

## Corporate Governance

The Company has always prioritized the rights of shareholders and in an effort to protect investors, steps have been taken to ensure that our Board of Directors functions properly by guiding and supervising the direction of the Company's operations. By increasing information transparency and strengthening the Board's capacity to implement internal audits, it enables the Company to present and disclose bona fide financial data, which will safeguard the rights of our stakeholders and enable us to achieve sustainable operation. The Finance Department of the Company is the dedicated unit responsible for promoting ethical corporate management and prevention through devising and monitoring them. The "Ethical Management Best Practice Principles" and "Procedures and Code of Conduct for Ethical Management" have been established and approved by the Board of Directors. All of the directors and senior managers have signed the "Declaration for Abiding by the Ethical Corporate Management Policy" and through the company's internal announcement began to advocate to the employees on ethics and confidentiality responsibilities.

### Members of the Board and Operation

The Company's Board of Directors is compliant with pertinent regulations such as the Company Act and Articles of Incorporation. Directors are appointed through the process of election by voting during the shareholders' meeting. Each term of service lasts three years and the current Board of Directors was appointed on June 22, 2020. Presently, the Board has eleven directors, of which three are female (27.27%) and three are independent directors. In terms of age, the eleven directors are all over 50 years of age.

The Board of Directors operates in compliance with pertinent regulations, the Company's Articles of Incorporation, and procedures for Board of Directors Meetings to exercise their vested powers. With the professional knowledge/expertise and profound experiences in various domains that directors bring to the table, they are entrusted to fulfill their duties of supervising and managing the Company. By maintaining the soundness of the Company's mechanism for operation and safeguarding investors' rights, directors are expected to demonstrate high levels of self-discipline and prudence in exercising their rights to faithfully execute major decisions that are intricately tied to the Company's operation and development. The CPA is also invited to the Board of Directors' Meeting so that he/she may interact and communicate with the directors in person. In 2022, the Board of Directors held a total of eight meetings. Below is information on the Board members and a record of their attendance as of the end of 2022.

Title	Name	Gender	Academic credentials and previous experience	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio
Chairman	Li-Yun Hsieh <sup>1</sup>	Female	Graduated from Department of Banking, Tatung Institute of Commerce and Technology Finance Manager, Chairman of Ta Chen Stainless Pipe.Co., Ltd.	7	1	88%
Director	I-Lan Ou	Female	Graduated from National Taiwan University, Department of Civil Engineering Graduated from North Carolina State University, MSc Civil, Construction, Environment Engineering Person in charge of Rigid Industrial Co., Ltd.	8	0	100%
Director	Shi-Hsien Tu	Male	Graduated from University of California, Berkley, Double major in Economics and Biochemistry VP of Ta Chen International Inc. Director, Ta Chen Stainless Pipe.Co., Ltd.	0	8	0%
Director	Rung-Kun Shieh	Male	Graduated from Fu Jen Catholic University, Department of Business Administration Director/President of Ta Chen Stainless Pipe Sales manager of San Shing Fastech Corp.	8	0	100%
Director	Chao-Jin Cai	Male	Graduated from Kaohsiung Municipal Lujhu Junior High School Director/President of Fang Sheng Screws Co., Ltd.	8	0	100%

Title	Name	Gender	Academic credentials and previous experience	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio
Director	Yong-Yu Tsai	Male	Graduated from National Open University, Department of Finance Supervisor of Bank of Kaohsiung Director, Hwa Fong Rubber Ind. Co., Ltd.	8	0	100%
Director	Jung-Huei Hsieh	Male	Graduated from Nan Ying Vocational High School Supervisor, Ta Chen Stainless Pipe.Co., Ltd. Chairman, Ta Chen Stainless Pipe.Co., Ltd.	7	1	88%
Director	Mei-Feng Lin <sup>2</sup>	Female	Graduate from Chihlee University of Technology Supervisor, Ta Chen Stainless Pipe.Co., Ltd. CFO of Linfangjin Charitable Foundation	7	1	88%
Independent director	Ming-Chang Shen	Male	Graduated from Fu Jen Catholic University, Department of Business Administration Senior Associate General Manager of Capital Securities Bonds and Finance Manager of Union Bank of Taiwan	8	0	100%
Independent director	Chun-An Hsu	Male	Graduated from National Chung Hsing University, Department of Accounting and Statistics Embry-Riddle Aeronautical University, MBA Deputy Director of National Taxation Bureau of Taipei Supervisor of Taiwan Financial Holdings Co., Ltd.	7	1	88%
Independent director	Guang-Hsiang Wang	Male	University of Taiwan, MSc Administrative Leadership (completed 40 credits in 3 years) Chief of Department of General Affairs, Ministry of Finance	6	2	75%

Note: 1. Chairman Li-Yun Hsieh is the representative of Ta Ying Cheng Investment Co., Ltd.;

2. Director Mei-Feng Lin is the representative of the Linfangjin Charitable Foundation.

Date of the annual general meeting of shareholders	Name of the motion proposal submitted to the shareholders annual general meeting
2022.06.20	[Discussion matters] Passed the proposal for issuance of new shares upon capital increase out of earnings. [Discussion matters] Passed the proposal for amendments to some of the articles of the Company's "Articles of Incorporation." [Discussion matters] Passed the proposal for amendments to some of the articles of the Company's "Procedure for the Acquisition or Disposal of Assets."

### Further education for directors

Further education for directors is meant as a mechanism and channel for directors to further expand their knowledge and expertise through education and training so that they can capitalize on what they learn and have easy access to relevant information to maintain their core values, professional advantage, and competence. As such, the Company offers training courses on corporate governance hosted by competent authorities or private institutions on an irregular basis for directors and supervisors to attend those that are of interest to them. The following is information on the training courses taken by the directors and supervisors and the time they spent on the courses in 2022. 91% of the directors complied with the requirements for further education hours.

Name of course	No. of hours	Directors who participated in the training
Competitiveness vs viability under ESG trends and strategies	3	Li-Yun Hsieh, Rung-Kun Shieh, Yong-Yu Tsai, Chao-Jin Cai, I-Lan Ou, Jung-Huei Hsieh, Mei-Feng Lin, Guang-Hsiang Wang, Chun-An Hsu, Ming-Chang Shen

Name of course	No. of hours	Directors who participated in the training
Global economic outlook and investment strategies	3	Li-Yun Hsieh, Rung-Kun Shieh, Yong-Yu Tsai, Chao-Jin Cai, I-Lan Ou, Jung-Huei Hsieh, Mei-Feng Lin, Guang-Hsiang Wang, Chun-An Hsu, Ming-Chang Shen

### Mechanisms to avoiding conflicts of interests

Pursuant to regulations, the Board of Directors' Meeting shall be held at least once each quarter. In 2022, we held a total of eight Board of Directors' Meetings. When discussing issues that conflict with their personal interest or the interest of the organization they represent, directors are expected to clearly describe their stake in the matter at hand and avoid taking part in relevant votes. Key resolutions determined by the Board of Directors have also been made available on the MOPS to ensure due disclosure of relevant information.

### Audit Committee and Remuneration Committee

In order to assist the Board of Directors to better evaluate and monitor the remuneration for directors and managers, our Remuneration Committee had been established in accordance with the Remuneration Committee Charter established during the Shareholders' Meeting in 2011. The Committee is responsible for establishing and regularly reviewing the directors, supervisors and managers' performance evaluation and remuneration policy, system, standard and structure, and regularly evaluate and establish their remuneration. In 2017, the Company established its Audit Committee Charter and created its Audit Committee to replace its original system with supervisors. The Committee is responsible for the fair presentation of the Company's financial statements, the selection and discharge, independence and performance of the certified public accountants (CPAs), the effective implementation of the company's internal control, legal compliance by the company, and control on the existing or potential company risks. After the election for new directors on June 22, 2020, the Audit Committee selected three independent directors to serve as members in the committee while the Remuneration Committee appointed three directors as remuneration committee members, with Ming-Chang Shen serving as its chair. A summary of Audit Committee and Remuneration Committee composition and their attendance in 2022 is as follows:

Audit Committee	Title	Name	No. of expected attendance	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio
	Independent director	Chun-An Hsu	8	7	1	88%
	Independent director	Ming-Chang Shen	8	8	0	100%
	Independent director	Guang-Hsiang Wang	8	6	2	75%
Remuneration Committee	Title	Name	No. of expected attendance	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio
	Convener	Ming-Chang Shen	2	2	0	100%
	Member	Chun-An Hsu	2	2	0	100%
	Member	Guang-Hsiang Wang	2	2	0	100%

### Procedure for Handling Material Inside Information

In order to establish a sound mechanism for the handling and disclosure of inside information so that we can avoid unintended disclosure of said information, ensure consistency and accuracy of information to be made public, we have established our Procedure for Handling Material Inside Information, which is applicable to everyone at the Company, including our directors, managers and employees. 27 pieces of material information were disclosed in during the reporting year. Disclosure of material inside information ought to be performed in accordance with three fundamental principles:

- I. Disclosure of information shall be accurate, comprehensive and timely;
- II. Information should only be disclosed on a valid basis;
- III. Disclosure of information shall be fair and just.

### Organizational Structure

The Company adopts a flat organizational structure as we emphasize operational versatility and efficiency. With the promotion and expansion of our channel platform being the central component to our operations, we have our eyes set on our goals and rapid response. With regards to the Company's governance, the Board of Directors has established the Audit Committee and Remuneration Committee to assist the Board in the oversight of the Company's operations. The Board has approved the charters for the two committees of Directors, and the chair of each committee reports periodically to the Board on activities and resolutions made by the committees.

Name of Department	Operation and responsibility
Audit Office	Responsible for the planning and auditing of the Company's internal control system and offering suggestions for improvement to facilitate effective operation for the Company.
President's Office	Responsible for the analysis of operation performance, providing assistance on relevant affairs for different departments, formulating and implementing regulatory systems, and hosting various meetings.
Offshore Investment Department	Responsible for data collection and analysis of overseas markets, offering relevant suggestions for foreign investments.
General Administration Department	Mainly responsible for assignments from the President and supervision and management of various spin-offs and subsidiaries.
Information Department	Responsible for the planning, maintenance and training relating to the Company's information system.
Production Management Department	Responsible for the purchase of large steel cylinder raw materials, production schedule control, warehouse control, and custom bonds.
Finance Department	Responsible for account processing, cost structure calculation, budget planning, variance analysis, allocation of financial resources, cashier and so forth.
Operation Department	Responsible for the Company's human resource management, general affairs, material procurement, management of fixed assets and so forth.
Sales Department	Composing of four sub-departments, the department is responsible for the acceptance of orders, quotation and sales and distribution in respective markets and so forth.
Quality Control Department	Responsible for the improvement and maintenance of product quality.
Cutting Department	Responsible for the cutting of steel coils/sheets.
Stainless steel Department Factory	Responsible for the production of stainless steel cylinders and square pipes along with relevant construction and pollution prevention.
Welded Pipe Components Factory	Responsible for the production of stainless steel welded pipe components along with relevant construction and pollution prevention.
Valve Factory	Responsible for the production of stainless steel sphere valves and nipples along with relevant construction and pollution prevention.
Louver Blinds Factory	Responsible for the production of PVC curtain boards along with pollution prevention.

Name of Department	Operation and responsibility
Research and Development Department	Responsible for the expansion of factories, improvement of on-site production and projects for improving mechanical efficiency
Construction Department	Responsible for the maintenance of mechanical and electrical appliances at various factories
Construction Safety Department	Responsible for occupational safety and environmental protection at all factories

