Satisfaction Survey

Right Way Industrial conducts employee satisfaction survey every six months. If employee satisfaction level is below 85 points, the General Manager will convene a review meeting. The Management Dept. will propose improvement suggestions based on the issues reported by the employees and submit them to the General Manager for approval. In recent years, most opinions have focused on the raise. The management have promised a comprehensive raise in 2023. In 2023, we conducted two employee satisfaction surveys in 1H and 2H of the year. The average overall satisfaction level in 1H of the year was 90 points, and 88 points in 2H. There were 1 employee feedback cases and a 100% closure rate. No complaints against violations in workplace or violations of the ethical management were received.

Collective Bargaining Agreements

Right Way Industrial has established the Labor Union (Fu-Lao-Zi-Huan-Zi No.1000412577). Meanwhile, the Company will appoint representatives of labors and the management to convene the labor-management meeting periodically pursuant to the Labor Standards Act, and have the Union's members and the management engage in irregular two-way communication meeting. Meanwhile, each employee has executed the indefinite labor contract. The labors and management have executed the collective bargaining agreement (Tainan City Government's approval No.: Nan-Shi-Lao-Zi-Zi No. 1121706151) on December 19, 2023.

Since the Labor Union was established on June 25, 1994, it has been organizing team leaders and cadres training and labor education training from time to time to strengthen the union's organization and labor awareness. Members' proposals or labor-management-related issues are discussed at the meeting. The Company organizes labor education and training for the union members in March and April of each year to strengthen their knowledge of labor issues. It also organizes the union membership meeting in July and August of each year, reviews the execution of the collective bargaining agreement in November and December each year, and makes adjustment based on laws, union's and labor's opinion, and practices. When there is a dispute over the rights and interests of the Company and the union, and both parties fail to reach agreement through negotiation, the union may convene a special meeting. After a majority of the members approve the strike, there must be a cooling-off period of 60 days before the actual strike. 99.57% of Right Way Industrial's employees are unionized. Employees who are not unionized are also entitled to the conditions under the collective bargaining agreement.



Regulations of Right Way Industrial



6-4 Safety and Health

Occupational Health and Safety Management System

Right Way Industrial has set up the Labor Safety Section under supervision of the General Manager, which is exclusively responsible for the formulation and plan management of the Company's ESH management system, as well as the implementation of the ESH management system. There were no safety and health related violations in 2022. Right Way Industrial has established the ISO 45001 Occupational Safety and Health Management System in 2021, covering 100% of the workers working at the Right Way Industrial's headquarters in Taiwan. In response to the establishment of new business departments, it is scheduled to implement third-party external certification procedures in 2025.

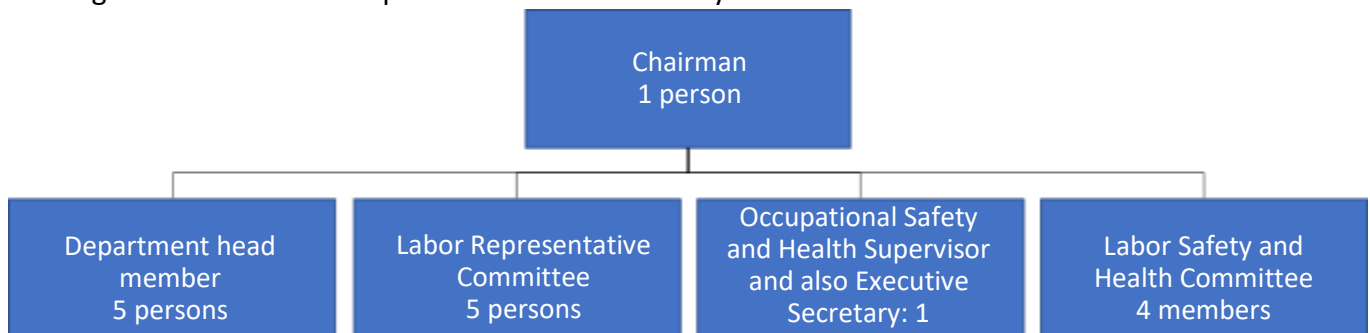
EHS Policy

Legal Compliance
Risk Control
Energy Conservation
and Carbon Reduction
Total Involvement
Goal achievement
Health promotion
Continuous improvement

Occupational Safety and Health Committee

In accordance with the "Regulations Governing Occupational Safety and Health Management," Right Way Industrial has set up an occupational safety and health committee to hold regular meetings, once a quarter. The General Manager acts as the committee chairman. 15 committee representatives and 5 labor representatives (33% of the total members) shall be appointed. It is required by law that labor representatives shall account for at least one-third of the members. The Committee provides employee communication, participation, and consultation on the requirements of the Occupational Safety and Health Act and related matters, tracks the annual Occupational Safety and Health management plan, and reviews the effectiveness of training.

The organization of the Occupational Health and Safety Committee is stated as follows:



Hazard identification, risk assessment and accident investigation

The Safety Section collects the "Safety and Health Hazard Identification and Risk Opportunity Assessment Form" from each department in accordance with the "Hazard Identification and Risk Assessment Management Procedure Book", and conducts safety and health hazard identification with the "Identification and Assessment Team" to identify the anodes of the casting production department. Exposed electrodes of the processing equipment also pose a risk of electric shock to personnel. This risk level reached level 4, so it was included in the "High Risk Matters and Improvement Opportunities Control List" and improvements were implemented to reduce the risk level to level 3.

In response to the start-up of the panel factory, a number of machines and equipment were purchased this year, such as circular saws for wood processing, computer numerical control processing machines, grinding machines, etc. All of them passed the inspection of the Safety Section before entering the factory, and all complied with occupational safety. Regulations for sanitary facilities and safety standards for machinery and equipment.

The results of the annual physical and chemical working environment monitoring projects are all lower than the exposure standards allowed by regulations. We currently maintain existing control

measures and maintain employee health by conducting hazard knowledge courses and implementing the use of personal protective equipment.

When an emergency occurs, the discoverer immediately reports it to the department manager and the notification liaison team. The notification and liaison team is responsible for notifying the plant area or external notifications, so as to activate the emergency response organization personnel to locate and handle the incident.

Notifications of various incidents (such as units/personnel, contact phone numbers) should be broadcast appropriately in the venue in accordance with the prescribed content to avoid panic; when an incident occurs and personnel are required to evacuate from the accident scene, follow the "Emergency Response Team and Work Rights and Responsibilities" "Each group is responsible for their own work tasks, and they must quickly evacuate the scene according to the evacuation route. After arriving at a safe evacuation place outside the factory, the cadres will count the number of people.

In accordance with the provisions of the Enforcement Rules of the Fire Protection Law, fire self-defense group drills are carried out every six months. When necessary, the management department convenes relevant departments to regularly review and revise emergency preparedness and response procedures before the end of the year.

Right Way Industrial complies with the spirit of ISO 45000 to implement hazard identification and risk assessment in the workplace. According to the assessment results, aluminum casting is a high-risk operation, and measures to prevent and mitigate directly related occupational safety and health impacts are formulated based on the assessment results.

When an accident occurs, it can effectively and quickly report, handle and complete the accident investigation. In the accident investigation of Right Way Industrial, the Occupational Safety and Health Committee organizes an investigation team to conduct the investigation on root causes and formulates corrective and preventive measures to ensure the implementation of corrective measures to avoid recurrence of similar accidents.

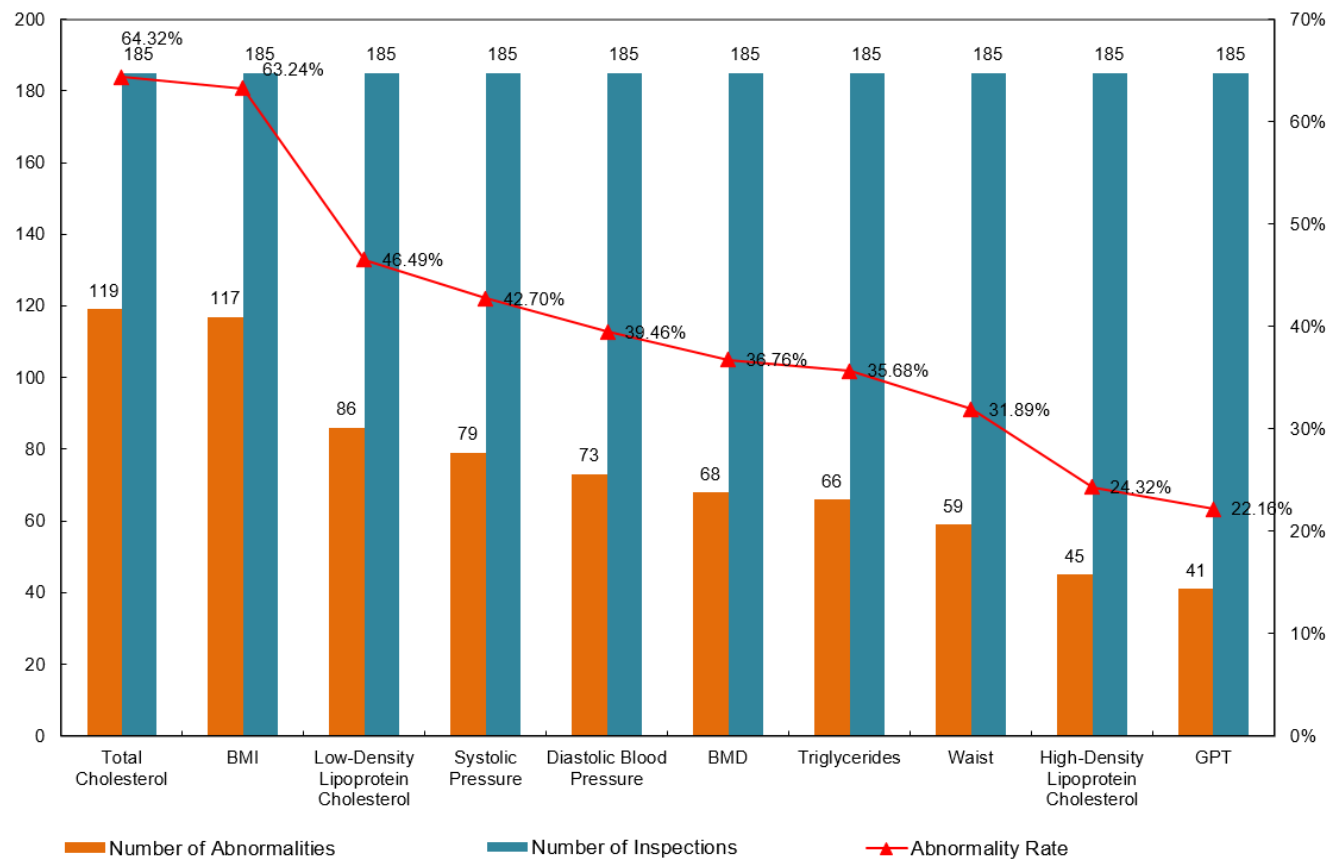
Meanwhile, prevent occupational hazards and protect the safety and health of workers; identify unsafe environments and unsafe behaviors in the workplace through safety inspections, and provide various machinery, equipment or environmental sanitation to make suggestions for improvement, and assist with on-site improvements. In 2023, a total of 12 defective cases were found in the inspection, and improvement proposals were carried out for 10 defect inspections and 6 emergency response drills were conducted.

Occupational health services and health promotion activities

Employees are the Company's important assets. The Company values the employees' health and installs the breastfeeding rooms and AEDs. The factory nurses are full-time and the factory physician comes to the factory premises once every two months to provide health consultation. Health and safety seminars are held once or twice every six months. The health promotion will also be conducted through posters from time to time. Health checkups which are superior than that provided under laws will be conducted once a year. According to the Labor Health Protection Rules, in addition to regular health checkups, annual health checkups shall also be conducted against the workers with special health hazards, especially the special hazardous health operations including noise, dust, high temperature, ionizing radiation and n-hexane operations, etc., in accordance with laws. The number of persons to accept the checkup was 209 in 2023. Less the number of employees who recuperated due to illness or foreign employees who returned home to visit relatives, the total number of persons to accept the checkup became 206. The health checkup report was managed by cardiovascular disease, hyperlipidemia and hyperglycemia under three levels. The second level report refers to an abnormal report requiring health education, and the third level report requiring colleagues to assist in arranging occupational doctor

consultation or assisting in arranging hospital visits and tracking. According to the follow-up report, a total of 68 colleagues were assisted in the consultation with the occupational physician in 2023. Aromatherapy stress relief courses have been implemented in 2022. Next year, stress relief courses and weight loss classes will be encouraged for colleagues with a BMI exceeding the standard to participate, combined with mountaineering clubs and other community activities.

Health checkup report abnormality rate in 2023



The special health checkup for the employees working in a specific area consists of noise, high temperature, dust, ionizing radiation and n-hexane inspections. The report is classified into 4 levels by the organizer, where the Level 1 stands for normal, the Level 2 for verbal or health education, the Level 3 assistance in arrangement of re-inspections. Upon determination of the level, the work will be assigned accordingly. In 2023, a total of 98 persons accepted the checkup. a total of 98 individuals underwent health checkups. Among them, 8 individuals were identified with Level 3 noise-related issues, and 16 individuals with Level 2 high-temperature-related concerns. All of them have sought medical consultation or visited the occupational physician as arranged by the Company.

Occupational Safety and Health Education and Training

To ensure the avoidance of unnecessary occupational hazards, Right Way Industrial effectively implements training and safety promotion. The following refers to the safety and health education and training implemented in 2023. A total of 289 persons were involved in the safety promotion.

Manufacturers entering Right Way Industrial for construction projects or machine maintenance are required to implement safety education and training before entering the factory. In 2023, there were a total of 308 people.

Item No.	Course name	Class Method	Shift schedule	Hours	Person/time	Trainees
1	General safety and health education and training	Internal Hiring	29	3	82	New employees
2	AED	External Employment	1	1	34	The Company's employees
3	Smoking harm prevention and health promotion activities	External Employment	1	1	21	The Company's employees
4	Workplace Stress Relief Aromatherapy	External Employment	1	1	20	The Company's employees
5	Musculoskeletal and illegal assault education and training	External Employment	1	1	24	The Company's employees
6	Healthy plate	External Employment	1	1	19	The Company's employees
7	On-the-job education and training for new employees	Internal Hiring	3	12	42	New employees
8	General Hazard Education and Training	Internal Hiring	1	3	9	The Company's employees
9	Hazard identification propaganda	External Employment	1	2	38	The Company's employees

Occupational Injuries and Diseases

In 2023, there were 11 injuries of the Company and the injured were all of the Company's employees. There were no fatalities, no occupational diseases, and no non-employee accidents during the year. In addition to reporting occupational injury statistics on a monthly basis as required by law, the Company also conducts root-cause analysis and improvement measures for accidents. Re-training on occupational safety for employees is also enhanced to prevent recurrence of the same incident.

The key improvement measures are the correct wearing of personal protective equipment, and the installation of light gates and hazard isolation railings for sheet metal factories. We have also continued to improve the intrinsic safety of special-purpose machines. We have also installed convex mirrors at dangerous points on the moving lines in the factory to increase safety. We have also changed all peripheral lights in the factory to LED lamps to increase night lighting.

On the KIRIU processing machine in the Processing Section of the Casting Production Department, a person mistakenly touched the spindle down button, causing injuries to his fingers. Therefore, the spindle down button and the stop button were exchanged, and a short nozzle air gun was used instead of a long nozzle air gun. Prevent personnel from using nozzles to press the start button, and revise the safety operating standards for KIRIU processing machines so that personnel can operate according to prescribed procedures to avoid recurrence.

The end milling machine in the Iron Parts Processing Section of the Forging Production Department was started by hydraulic pressure due to an abnormal start button. As a result, the personnel's fingers were pinched by the jig when loading and unloading the workpiece. Therefore, a start button was added in series with the original start button. During operation, both hands are required to press the two start buttons to operate the machine. This ensures that personnel can significantly reduce the risk of being pinched by the fixture when loading and placing workpieces and starting operation of the machine.

Employee	2019	2020	2021	2022	2023
Annual work hours	671,264.0	520,496.0	444,008.0	437,984.0	523,048.0
Number of occupational injury fatalities	-	-	-	-	-
Number of serious occupational injuries	-	-	-	-	-
Number of lost working hours due to occupational injuries	1	2	2	3	10
Number of cases with no lost day but work activities restricted/forced to transfer	-	-	-	-	-
Number of injury cases with no lost day and no work activities restricted	-	-	-	-	1
Number of Near Miss	-	-	-	-	-
Number of days for lost working hours	34	40	12	53	162
Number of Total Recordable Incidents	1	2	2	3	11
Average number of employee	343	281	222	220	266

Employee	2019	2020	2021	2022	2023
Occupational injury fatality rate	-	-	-	-	-
Serious occupational injury rate	-	-	-	-	-
Total Recordable Incident Rate (also known as TRIR or LTIR)	0.30	0.77	0.90	1.37	4.21
Lost Work/Restricted Work Rate (DART)	0.30	0.77	0.90	1.37	3.82
Near Miss Frequency Rate (NMFR)	-	-	-	-	-
Lost Workday Rate (LWD)	10.13	15.37	5.41	24.20	61.94
Occupational accident rate	0.003	0.007	0.009	0.014	0.041

6-5 Social Impact

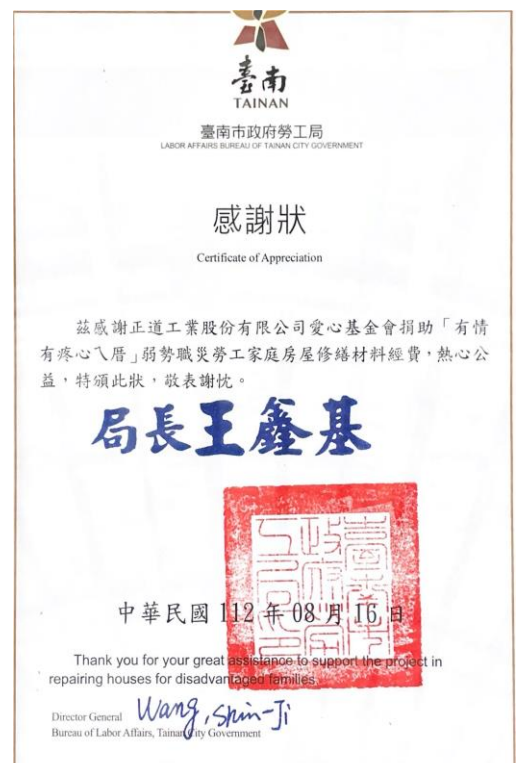
Right Way Industrial sincerely agrees that "honesty" is our basic value, and hopes that the company will become a good corporate citizen with the joint efforts of colleagues. Right Way Industrial's commitment to corporate social responsibility lies in "doing the right thing" for our employees. Right Way Industrial and its employees are committed to giving back to the local community. Through the Charity Club established by employees independently, visits and support to social welfare groups, the company is closer to our community, making Right Way Industrial a more attractive place to live and work.

Right Way Industrial has assessed that the impact of the company's operations on the community has no significant negative impact, and gives priority to hiring talents in the locations where the company operates and promoting community care activities. The specific community participation in 2003 is as follows:

1. We have long-term established good relations with neighboring communities (Dajia Village and Erhang Village, Rende District), sponsored community development associations, patrol teams, etc., and participated in community celebrations such as Mother's Day and Double Ninth Festival. The total amount of sponsorship in 2023 is NT\$18,000.
2. Sponsor important annual religious activities in neighboring communities to express our closeness and good neighborliness. The total amount of sponsorship in 2023 is NT\$36,000.
3. We regularly give candies and cookies to community kindergartens every Christmas to care for the children.
4. Right Way Industrial is located in Rende District, Tainan City, adjacent to Kaohsiung City. 70.85% of employees are from Tainan City and 26.94% are from Kaohsiung City. It fully employs manpower in the location where the company operates. In the past two years, the company has developed a new business - the system cabinet business, increasing local employment opportunities, 36 new employees were hired in 2023.

The Charity Club has continued to donate to the family support center every month for many years, sponsoring the resources needed for the life and study of two children, and providing NT\$100,000 in materials and funds for home repairs for vulnerable families of workers affected by occupational accidents. This move was also praised by the Tainan City Government. Although these are small philanthropic acts performed by the Charity Club with limited resources, they are all heartfelt inputs from colleagues, and the feedback and recognition received make colleagues feel very honored.

Right Way Industrial continues to uphold the business philosophy of giving back to the society, participates in community activities with its employees, and becomes a good neighbor and good partner of the community.



7. Appendix

7-1 GRI Content Index

7-1-1 GRI Statement of Use

Statement of Use	Right Way Industrial Co., Ltd. has reported the information in reference to that quoted in the GRI Content Index from January 1, 2022 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundations 2021

7-1-2 GRI 2: General Disclosure 2021

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
The organization and its reporting practices					
2-1	Detailed information of the organization	1	About Right Way Industrial	14	
2-2	Entities included in the organization's sustainability reporting		About the Report	3	
2-3	Reporting period, frequency, and contact person		About the Report	3	
2-4	Restatement of information		About the Report	3	
2-5	External Assurance/Assurance			97	
Activities and workers					
2-6	Activities, value chains, and other business relationship	1-3	Overview of operations	19	
2-7	Employee	6-1	Talent attraction and retention	65	
2-8	Workers who are not employees	6-1	Talent attraction and retention	65	
Governance					
2-9	Governance structure and composition	4-1	Corporate Governance	43	
2-10	Nomination and selection of the highest governance body	4-1	Corporate Governance	43	
2-11	Chair of the supreme governance body	4-1	Corporate Governance	43	
2-12	The role of the highest governance body in overseeing the management of impacts	4-1	Corporate Governance	43	
2-13	Person in charge of impact management	4-1	Corporate Governance	43	
2-14	Highest governance body's role in sustainability reporting	4-1	Corporate Governance	43	
2-15	Conflict of Interests	4-1	Corporate Governance	43	
2-16	Communicating key and significant events	4-1	Corporate Governance	43	
2-17	Group Intelligence of the Highest Governance Unit	4-1	Corporate Governance	43	
2-18	Performance evaluation of the highest governance body	4-1	Corporate Governance	43	

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
2-19	Remuneration policy	4-1	Corporate Governance	43	
2-20	Remuneration decision process	4-1 6-1	Corporate Governance Talent attraction and retention	43 65	
2-21	Annual total compensation ratio	4-1	Corporate Governance	43	
Strategy, policies and practices					
2-22	Statement of Sustainable Development Strategy	1-1	Company Overview	13	
2-23	Policy Commitment (Responsible Business Behavior, Respect for Human Rights)	1-1	Company Overview	13	
2-24	Incorporate policy commitments	1-1	Company Overview	13	
2-25	Procedures for Remediating Negative Impacts	1-1	Company Overview	13	
2-26	Mechanisms for seeking advice and raising concerns	1-1	Company Overview	13	
2-27	Legal Compliance	4-4	Ethical Corporate Management	56	
2-28	Membership of associations	1-1	Company Overview	13	
Stakeholder engagement					
2-29	Stakeholder Engagement Policy	2-2	Important Stakeholder Engagement	23	
2-30	Collective bargaining agreements	6-3	Employee relations	73	

7-1-3 GRI 3: Material Topics 2021

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
3-1	Process for Determining Major Topics	2-3	Identification of Material Sustainability Issues	25	
3-2	List of Material Topics	2-3	Identification of Material Sustainability Issues	25	
Major Topic 1: Product quality					
3-3	Major Topic Management	2-3	Identification of Material Sustainability Issues	25	
GRI 416 : Customer Health and Safety 2016					
416-1	Assess the health and safety impacts of product and service categories	3-3	Product Quality and Safety	33	
416-2	Violations of health and safety regulations for products and services				No such event
GRI 417 : Marketing and Labeling 2016					
417-1	Requirements for product and service information and labeling	3-3	Product Quality and Safety	33	

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
417-2	Incidents of non-compliance with information and labeling regulations for products and services				No such event
417-3	Incidents of non-compliance with regulations governing marketing communications				No such event
Major Topic 2: Business Ethics					
3-3	Major Topic Management	2-3	Identification of Material Sustainability Issues	25	
2-15	Conflict of Interests	4-1	Corporate Governance	43	
2-27	Legal Compliance	4-4	Ethical Corporate Management	56	
GRI 205 : Anti-Corruption 2016					
205-1	Operations that have undergone corruption risk assessments	4-4	Ethical Corporate Management	56	
205-2	Communication and training on anti-corruption policies and procedures	4-4	Ethical Corporate Management	56	
205-3	Confirmed incidents of corruption and actions taken				No incident of corruption
GRI 206 : Anti-competitive Behavior 2016					
206-1	Legal actions involving anti-competitive behavior, anti-trust, and monopoly practices				No such event
GRI 207 : Tax 2019					
207-1	Tax policy	4-3	Tax Governance	55	
207-2	Tax governance, control and risk management	4-3	Tax Governance	55	
207-3	Stakeholder engagement and management of tax-related issues	4-3	Tax Governance	55	
207-4	Country-by-country reporting	4-3	Tax Governance	55	
Major Topic 3: Information Security					
3-3	Major Topic Management	2-3	Identification of Material Sustainability Issues	25	
GRI 418: Customer Privacy 2016					
418-1	Substantiated complaints about violations of customer privacy or loss of customer data				No such event
Major Topic 4: Talent Development					
3-3	Major Topic Management	2-3	Identification of Material Sustainability Issues	25	
GRI 404 : Training and Education 2016					
404-1	Average hours of training per year per employee	6-2	Talent development	71	
404-2	Programs for upgrading employee competency and transition assistance programs	6-2	Talent development	71	

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
404-3	Percentage of employees receiving regular performance and career development reviews	6-1	Talent attraction and retention	65	
Major Topic 3: Talent Attraction and Retention					
3-3	Major Topic Management	2-3	Identification of Material Sustainability Issues	25	
GRI 401 : Employment Relations 2016					
401-1	New Hires and Hires	6-1	Talent attraction and retention	59	
401-2	Benefits provided to full-time employees only (excluding temporary or part-time employees)	6-1	Talent attraction and retention	59	
401-3	Childcare leave	6-1	Talent attraction and retention	59	

7-1-4 Indicator Items for All Topics

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
GRI 201 : Economic Performance 2016					
201-1	Direct economic value generated and distributed by the organization	1-3	Overview of operations	19	
201-2	Financial impacts and other risks and opportunities arising from climate change	4-2	Corporate Governance	49	
201-3	Defined benefit plan obligations and other retirement plans	6-1	Talent attraction and retention	65	
201-4	Financial subsidies received from the government				No subsidy
GRI 202 : Market Image 2016					
202-1	Ratio of standard salary to local minimum wage for grassroots employees by gender	6-1	Talent attraction and retention	65	
202-2	Percentage of local residents employed as senior management	6-1	Talent attraction and retention	65	
GRI 204 : Procurement Practices 2016					
204-1	Proportion of spending from local suppliers	3-4	Supplier and raw materials & supplies management	40	
GRI 205 : Anti-Corruption 2016					
205-1	Operations that have undergone corruption risk assessments	4-4	Ethical Corporate Management	56	
205-2	Communication and training on anti-corruption policies and procedures	4-4	Ethical Corporate Management	56	
205-3	Confirmed incidents of corruption and actions taken				No incident of corruption
GRI 206 : Anti-competitive Behavior 2016					
206-1	Legal actions involving anti-competitive behavior, anti-trust, and monopoly practices				No such event
GRI 207 : Tax 2019					

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
207-1	Tax policy	4-3	Tax Governance	55	
207-2	Tax governance, control and risk management	4-3	Tax Governance	55	
207-3	Stakeholder engagement and management of tax-related issues	4-3	Tax Governance	55	
207-4	Country-by-country reporting	4-3	Tax Governance	55	
GRI 302 : Energy 2016					
302-1	Energy consumption within the organization	3-1	Energy management	28	
302-2	Energy consumption outside the organization	3-1	Energy management	28	
302-3	Energy intensity		Environmental Performance	7	
302-4	Reduce energy consumption	3-1	Energy management	28	
302-5	Reduce the energy requirements of products and services	3-1	Energy management	28	
GRI 303 : Water and Effluents 2018					
303-1	Mutual impacts of shared water resources	5-2	Water resource management	63	
303-2	Management of water discharge-related impacts	5-2	Water resource management	63	
303-3	Water withdrawal	5-2	Water resource management	63	
303-4	Drainage volume	5-2	Water resource management	63	
303-5	Water consumption	5-2	Water resource management	63	
GRI 304 : Biodiversity 2016					
304-1	Business locations owned, leased, or managed by the organization or its adjacent areas are located in environmental protection zones or other areas of high biodiversity value	5-1	Environmental policy	59	
304-2	Significant impacts of activities, products, and services on biodiversity				No impact
304-3	Habitats protected or restored				Non-protected area
304-4	Species in the habitats affected by the operations that are included in the IUCN Red List and the National Protection List				No such species
GRI 305 : Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	5-1	Environmental policy	59	
305-2	Energy indirect (Scope 2) GHG emissions	5-1	Environmental policy	59	
305-4	Intensity of GHG emissions	5-1	Environmental policy	59	
305-7	Nitrogen oxides, sulfur oxides and other significant air emissions	5-3	Air Pollution Control	65	
GRI 306 : Waste 2020					

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
306-1	Waste generation and significant waste-related impacts	3-2	Waste management	30	
306-2	Management of significant waste-related impacts	3-2	Waste management	30	
306-3	Waste Generation	3-2	Waste management	30	
306-4	Disposal and diversion of waste	3-2	Waste management	30	
306-5	Direct Disposal of Waste	3-2	Waste management	30	
GRI 308 : Supplier Environmental Assessment 2016					
308-1	Use of environmental criteria to screen new suppliers	3-4	Supplier and raw materials & supplies management	40	
308-2	Negative environmental impacts of the supply chain and actions taken	3-4	Supplier and raw materials & supplies management	40	
GRI 401 : Employment Relations 2016					
401-1	New Hires and Hires	6-1	Talent attraction and retention	65	
401-2	Benefits provided to full-time employees only (excluding temporary or part-time employees)	6-1	Talent attraction and retention	65	
401-3	Childcare leave	6-1	Talent attraction and retention	65	
GRI 402 : Labor/Management Relations 2016					
402-1	Minimum notice period for operational changes	6-3	Employee relations	73	
GRI 403 : Occupational Health and Safety 2018					
403-1	Occupational Health and Safety Management System	6-4	Safety and Health	75	
403-2	Hazard identification, risk assessment, and accident investigation	6-4	Safety and Health	75	
403-3	Occupational Health Services	6-4	Safety and Health	75	
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	6-4	Safety and Health	75	
403-5	Worker training related to occupational safety and health	6-4	Safety and Health	75	
403-6	Worker health promotion	6-4	Safety and Health	75	
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	6-4	Safety and Health	75	
403-8	Workers covered by the occupational safety and health management system	6-4	Safety and Health	75	
403-9	Occupational injury	6-4	Safety and Health	75	
403-10	Work-related ill health	6-4	Safety and Health	75	
GRI 404 : Training and Education 2016					

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
404-1	Average hours of training per year per employee	6-2	Talent development	71	
404-2	Programs for upgrading employee competency and transition assistance programs	6-2	Talent development	71	
404-3	Percentage of employees receiving regular performance and career development reviews	6-1	Talent attraction and retention	65	
GRI 405 : Employee Diversity and Equal Opportunity 2016					
405-1	Diversity of governance units and employees	4-1 6-1	Corporate Governance Talent attraction and retention	43 65	
405-2	Ratio of basic salary and remuneration of women to men	6-1	Talent attraction and retention	65	
GRI 406 : Non-Discrimination 2016					
406-1	Discrimination incidents and corrective actions taken by the organization				Non-discriminatory incidents
GRI 407 : Freedom of Association and Collective Bargaining 2016					
407-1	Operations or suppliers at risk for freedom of association and group bargaining				No such risk
GRI 408 : Child Labor 2016					
408-1	Significant risks of child labor at business locations and suppliers				No such risk
GRI 409 : Forced and Compulsory Labor 2016					
409-1	Operations and suppliers at significant risk of incidents of forced and compulsory labor				No such risk
GRI 410 : Security Practices 2016					
410-1	Security personnel receiving training on human rights policies or procedures	6-1	Talent attraction and retention	65	
GRI 411 : Indigenous Peoples' Rights 2016					
411-1	Incidents involving violations of indigenous rights				No such event
GRI 412 : Human Rights Assessment 2016					
412-1	Operations that have undergone human rights reviews or human rights impact assessments	4-1	Corporate Governance	43	
412-2	Employee training on human rights policies or procedures	1-1	Company Overview	13	
412-3	Material investment agreements and contracts that contain human rights clauses or that have undergone human rights screening	3-4	Supplier and raw materials & supplies management	40	
GRI 413 : Local Communities 2016					
413-1	Operations with local community engagement, impact assessments, and development plans	1-3	Overview of operations	19	
413-2	Operational activities with significant actual or potential negative impact on the local community				No negative impact

Indicator	Disclosure Item	Corresponding Chapter of the Report		Page number	Explanation
GRI 414 : Supplier Social Assessment 2016					
414-1	New suppliers are screened using social criteria	3-4	Supplier and raw materials & supplies management	40	
414-2	Negative social impacts in the supply chain and actions taken				No such event
GRI 415 : Public Policy 2016					
415-1	Political contributions				No political contributions
GRI 416 : Customer Health and Safety 2016					
416-1	Assess the health and safety impacts of product and service categories	3-3	Product Quality and Safety	33	
416-2	Violations of health and safety regulations for products and services				No such event
GRI 417 : Marketing and Labeling 2016					
417-1	Requirements for product and service information and labeling	3-3	Product Quality and Safety	33	
417-2	Incidents of non-compliance with information and labeling regulations for products and services				No such event
417-3	Incidents of non-compliance with regulations governing marketing communications				No such event
GRI 418 : Customer Privacy 2016					
418-1	Substantiated complaints about violations of customer privacy or loss of customer data				No such event

7-2 SASB Index

SASB operating activity indicators				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-000.A	(1) Total quantity manufactured (unit: pieces)	2,015,301	2,063,889	1,785,200
TR-AP-000.B	(2) Gross manufacturing weight (unit: metric tons)	1,081	1,274	1,194
TR-AP-000.C	(3) Areas occupied by manufacturing plants (Unit: m²)	22,380	22,380	22,380
Disclosure Topic: Energy Management				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-130a.1	(1) Total energy consumption (including fuel and electricity) (GJ)	35,413.3	29,460.18	24,092.03
	(2) Percentage of electricity consumption to total energy consumption	62.03%	64.96%	68.25%
	(3) Percentage of renewable energy consumption to total energy consumption	0	0	0
Disclosure Topic: Waste Management				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-150a.1	(1) Total weight of waste generated from manufacturing (unit: metric tons)	487.85	842.06	378.18
	(2) Percentage of hazardous waste in total waste	0%	0.26%	0.16%
	(3) Percentage of recycled weight in total weight of waste	90.6%	91.1%	80.18%
Disclosure Topic: Product Safety				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-250a.1	Total number of recalled vehicles	0	0	0
Disclosure subject: Raw materials and supplies procurement				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-440a.1	Descriptions about risk management associated with the use of key materials	Right Way Industrial conducts the assessment on risk over procurement of key raw materials in accordance with the internal risk management procedure. The possible risks include the limit on procurement volume, pricing, manufacturing bottlenecks, and goodwill. Different risk mitigation strategies are implemented separately.		
Disclosure topic: Raw material consumption efficiency				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-440b.1	Percentage of recyclable products in total product sales	Right Way Industrial products cannot be recycled. Not applicable.		
TR-AP-440b.2	Percentage of recycled or remanufactured inputs			
Disclosure Topic: Designing for Fuel Efficiency				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-410a.1	Total turnover of products that can improve fuel efficiency and/or reduce emissions during the use stage	Right Way Industrial is only for OEM business but does not participate in design and development. Not applicable.		
Disclosure topic: Competitive behavior				
Indicator No.	Indicator item	2021	2022	2023
TR-AP-520a.1	Total pecuniary losses as a result of litigation related to anti-competitive conduct	Not applicable, as no such event occurred.		

7-3 Climate-Related Information of TWSE/TPEX Listed Company

1. Implementation of Climate-Related Information

Item		Implementation status	
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.		<p>(1) The Board approved the "Risk Management Regulations" of the Company on November 11, 2022 in order to establish a comprehensive risk management system and stable business operations to move toward the goal of sustainable development. The scope of risk management covers financial risk, operational risk, information security risk, environmental risk, and other risks, and emerging risks that may have direct and indirect economic impacts on stakeholders and the economy (i.e., climate change) are also included for identification and management.</p> <p>(2) The board of directors is the highest decision-making unit for risk management, and the director of corporate governance serves as the person in charge of risk management promotion. The Company's climate change governance structure allocates authority and responsibilities in accordance with the existing risk management organizational structure. Each business unit shall be the direct unit for initial risk discovery, assessment and control. The financial department shall coordinate, manage, and report the operation of risk management to the Board on a regular basis.</p>	
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).		Based on the results of the identification and assessment of climate risks and opportunities in 2023, we concluded the main risk and opportunity factors that may cause short-, mid-, and long-term impacts. After internal and external discussions, 7 main risks and 1 possible opportunity were summarized. Extreme weather events may cause impacts on the Company as follows:	
Transformation risk	Risk factor	Financial impact	Response strategies and plans
Short-term (0-1 years)	<p>■ The reporting requirements for climate change have become more stringent, and the number of disclosure items has increased</p>	Increase in indirect costs	<p>■ External lecturers have been invited to conduct education and training on GHG inventory and TCFD so that employees can improve their awareness of climate change.</p>

Mid-term (1-3 years)	<ul style="list-style-type: none"> ■ Carbon border tax affects the iron and steel-related industries ■ Imposition of carbon fees on large companies with major carbon emissions 	Increase in direct cost	<ul style="list-style-type: none"> ■ Customers may focus on the location of suppliers. The proportion of our products exported to the EU is relatively low. In the future, the Company will continue to focus on the relevant mechanisms of exporting countries. ■ Continue to upgrade the old and obsolete equipment in the plant and pay attention to the latest technologies related to process equipment to improve the energy consumption of processes.
Long-term (3-5 years)	<ul style="list-style-type: none"> ■ Low-carbon products continue to replace existing products ■ The low-carbon consumption requirements change customer behavior ■ Rising raw material costs due to low-carbon transformation 	Increase in direct cost	<ul style="list-style-type: none"> ■ Based on the development trend of electric vehicles, Right Way Industrial has assisted customers in reducing energy consumption with lightweight products. In addition, the sales of cylinders may be affected; however, the proportion of sales of cylinders is small. ■ The raw material prices of upstream suppliers will be reflected in the selling prices of products in accordance with market conditions.
Physical risk	Risk factor	Financial impact	Response strategies and plans
Long-term (3-5 years)	<ul style="list-style-type: none"> ■ Fewer typhoons with increased intensity 	Decrease in income due to the decrease in production capacity	<ul style="list-style-type: none"> ■ In response to heavy rainfalls that cause insufficient drainage, the cross-sectional area of the discharge outlet has been changed to increase the flow rate; automatic liquid level alarms and manual gates are used to control the direction of flooding, and the floor height of the plant is raised. There has been no equipment damage due to flooding arising from heavy rain. ■ Due to the government's water restrictions (forced water conservation) during periods of water shortage, the current storage capacity of water towers is sufficient to buffer the water consumption of the process for two to three days. In addition, the plant conducts water shortage emergency

			response drills every two years to respond to possible future changes.
Transformation opportunity	Opportunity factor	Financial impact	Ways to realize the opportunity
Short-term (0-1 years)	<ul style="list-style-type: none"> Change to more efficient production processes 	Reduce indirect costs	<ul style="list-style-type: none"> Right Way Industrial is an energy user, and it saves 1% of electricity according to the energy-saving targets established by the energy user and the execution plan. At present, the Company has implemented the replacement of fixed frequency air compressors with inverter air compressors, the replacement of halogen lamps with LED lamps, and other measures. In the future, the Company will continue to adopt high-efficiency equipment in response to the low-carbon transformation to reduce energy costs and strengthen production stability.
3. Describe the financial impact of extreme weather events and transformative actions.		<p>The financial impact of extreme weather events</p> <p>The Company compiles the information about risks over floods, storms, or shortage of water/electricity under the extreme climate change, based on the simulation information from the "Climate Change Disaster Risk Adaptation Platform" of the National Science and Technology Center for Disaster Reduction, "Taiwan Scientific Report on Climate Change 2017" and "Tainan City Climate Change Adaptation Plan 2020-Revised Version" and other research information. Based on the assessment on potential risks and upon the internal discussion, the impact posed on the Company's overall operations (e.g. shutdown and damage to equipment, etc.), upstream suppliers' supply pricing and supply chain's transportation is considered insignificant.</p> <p>Financial impact posed by transformation initiatives</p> <p>In reference to the "Taiwan 2050 Net-Zero Emission Roadmap and Strategy" of the National Development Council, the "Corporate Governance 3.0 - Sustainable Development Roadmap" of the FSC, the "Climate Change Response Act" of the Ministry of Environment, the Carbon Border Adjustment Mechanism of the EU, and industrial trends, the Company identifies risk and opportunity factors that may be associated with the Company's low-carbon transformation in the future. The Company will continue to</p>	

	<p>promote energy conservation and carbon reduction measures, replace and update outdated power-consuming equipment, and seek the supply sources of raw materials emitting lower carbon in order to provide low-carbon products to customers. The initial stage of the process will increase the financial expenditure in replacement of equipment, which will be amortized and recovered over the years subsequently.</p>
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>The Company's Finance Department discusses the TCFD structure through cross-department meetings and analyzes the company's policies, regulations, technologies, market, urgency, and long-term climate risks on an item-by-item basis. It also examines the identification from time to time to ensure that the identification results comply with the current status. Based on the results of climate risk identification, response plans are formulated. Relevant departments develop continuous improvement measures and carry out follow-up reviews and implementation in accordance with the "Risk Management Regulations." Relevant management implementation status and risk control measures will be reported to the board of directors to supervise and track implementation results.</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>The transformation risk mainly considers the 2050 Net-Zero scenario, and the physical risk mainly considers the SSP-8.5 scenario. In the future, the Company will further integrate the international standards and connect the General Requirements for Disclosure of Sustainability under IFRS by adopting them directly. In the future, the low-carbon transformation process will be affected by more stringent regulations and policies and the increase in energy costs, thereby resulting in the increase in the manufacturing costs of the supply chain and boosting the price of raw materials and end consumption. Meanwhile, the Company will optimize the method by which the risk assessment should be analyzed to proceed with the planning and disclosure for financial quantitative assessment.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>In order to respond to global climate change and connect to international low-carbon trends, the Company will have discussions about the transformation plans of climate-related risks and conduct an analysis for the level of effect and probability. The Company is an energy user, and 99% of the GHG emissions come from the purchased electricity and natural gas. Each year, the Company saves 1% of electricity according to the energy-saving targets established by the energy user and the execution plan. It actively introduced ISO14064-1:2018 in 2023 to conduct the first GHG emission inventory of the Company in 2022. We established the basic capacity of emission source identification, quantification,</p>

	and management and had a better understanding of our GHG management status. And it is scheduled to complete the external verification of greenhouse gas emissions in 2023 in 2024. In the future, we will also follow the target of GHG reduction by 1% each year in accordance with the plan content and targets.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company does not use internal carbon pricing as a planning tool. Subsequently, policies, customers or external trends will be comprehensively evaluated as a reference for whether to promote carbon pricing in the future.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Please refer to the descriptions in 1-1 and 1-2 below.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Please refer to the descriptions in 1-1 below.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

Year	Direct Scope 1 (tCO ₂ e)	Indirect from energy Scope 2 (tCO ₂ e)	Other indirect Scope 3 (tCO ₂ e)	Intensity (tCO ₂ e /NT\$ million)
2022	1,715.1667	6,413.9272	No statistical data is available	7.1183
2023	1,484.8907	5,749.0115	No statistical data is available	6.3400

1-1-2 Greenhouse Gas Assurance Information

Items/Year	2022	2023
The scope of assurance	No assured	Scope 1 & Scope 2
Assurance institutions	No assured	SGS Taiwan Limited

Assurance standards	N/A	ISO 14064-1:2018
Assurance opinion	N/A	The physical inspection of the factory site was completed in May 2024. Formal assurance report to be obtained.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

The Company is an energy user under control, and 99% of the GHG emissions come from the electricity and natural gas purchased. Each year, the Company saves 1% of electricity according to the energy-saving targets established by the energy user and the execution plan. The ISO14064-1:2018 was introduced in 2023 to conduct the first GHG emission inventory of Right Way Industrial in 2022. We established the basic capacity of emission source identification, quantification, and management and had a better understanding of our GHG management status. The GHG external certification is expected to be conducted for the first time in the mid-2024. In the future, we plan for the target of GHG reduction by 1% each year in accordance with the energy-saving target. In order to avoid possible environmental pollution caused by pollutants during factory operations, energy conservation and carbon reduction, waste disposal, pollution prevention equipment, etc., are evaluated and included in the environmental protection expense item. In 2023, a budget has been prepared for the implementation of the greenhouse gas inventory plan, including further improving the replacement of high-energy-consuming equipment, improving process efficiency and increasing efficiency, and reducing carbon emissions. Proactively integrate the ISO 14001 environmental management system with the GHG inventory business to continue improving the activities.

7-4 Independent Auditors' Limited Assurance Report



INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
Right Way Industrial Co., Ltd.

We have undertaken a limited assurance engagement on the disclosed performance indicators in the Sustainability Report ("the Report") of Right Way Industrial Co., Ltd. ("the Company") for the year ended December 31, 2023.

Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's disclosed performance indicators ("the Subject Matter Information") and applicable criteria.

Responsibilities of Management

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

Auditors' Responsibilities

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

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

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

- 1 -

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Inherent Limitations

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

Independence and Quality Control

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

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

Conclusion

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

Other Matters

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

The engagement partner on the limited assurance report is Wei-Jer Lo.

Legendary & Steadfast Accountancy
Tainan, Taiwan
Republic of China
July 26, 2024

Notice to Readers

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

SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information				Corresponding Section	Applicable Criteria
1.	Right Way Industrial		2023		3-1 Energy Management	SASB TR-AP-130a.1 Total energy consumed, percentage grid electricity, and percentage renewable
	Total energy consumed		24,092.03 GJ			
	Percentage grid electricity		68.25%			
	Percentage renewable energy		0%			
2.	Right Way Industrial		2023		3-2 Waste Management	SASB TR-AP-150a.1 Total amount of waste from manufacturing, percentage hazardous, and percentage recycled
	Total amount of waste from manufacturing		378.18 tones			
	Percentage hazardous		0.16%			
	Percentage recycled		80.18%			
3.	Right Way Industrial New employees		2023		6-1 Talent Attraction and Retention	GRI 401-1: 2016 New employee hires and employee turnover
			Number	Rate		
	By gender	Female	20	21.74%		
		Male	47	26.26%		
	By age	Under 30	16	40.00%		
		31-50	50	30.12%		
		Over 50	1	1.54%		
	Right Way Industrial Resigned employees		2023			
			Number	Rate		
	By gender	Female	10	10.87%		
		Male	36	20.11%		
	By age	Under 30	9	22.50%		
		31-50	34	20.48%		
Over 50		3	4.62%			

(Continued)

#	Subject Matter Information	Corresponding Section	Applicable Criteria																												
4.	<table><tr><td colspan="2" rowspan="2">Right Way Industrial</td><td>2023</td></tr><tr><td>Average hours of training</td></tr><tr><td rowspan="2">By gender</td><td>Female</td><td>12.08</td></tr><tr><td>Male</td><td>10.49</td></tr><tr><td rowspan="5">By employee category</td><td>Senior managers</td><td>0</td></tr><tr><td>Middle managers</td><td>25.80</td></tr><tr><td>Basic managers</td><td>21.29</td></tr><tr><td>Professionals</td><td>14.19</td></tr><tr><td>Direct employees</td><td>0.61</td></tr></table>	Right Way Industrial		2023	Average hours of training	By gender	Female	12.08	Male	10.49	By employee category	Senior managers	0	Middle managers	25.80	Basic managers	21.29	Professionals	14.19	Direct employees	0.61	6-2 Talent Development	GRI 404-1: 2016 Average hours of training per year per employee								
Right Way Industrial				2023																											
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5.	<table><tr><td rowspan="2">Right Way Industrial Work-related injuries of employees</td><td colspan="2">2023</td></tr><tr><td>Number</td><td>Rate</td></tr><tr><td>Fatalities</td><td>0</td><td>0</td></tr><tr><td>High-consequence work-related injuries</td><td>0</td><td>0</td></tr><tr><td>Recordable work-related injuries</td><td>11</td><td>4.21</td></tr></table> <table><tr><td rowspan="2">Right Way Industrial Work-related injuries of non-employees</td><td colspan="2">2023</td></tr><tr><td>Number</td><td>Rate</td></tr><tr><td>Fatalities</td><td>0</td><td>0</td></tr><tr><td>High-consequence work-related injuries</td><td>0</td><td>0</td></tr><tr><td>Recordable work-related injuries</td><td>0</td><td>0</td></tr></table>	Right Way Industrial Work-related injuries of employees	2023		Number	Rate	Fatalities	0	0	High-consequence work-related injuries	0	0	Recordable work-related injuries	11	4.21	Right Way Industrial Work-related injuries of non-employees	2023		Number	Rate	Fatalities	0	0	High-consequence work-related injuries	0	0	Recordable work-related injuries	0	0	6-4 Safety and Health	GRI 403-9: 2018 Work-related injuries
Right Way Industrial Work-related injuries of employees	2023																														
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(Concluded)