

**Ta Chen Stainless Pipe Co., Ltd.  
Sustainability Report for 2021**



**Cherish, Innovate, and Endeavor  
for Improvement**

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# About this Report

Ta Chen Stainless Pipe Co., Ltd. (hereinafter referred to as “Ta Chen Stainless Pipe”) has published the 2021 Sustainability Report (hereinafter referred to as “the Report”) with due adherence to the principle of faithful disclosure. We have disclosed our communication with relevant stakeholders in 2021 and our commitments in all aspects of sustainability through the Report. To make society more sustainable, our management philosophy is promoted in a balanced way on the basis of ESG. Information on relevant topics of disclosure in this Report are as follows:

## Reporting Period and Scope of Disclosure

The Company publishes a Corporate Social Responsibility Report on a yearly basis. The Report presents a summary of the Company’s performance in different dimensions, including economic, social, and environmental as a business entity in 2021 (January 1 through December 31, 2021). Our main subsidiary Brighton-Best International operates as an independent company and publishes its own CSR report. Please refer to the description in “1-4 Disclosure Scope of the Report” for the disclosure of the information of other subsidiaries. The Company’s headquarters and main location of operation are located in Rende District of Tainan City, Taiwan and the Report will make no further mention of this fact. In consideration for data comparability, apart from specific performance data that had not been collected in a systematic manner (i.e. available only for 2021), all disclosures in this Report will be presented with data from the past five years.

Date of Publication for the Previous Issue: June 30, 2021

Date of Publication for this Issue: June 30, 2022

## Basis for the Report

The Report has been compiled and prepared in accordance with the GRI (Global Reporting Initiative) Standards Core option published by the GRI. In addition, relevant disclosures have been made according to the SASB Standards for the iron steel producers industry in the extractives and mineral processing sector as well as the TCFD.

## Information and Data Disclosure

All statistics and financial performance data disclosed in the Report are based on IFRS and have been taken from the Company’s Consolidated Financial Report, which has been audited by a CPA prior to publication. All financial figures in the Report are expressed in NTD. Other statistics and data presented in the Report have been independently compiled and prepared by the Company in a conventional method of numerical description, rounded off to the corresponding digits. Also, this Report is also available on Ta Chen’s official website at <http://www.tachen.com.tw/aboutTachenGrp.asp>.

## Auditing the Report

The ESG report editing team verified all statistics and data disclosed in the Report after said data was submitted by relevant responsible departments. The statistics/data were then submitted to responsible managers and finally to the President for approval to conclude the internal auditing process. In 2021, Legendary & Steadfast Accountancy was commissioned to perform an independent limited assurance engagement pursuant to the Assurance Engagement Standards No. 1 “Assurance Engagements in the Audit and Review of Non-historical Financial Information”. The assurance report has been disclosed on page 16 of this Report.

## Contact Information

Should you have any inquiry on the Report or suggestions for the Company, you can reach us through the following ways:

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Official website: [www.tachen.com.tw](http://www.tachen.com.tw)

## A word from the President

Ever since Ta Chen Stainless Pipe's initiation in 1986, more than 36 years have gone by. The Company started out as a modest manufacturing factory for stainless steel pipes based in Rende district of Tainan. Over the years, we have grown and evolved into Ta Chen Group with a manufacturing and strategic base rooted in Taiwan, sales channel partners scattered around the world, and a main business distribution center situated in the United States.

Nearly 90% of the Company's revenue and profits come from the United States. In 2021, as the COVID-19 pandemic slowed down and universal COVID-19 vaccination was achieved, the revival of all industries and sectors in the U.S. was highly anticipated. As a channel vendor running a business for manufacturing basic raw materials required for industrial production, we have sufficient stock and enable one-stop shopping for customers, reducing their risk of infection, and thus companies which imported materials themselves have turned to the Company for our raw materials as a result of the tight international shipping capacity and an upsurge in shipping costs. Due to a change in customers' procurement practices in the context of the pandemic and other multiple factors, the Company's operating performance, however, hit a new high in 2021.

For Ta Chen International's sales of aluminum sheets in the U.S., accounting for the largest proportion of its revenue, after the final affirmative determination of an anti-dumping investigation against 18 countries exporting common alloy aluminum sheets to the U.S. was made on March 31, 2021, its leading position in terms of sales in the industry in the United States remained unassailable. The aluminum sheet capacity expansion project for our Texas Plant is expected to be completed in June 2022. Our production capacity will increase by 5,000 tons per month by then, allowing the market share of our common alloy aluminum sheets in the U.S. to grow progressively from 60% to 80%. In this way, we can become more competitive in terms of good supply stability and price control. Therefore, it could be said that 2021 was a year of great success for the Company. Our revenue and profits will grow steadily in line with the expectations of our investors.

As we strive to excel in our main line of business by staying ahead of the competition, we work just as hard in our efforts to fulfill our corporate social responsibilities. Since our initiation, we have embraced our management philosophy of "cherishing connections and accommodating needs" by offering the best care for our employees. The Company has also enjoyed positive PR for the complimentary vegetarian catering we provide and employee perks that are superior to what our competitors provide. Not only that, we have continued to donate towards the construction of portable classrooms for different elementary and junior high schools across Taiwan, delivered food to seniors living alone and incapacitated seniors in Rende District, made donations to various charitable organizations for the three major festivals, and so forth. For us at Ta Chen, such acts of philanthropy are just part of what we have always been doing.

Regarding environmental protection issues, factors such as energy efficiency and pollution prevention were already taken into consideration in our procurement of equipment and facilities. The Company had acquired equipment of the highest specifications so as to achieve effective preventive measures when it comes to power consumption, air pollution, pickling, air pollution, noise pollution, etc. For our solar power generation project at our Tainan Plant, our consolidated installed capacity is close to 1.5MW, and in 2021 our PV installation generated approximately 2,070,000 kWh of power.

I believe in the fulfillment of corporate social responsibility and it is a mission that all corporate leaders shoulder. What we take from society, we pay it forward. As long as it is within our capacity, the Company shall endeavor to become an example for other companies to follow through our actions.

President of Ta Chen Stainless Pipe  
Rung-Kun Shieh

# 1. Management of Sustainability Issues

## 1-1 Management of Sustainability Issues Process

Adhering to the reporting principles as described in GRI's standards, the Company has managed relevant sustainability issues within the context of stakeholder inclusion, sustainability, materiality and integrity through each stage of the following process. Firstly, with regards to stakeholder communication and engagement, we formulated our questionnaire of material issues to identify material issues of concern to our stakeholders by examining the outcome of stakeholder engagement. The issues identified would serve as the basis for material issue evaluation and be perceived as key factors of consideration in our operation. Through prioritized execution and responding to the outcomes, we shall strive to meet and surpass stakeholder expectations.

### Stakeholder and material issue evaluation process

#### **1st Phase** **Identification of major stakeholders**

The primary objective for the publication of the Company's CSR Report is to establish mechanisms for the Company to communicate and respond to stakeholders on relevant issues of sustainability. And as such, we have adopted the five major principles of AA1000 Stakeholder Engagement Standard (SES) so that our Sustainability Report Disclosure Taskforce to perform the evaluation and identify our key stakeholders: shareholders, customers, employees, suppliers and contractors.

#### **2nd Phase** **Gathering of Sustainability Issues**

In order to better understand key stakeholders' concerns and expectations regarding Ta Chen's issues of sustainability, we referred to GRI's sustainability report principles and properties of the manufacturing and gathered external sustainability report information to formulate our sustainability questionnaire that encompassed 18 issues.

#### **3rd Phase** **Stakeholder Concern Survey**

Through responsible departments, we issued our questionnaires to relevant stakeholders in 2021 and recovered 227 valid questionnaires, which enabled us to better understand the level of concern of our stakeholders on specific issues of sustainability. Our CSR Report editing team analyzed and extracted relevant statistics from the questionnaires to shed light on the level of concern of our stakeholders on relevant issues of sustainability for the Company.

#### **4th Phase** **Sustainability Impact Analysis**

Nine senior managers were entrusted with the task of reviewing fluctuations in the corporate environment so as to assess the severity and probability of specific issues in the domains of economy, environment, and society to create a basis for the analysis of key issues for 2021.

#### **5th Phase** **Determine Key Issues**

After compilation and analysis by our CSR Report editing team, we found minor changes in the ranking of the key issues in 2021 and after further evaluation and discussion, we identified seven major issues of sustainability that would serve as the basis of our disclosure.

#### **6th Phase** **Corresponding GRI Disclosure Topics and Definition of Boundary**

After the material issues have been confirmed, we identified relevant topics of GRI reporting guidelines that correspond to the material issues in order to select relevant topics and the disclosure indicators applicable to each topic. Meetings have been held by relevant personnel to review the impact of each GRI topic on the Company and its value chain (both upstream and downstream operators) in order to verify the boundary of topics for information disclosure in this Report.

## 1-2 Stakeholder Engagement

### Identification of major stakeholders

Referring to AA1000 SES, the Company adopted five dimensions of “Responsibility, Influence, Tension, Diverse Perspectives, and Dependency” to examine the nature of stakeholders’ relationship to the Company, with relevant discussions and analyses conducted during our Stakeholder and Material Issue Meeting. For 2021, we adopted the same five categories of key stakeholders from the previous year: shareholders, customers, employees, suppliers, and banks.

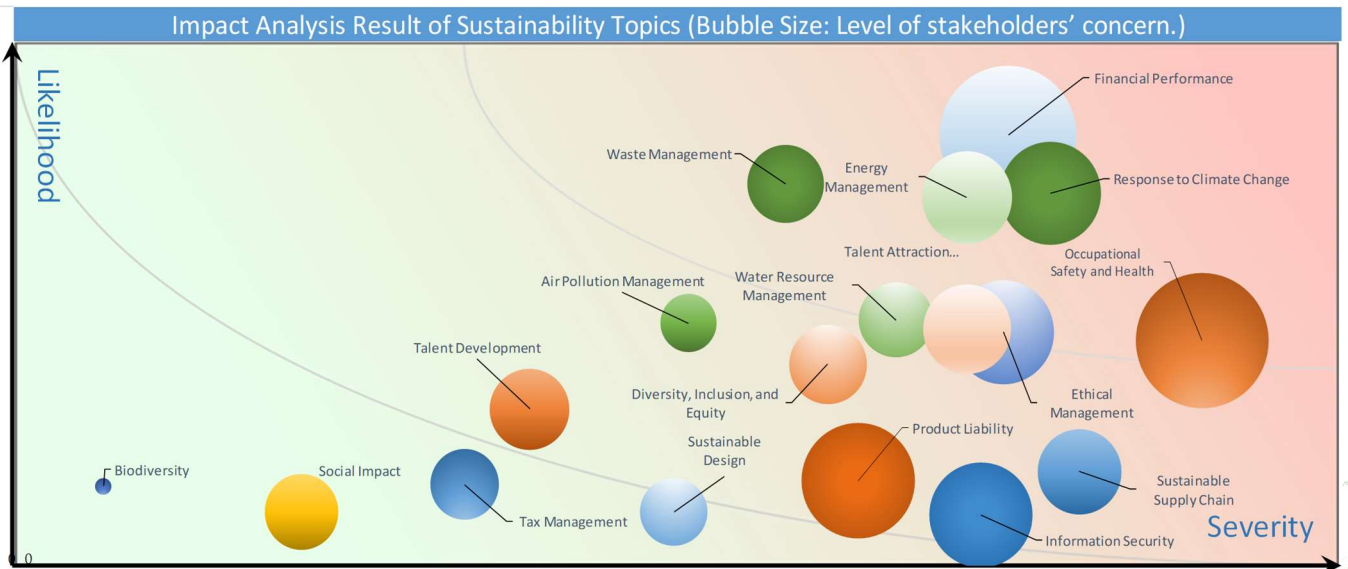
Stakeholder	Significance to Ta Chen Stainless Pipe
Shareholders	Shareholders play the crucial role of supervising and motivating the Company in its pursuit of stable growth and profit.
Customers	We are committed to delivering optimal distribution services to customers through our diverse product lineups and prudent inventory management.
Employees	The outcome of work and growth of employees at the Company serves as one of the key factors that enable the Company to grow and expand its business.
Suppliers	To achieve sustainable development, we will have to rely on our suppliers to provide raw materials that we need to manufacture the products as needed by our customers.
Banks	Banks are facilitators that enable the Company to expand our operations and procure funding.

### Communication with major stakeholders

With our stakeholders identified and verified, the Company uses a variety of communication channels to interact with our stakeholders in an open and transparent manner to ensure effective communication and achieve the desired outcome. Featured in this Report is a summary of various communication channels the Company used in its operations to engage the key stakeholders in 2021.

Stakeholder	Method of engagement	Frequency of communication
Shareholders	<ul style="list-style-type: none"> <li>• Convention of Shareholders’ Meeting</li> <li>• Convention of Board of Directors Meeting</li> <li>• Renewal of company website</li> <li>• Renewal of information on MOPS website</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Quarterly</li> <li>• Sporadic</li> <li>• Sporadic</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Customer satisfaction survey</li> <li>• Visits to customers, factory visits by customers</li> <li>• Customer audit</li> <li>• Telephone, E-mail</li> </ul>	<ul style="list-style-type: none"> <li>• Every six months</li> <li>• Sporadic</li> <li>• Annually</li> <li>• At anytime</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Orientation training</li> <li>• Suggestion form available on the Company intranet</li> <li>• Factory employee suggestion box</li> </ul>	<ul style="list-style-type: none"> <li>• Sporadic</li> <li>• At anytime</li> <li>• At anytime</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Communication through physical correspondences, telephone calls and email</li> <li>• Implementation of supplier audit</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Sporadic</li> </ul>
Banks	<ul style="list-style-type: none"> <li>• Communication by phone and email</li> <li>• Visits at banks</li> </ul>	<ul style="list-style-type: none"> <li>• Sporadic</li> <li>• Sporadic</li> </ul>

# 1-3 Analysis of Material Issues



We have carefully examined the content of our sustainability survey while remaining observant of international sustainability trends and specific sector traits to learn about the issues of concern to our stakeholders through our questionnaire. From the results of questionnaires we collected from stakeholders, we involved our senior managers in evaluating the potential level of impact of these economic/environmental/social issues on our sustainable operation before the importance of these issues to our stakeholders and their potential impact on our operation were converted to the risk matrix (see illustration). After a discussion by the Sustainability Report Disclosure Team, we have identified seven material issues: financial performance, response to climate change, energy management, occupational safety and health, ethical management, talent attraction and retention, and water resource management, which have been selected as the key topics of disclosure for this Report. Upon the approval of the senior management, they are used as the topics of disclosure for our 2021 Sustainability Report.

Stakeholder	Material topics of concern	Response chapter
Shareholders	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>Information Security</li> <li>Energy Management</li> <li>Ethical Management</li> <li>Occupational Safety and Health</li> </ul>	4-3 Safety and Health 2-3 Management Strategy and Current Standing 2-4 Corporate Governance 2-6 Legal Compliance and Grievance Mechanism 5-1 Affluent and Waste Resource Management
Customers	<ul style="list-style-type: none"> <li>Occupational Safety and Health</li> <li>Financial Performance</li> <li>Information Security</li> <li>Energy Management</li> <li>Product Liability</li> </ul>	2-6 Legal Compliance and Grievance Mechanism 4-3 Safety and Health 4-1 Hiring Talents 2-3 Management Strategy and Current Standing
Employees	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>Occupational Safety and Health</li> <li>Diversity, Inclusion, and Equity</li> <li>Talent Attraction and Retention</li> <li>Product Liability</li> </ul>	4-1 Hiring Talents 4-3 Safety and Health 4-2 Employee care
Suppliers	<ul style="list-style-type: none"> <li>Occupational Safety and Health</li> <li>Financial Performance</li> <li>Talent Attraction and Retention</li> <li>Response to Climate Change</li> <li>Air Pollution Management</li> </ul>	2-6 Legal Compliance and Grievance Mechanism 3-3 Product development and quality management 4-1 Hiring Talents 4-3 Safety and Health 5-2 Energy management
Banks	<ul style="list-style-type: none"> <li>Financial Performance</li> </ul>	2-3 Management Strategy and Current Standing

Stakeholder	Material topics of concern	Response chapter
	<ul style="list-style-type: none"> <li>• Sustainable Supply Chain</li> <li>• Response to Climate Change</li> <li>• Occupational Safety and Health</li> <li>• Product Liability</li> </ul>	2-4 Corporate Governance 2-6 Legal Compliance and Grievance Mechanism 3-3 Product development and quality management 5-1 Affluent and Waste Resource Management

### Management Guideline for Material Issues

The confirmed material issues correspond to relevant topics laid out in the GRI Standard and relevant departments have verified the indicators, management approaches and performance outcome for disclosure to present relevant information in this Report. Considerations and corresponding management approaches for the aforementioned issues are shown in the table below. As the Company has not established a dedicated CSR Committee, the President is currently responsible for the oversight of issues pertaining to sustainability.

Category of Issue	Scope and Extent of Impact	Management Approach
Financial Performance	<p>Focusing on distribution channel as our core competitiveness, the Company has leveraged our channels to achieve economy of scale with our U.S. subsidiary TCI functioning as a platform to serve our U.S. customers. Our platform is also the largest distribution platform for stainless steel products in America. And as such, the distribution of our product carries a definite influence on the overall supply chain. In other words, the impact of this issue will cover our customers, Ta Chen Group and our supply chain. Ta Chen Group had established subsidiaries and affiliate businesses in Europe, the U.S., China, Australia, and New Zealand according to local demands. The operation of the group hinges on sound corporate governance. Apart from directly affecting all investors who have purchased our shares via TWSE's platform, corporate governance also affects all our employees in Taiwan and those in the rest of the world.</p>	<p>According to the historical sales data and future sales forecasts, the Company can offer reasonable profits and a supply chain management model for long-term orders, thereby fostering partnerships with our suppliers and stabilizing relationships between customers, the Company, and our suppliers. Through our subsidiaries' channel platform for distribution, we continually expanded our product categories and offerings to satisfy customers' needs for one-stop shopping and speedy delivery. At the same time, the Company sought to expand the client base and product offerings through strategic acquisitions and mergers to boost our operational efficiency and propel the development of the overall stainless steel industry and thereby foray into the development of aluminum-related products. Ta Chen Stainless Pipe has duly fulfilled its responsibilities as a publicly traded company, complying with pertinent regulations. Under the professional management of the Board of Directors, the directors and management have discussed and resolved various propositions on the Company's operation with prudence while strictly adhering to relevant guidelines on avoiding conflict of interests. In addition, we have also established our Audit Committee and Remuneration Committee to monitor the Company's operation, review the performance of directors and managers, and the policies, systems, standards, and structure for remuneration.</p>
Ethical Management	<p>Compliance with pertinent regulations and due implementation of the Company's internal management system has always been our guiding philosophy since the Company's establishment. And as such, legal compliance, the code of conduct for our employees and the mechanism for internal communication all serve as a</p>	<p>Ta Chen Stainless Pipe has been strictly compliant with pertinent regulations and adopts "zero violation" as one of its goals for external management. Internally, the Company endeavors to provide wages and benefits that are superior to those offered by our competitors and the standard remuneration in the region so as to facilitate mutual growth for our employees and the Company. With "Cherish, Innovate, and Endeavor for Improvement" as our core value, we hope all our employees will embrace the reduction of waste as the core of their work ethic while actively creating and striving for personal development. Our internal system also provides a channel for grievances, which is received and handled by</p>



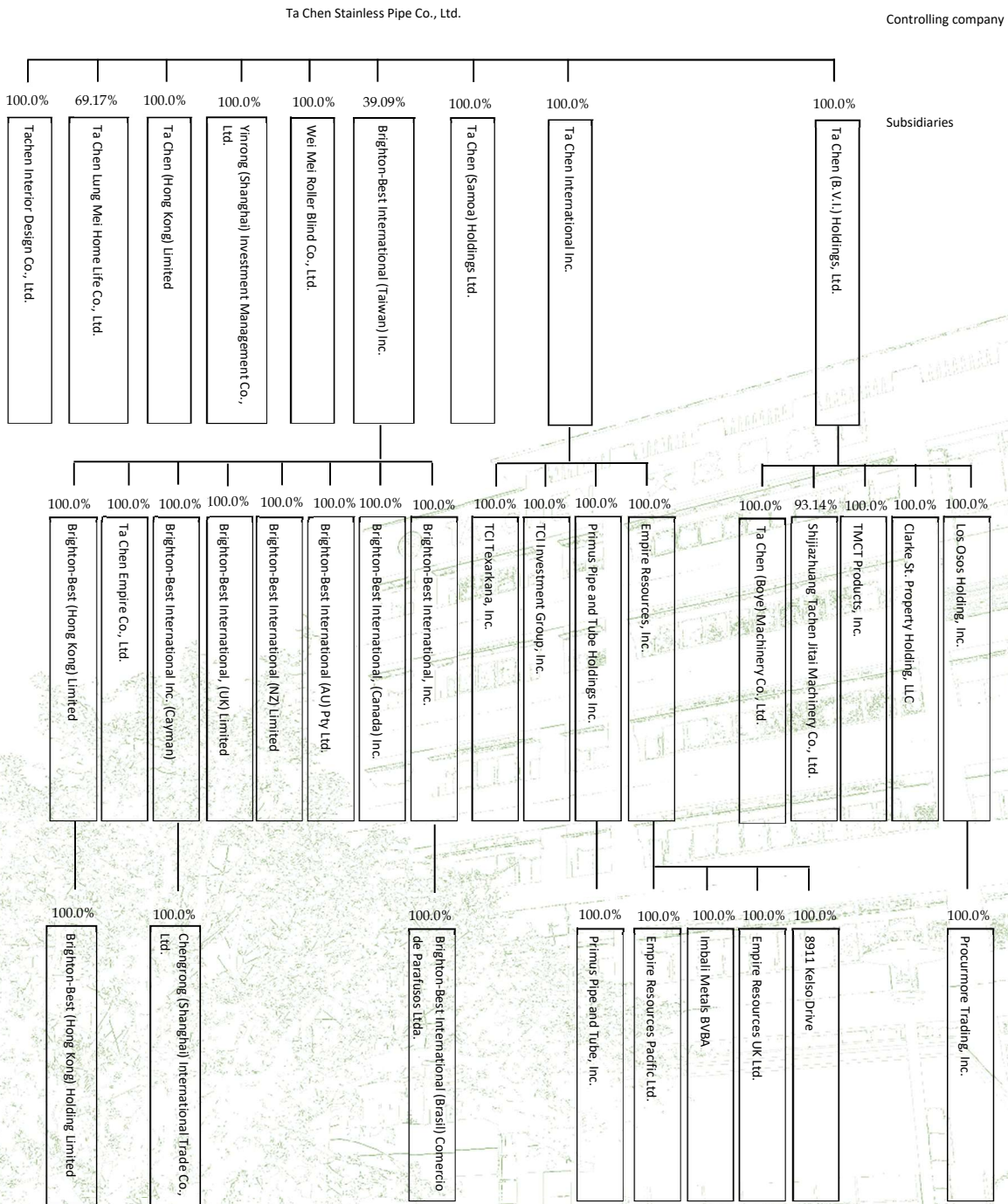
Category of Issue	Scope and Extent of Impact	Management Approach
	crucial component of the Company's operation as it affects all employees.	the responsible supervisor at the President's Office and reported to the President.
Response to Climate Change and Energy Management	In light of current efforts in environmental protection and conservation of the planet's limited resources, we are cognizant of the sensitive nature of the raw materials we use, the potential impact of our processes on the environment, and our consumption of energy resources. It is evident that our processes and use of energy resources can affect the Company and areas/regions in close proximity to our production facilities.	We take energy efficiency as a key factor of consideration in our construction of factories and equipment investment. As such, we have made an effort to purchase energy-saving equipment while committing to relevant projects to improve energy efficiency in our operations to reduce our energy consumption.
Water Resource Management		The scraps generated in our manufacturing of stainless pipes can and have been recycled as the raw material for our stainless cast pipe in an effort to make optimal use of materials. Other recyclable wastes generated in our processes/procurement have been properly sorted and handed over to relevant service providers for recycling and reuse, thereby reducing resource of resources. We have also constructed a new wastewater treatment facility to expand our effluent processing volume whilst improving the quality of effluent to satisfy relevant discharge requirements.
Talent Attraction and Retention	Operation of global business, manufacturing of product and service to our customer all rely on outstanding talents who contribute their expertise and know-how to sustain continual development for the Company. And as such, we believe creating a friendly and happy workplace for all of our employees to be an instrumental and essential component to our sustainable development.	Insisting on recruiting talents in an open and fair manner, we prioritize hiring locally. Our employees are free from discrimination or preferential treatment due to factors such as their political affiliation, religious beliefs, ethnicity, or gender. Wages for employees are determined based on their assigned job grade, academic credential and previous experience. Apart from sporadic recommendations for wage adjustment and/or promotion, employees may also be eligible to receive quarterly bonuses depending on their performance. Apart from the standard benefits prescribed by pertinent regulations, the Company also provides free vegetarian catering with offerings of organic vegetable dishes whenever available. Employees can also take home unfinished portions of food served at the employee canteen as the Company strives to care for all employees by offering healthy and nutritious food.
Occupational Safety and Health	Ta Chen Stainless Pipe and our suppliers are subject to potential safety issues when it comes to the manufacturing of products. As a result, providing a safe workplace that allows employees of the Company and of our suppliers to work without concern is a vital part of employee care.	The Company has implemented occupational safety and health management and promoted the establishment of management systems. We have also been certified for ISO 45001:2018. As part of our effort to watch over the health of employees, the Company also schedules a health examination that is superior to legal requirements yearly, supplemented with sporadic safety campaigns and courses to create a safe workplace, thereby continuously improving the safety and health of employees and preventing occupational injuries.

## Corresponding GRI topics and chapters in the Report

Category of Issue	GRI Topic	Corresponding Chapters
Financial Performance	201 Economic Performance 2016	2-3 Management Strategy and Current Standing
Ethical Management	205 Anti-Corruption 2016 307 Environmental Compliance 2016 419 Socioeconomic Compliance 2016	2-6 Legal Compliance and Grievance Mechanism
Response to Climate Change	305 Emissions 2016	5-1 Greenhouse Gas Management
Energy Management	302 Energy 2016	5-2 Energy management
Water Resource Management	303 Water and Effluents 2018	4-1 Manpower employment 4-2 Employee care
Talent Attraction and Retention	202 Market Presence 2016 401 Employment 2016 405 Diversity and Equal Opportunity 2016	4-1 Manpower employment
Occupational Safety and Health	403 Occupational Health and Safety 2018	4-3 Safety and Health

# 1-4 Disclosure Scope of this Report

## The Company's Investment Structure



## Disclosure Scope of this Sustainability Report

Category	Investment Entity	Disclosure Level and the Description of Undisclosed Information
Parent Company	<b>Ta Chen Stainless Pipe</b>	Full Disclosure
Listed Subsidiaries	Brighton-Best International (Taiwan) Inc. and its Subsidiaries	As Brighton-Best International (Taiwan) Inc. publishes its own Sustainability Report. It does not fall into our scope of disclosure.
Subsidiaries Engaged in Manufacturing, Logistics, Sales, and Other Business Activities	Ta Chen International Inc. and its subsidiaries, Ta Chen Lung Mei Home Life Co., Ltd., Wei Mei Roller Bling Co., Ltd., Tachen interior Design Co., Ltd., Shijiazhuang Tachen Jitai Machinery Co., Ltd., and Ta Chen (Boye) Machinery Co., Ltd.	As an information collection mechanism has not been established for overseas business locations, these subsidiaries did not fall into the scope of disclosure for this Report. Starting from 2022, we are expected to have discussions with the responsible departments of the respective subsidiaries about creating an information collection mechanism to progressively broaden the scope of disclosure.
Subsidiaries Engaged Only in Investment-related Business Activities	Ta Chen (B.V.I.) Holdings Ltd. and its subsidiaries (excluding Shijiazhuang Tachen Jitai Machinery Co., Ltd. and Ta Chen (Boye) Machinery Co., Ltd.), Ta Chen (Samoa) Holdings Ltd., Ta Chen (Hong Kong) Limited, and Yinrong (Shanghai) Investment Management Limited	These subsidiaries are holding companies investing in and controlling affiliated companies. As their business activities do not involve environmental and social issues and no relevant information is available for disclosure, their financial information is disclosed.

## 1-5 GRI Standard Index

Standard	Disclosure Item	Corresponding chapter/ Description/ Omission	Page no.
<b>GRI 102: General Disclosures 2016</b>			
<b>Organizational profile</b>			
102-1	Name of the organization	2-1 Company overview	17
102-2	Activities, brands, products, and services	2-2 Overview of products and processes	21
102-3	Location of headquarters	2-1 Company overview	17
102-4	Location of operations	2-1 Company overview 3-1 Channel Management	17 37
102-5	Ownership and legal form	2-1 Company overview	17
102-6	Markets served	3-1 Channel Management	37
102-7	Scale of the organization	2-1 Company overview	17
102-8	Information on employees and other workers	4-1 Talent Attraction and Development	44
102-9	Supply chain	3 Value Chain Management	36
102-10	Significant changes to the organization and its supply chain	N/A for 2021	
102-11	Precautionary Principle or approach	2-5 Risk Management	31
102-12	External initiatives	None	
102-13	Membership of associations	2-1 Company overview	17
<b>Strategy</b>			

Standard	Disclosure Item	Corresponding chapter/ Description/ Omission	Page no.
102-14	Statement from senior decision-maker	A word from the President	3
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards and norms of behavior	2-6 Legal Compliance and Grievance Mechanism	34
<b>Governance</b>			
102-18	Governance structure	2-4 Corporate Governance	26
102-22	Composition of the highest governance body and its committees	2-4 Corporate Governance	26
102-23	Chair of the highest governance body	2-4 Corporate Governance	26
<b>Stakeholder communication</b>			
102-40	List of stakeholder groups	1-2 Stakeholder Engagement	5
102-41	Collective bargaining agreements	The Company has not entered into any collective bargaining agreement with a union	
102-42	Identifying and selecting stakeholders	1-2 Stakeholder Engagement	5
102-43	Approach to stakeholder engagement	1-2 Stakeholder Engagement	5
102-44	Key topics and concerns raised	1-2 Stakeholder Engagement	5
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	About this Report	2
102-46	Defining report content and topic boundaries	1-3 Analysis of Material Issues	6
102-47	List of material topics	1-3 Analysis of Material Issues	6
102-48	Restatement of information	No reinstatement of information has been made for the Report in 2021	
102-49	Changes in reporting	No reinstatement of information has been made for the Report in 2020	
102-50	Reporting period	About this Report	2
102-51	Date of the most recent report	About this Report	2
102-52	Reporting cycle	About this Report	2
102-53	Contact point for questions regarding the report	About this Report	2
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	2
102-55	GRI Index	1-4 GRI Standard Index	10
102-56	External assurance	Appendix: Auditor's Limited Assurance Report	64
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its boundary	1-3 Analysis of Material Issues	6
103-2	The management approach and its components	1-3 Analysis of Material Issues	6

Standard	Disclosure Item	Corresponding chapter/ Description/ Omission	Page no.
103-3	Evaluation of the management approach	1-3 Analysis of Material Issues	6
<b>Material issue</b>			
<b>GRI 200: Economic Disclosures</b>			
<b>GRI 201: Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	2-3 Management Strategy and Current Standing	24
201-3	Defined benefit plan obligations and other retirement plans	4-2 Wage and Benefits	48
<b>GRI 202: Market Presence 2016</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4-2 Wage and Benefits	48
202-2	Proportion of senior management hired from the local community	4-1 Manpower employment	44
<b>GRI 205: Anti-Corruption 2016</b>			
205-3	Confirmed incidents of corruption and actions taken	2-6 Legal Compliance and Grievance Mechanism	34
<b>GRI 300: Environmental Disclosures</b>			
<b>GRI 302: Energy 2016</b>			
302-1	Total energy consumption within the organization	5-2 Energy management	57
302-3	Energy Intensity	5-2 Energy management	57
302-4	Reducing energy consumption	5-2 Energy management	57
<b>GRI 303: Water and Effluents 2018</b>			
303-1	Interactions With Water as a Shared Resource	5-3 Water Resource Management	60
303-2	Management of Water Discharge-related Impacts	5-3 Water Resource Management	60
303-3	Water Withdrawal	5-3 Water Resource Management	60
303-4	Water Discharge	5-3 Water Resource Management	60
303-5	Water Consumption	5-3 Water Resource Management	60
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG Emissions	5-1 Greenhouse Gas Management	56
305-2	Energy Indirect (Scope 2) GHG Emissions	5-1 Greenhouse Gas Management	56
305-3	Other Indirect (Scope 3) GHG Emissions	5-1 Greenhouse Gas Management	56
305-4	GHG Emissions Intensity	5-1 Greenhouse Gas Management	56
<b>GRI 307: Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	2-6 Legal Compliance and Grievance Mechanism	34
<b>GRI 400: Social Disclosures</b>			
<b>GRI 401: Employment 2016</b>			

Standard	Disclosure Item	Corresponding chapter/ Description/ Omission	Page no.
401-1	New employee hires and employee turnover	4-1 Talent Attraction and Development	44
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-1 Talent Attraction and Development	44
401-3	Parental leave	4-2 Wage and Benefits	48
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-1	Occupational Health and Safety Management System	4-3 Safety and Health	51
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	4-3 Safety and Health	51
403-3	Occupational Health Services	4-3 Safety and Health	51
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	4-3 Safety and Health	51
403-5	Worker Training on Occupational Health and Safety	4-3 Safety and Health	51
403-6	Promotion of Worker Health	4-3 Safety and Health	51
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	4-3 Safety and Health	51
403-8	Workers Covered by an Occupational Health and Safety Management System	4-3 Safety and Health	51
403-9	Work-related Injuries	4-3 Safety and Health	51
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	2-4 Corporate Governance 4-1 Talent Attraction and Development	26 44
<b>GRI 416: Customer Health and Safety 2016</b>			
416-1	Assessment of the health and safety impacts of product and service categories	3-3 Product development and quality management	40
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A for 2021	
<b>GRI 417: Marketing and Labeling 2016</b>			
417-1	Requirements for product and service information and labeling	3-3 Product development and quality management	40
417-2	Incidents of non-compliance concerning product and service information and labeling	3-3 Product development and quality management	40
<b>GRI 419: Socioeconomic Compliance 2016</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	2-6 Legal Compliance and Grievance Mechanism	34

## 1-6 SASB Standards Index

Industry type	Extractives and Minerals Processing (EM)		
Industry	Iron Steel Producers (IS)		
Metric Code	Accounting Metric	Corresponding Chapter/Description	Page no.
EM-IS-110a.1	Disclosure of the following information on GHG emissions: (1) GHG emissions (Scope 1). (2) Percentage of emissions in areas subject to regulations limiting GHG emissions in total emissions.	(1) 5-1 Greenhouse Gas Management (2) Our business locations are located in areas subject to no regulations limiting GHG emissions.	56
EM-IS-110a.2	Description of short-term, mid-term, and long-term strategies/plans and emission reduction goals for Scope 1 emissions as well as the analysis of behavior in contradiction with the goals.	(1) 5-1 Greenhouse Gas Management (2) We expect to set the base value and emission reduction goals after carrying out an external verification for compliance with ISO 14064-1 in 2022.	56
EM-IS-120a.1	Disclosure of the weight of the following air pollutants discharged: (1) CO, (2) NOx (excluding N <sub>2</sub> O). (3) SOx, (4) PM10. (5) MnO, (6) Pb. (7) VOCs. (8) PAHs.	(1) 5-4 Air Quality Management (2) There were no CO, MnO, Pb, PAHs, and related air pollutants discharged in 2021.	62
EM-IS-130a.1	Disclosure of the following information on energy consumption: (1) Total energy consumption. (2) Percentage of grid-supplied electricity consumption. (3) Percentage of renewable energy-generated electricity consumption.	(1) 5-2 Energy Management (2) Our PV installations built before 2021 have been sold through the sale of electricity. A new factory that is expected to be built in 2022 is intended mainly for generating electricity for own use. Currently, we do not use other renewable energy sources for power supply.	57
EM-IS-130a.2	Disclosure of the following information on fuel consumption: (1) Fuel consumption. (2) Percentage of the consumption of electricity generated by burning coal. (3) Percentage of natural gas-generated energy consumption. (4) Percentage of renewable fuel-generated energy consumption.	(1) 5-2 Energy Management (2) We did not burn coal nor use renewable fuel to generate energy in 2021.	57
EM-IS-140a.1	Disclosure of the following information on water resource withdrawal: (1) Water withdrawal. (2) Percentage of water recycled. (3) Percentage of water withdrawn from regions with (high and extremely high) baseline water stress.	(1) 5-3 Water Resource Management (2) All our business locations are located in non-water stressed regions.	60
EM-IS-150a.1	Disclosure of the following information on waste: (1) Weight of waste generated. (2) Percentage of hazardous waste. (3) Percentage of waste recycled.	5-5 Waste Management	63
EM-IS-320a.1	Disclosure of the following information on occupational injuries for (a) full-time employees and (b) contract employees:	(a) 4-3 Safety and Health (b) We have only one contract employee. No disabling injuries occurred in 2021.	51



Industry type	Extractives and Minerals Processing (EM)		
Industry	Iron Steel Producers (IS)		
Metric Code	Accounting Metric	Corresponding Chapter/Description	Page no.
	(1) Total recordable incident rate (TRIR). (2) Occupational death rate. (3) Near miss frequency rate (NMFR).	Our TRIR, occupational death rate, and NMFR were 0.	
EM-IS-430a.1	Description of the process for managing iron ore or coking coal sourcing risks arising from environmental or social issues:	The metric is not applicable since the Company purchases stainless steel sheets for subsequent processing.	
EM-IS-000.A	Disclosure of the following information for (1) basic oxygen steelmaking processes (primary steelmaking) and (2) electric arc furnace processes: Raw steel production. Percentage in raw steel production.	We are not engaged in raw steel production, and thus the metric is not applicable.	
Metric Code	Activity Metric	Corresponding Chapter/Description	Page no.
EM-IS-000.B	Total Iron Ore Production	We are not engaged in iron ore production, and thus the metric is not applicable.	
EM-IS-000.C	Total Coking Coal Production	We are not engaged in coking coal production, and thus the metric is not applicable.	

## 2. About Ta Chen Stainless Pipe Co., Ltd.

### 2-1 Company overview

#### Basic information

<b>Company name</b>	Ta Chen Stainless Pipe Co., Ltd.
<b>Date founded</b>	November 27, 1986
<b>Stock symbol</b>	2027
<b>Industry type</b>	Steel industry
<b>Address</b>	No.125, Xintian 2nd Street, Rende District, Tainan City (HQ and factory)
<b>Chairman</b>	Li-Yun Hsieh
<b>Capital</b>	NTD 98.686 billion (as of December 31, 2021)
<b>No. of employees</b>	981 (as of Friday, December 31, 2021)
<b>Main line of business</b>	Stainless steel industrial product manufacturing and distribution

#### Company History

1986	Establishment of Ta Chen Stainless Pipe Co. Ltd., specializing in the production and processing of stainless steel pipes.
1987	The stainless steel factory officially commenced operation.
1992	Beginning of the manufacturing and shipment of 3000-pound forged piping components
1993	The cutting factory commenced commercial operation officially.
1996	The new stainless steel pipe factory commenced operation. On October 24, the Company's stock was officially listed under the second-class category of stocks for trade on the TWSE.
1998	The stainless steel square pipe factory commenced operation
2001	Large stainless steel pipe factory commenced trial production.
2003	Two production lines for stainless steel square pipes and one production line for flat iron pipes were added. The plastic curtain board factory began commercial operation.
2004	Expansion for stainless steel automobile accessory factory completed
2007	Constructions of flat iron factory and cutting factory completed
2017	Acquired Empire Resource, Inc. (ERI), the second largest aluminum sheet/coils distributor in the U.S. Acquired Gallex Inc., an aluminum coil and aluminum sheet importer and distributor in the U.S. Purchased Outokumpu Stainless Pipe, Inc., a U.S. based manufacturer of stainless steel pipes
2018	The indirect subsidiary TCI Texarkana Inc. acquired all tangible assets of ALUMAX MILL PRODUCTS, INC, a wholly owned subsidiary of ARCONIC INC.
2019	Invested in Lungmei Curtain Inc. (leading to a shareholding of 48.75%).
2020	Sold subsidiary Dacheng (Changshu) Machinery Limited Company to focus on operations in Taiwan and the U.S.
2021	Invested in Lungmei Curtain Inc. (renamed Ta Chen Lung Mei Home Life Co.,Ltd. on February 18, 2022), leading to a shareholding of over 50% (69.17%) and resulting in the company becoming a subsidiary of the Ta Chen Group.

Ta Chen Stainless Pipe Co., Ltd. was established by Mr. Rung-Kun Shieh in 1986 in Rende District, Tainan City. The company specialized in the export of stainless steel pipes, stainless steel sheets, stainless steel weld-piping components, stainless steel castings, stainless steel sphere valves, and plastic curtain boards. In 1989, Ta Chen International (TCI) was established in Los Angeles, U.S.A. After 10 years of diligent effort, the TCI grew to become the largest distributor of imported stainless steel in the United States. As the industry leader, TCI leverages its inventory depth, breadth and availability and efficiency to serve more than 3,000 customers across the country.

In 1996, Ta Chen Stainless Pipe became a publicly traded company and 12 years later, Brighton-Best International (Taiwan) Inc. was established in 2008. In 2009, the company later acquired Brighton-Best, America's largest distributor of alloy screws and screw-nuts, and the acquisition significantly increased the Company's distribution locations to more than 30 in the U.S., Canada, Australia, England, New Zealand, and Brazil. In 2017, the Company acquired ERI and later expanded our distribution channels to the manufacturing sector by acquiring the main assets of Alumax Mill Product (a subsidiary under Arconic Corporation) in 2018 to foray into the domain of aluminum production to further boost the operating synergy in the U.S.

In light of the COVID-19 pandemic that devastated the world and impacted the global market in the last two years, the orders we received declined significantly. The turnover for the Group in 2020 came down to NTD 59.235 billion. Starting from the second half of 2019, competitors from the Middle East and Europe in the aluminum industry began to sell large amounts of products to the U.S. This dramatically impacted TCI's market share and sales volume in the U.S. and reduced the overall profit for the group. For the anti-dumping and countervailing investigation against 18 countries initiated in 2020, the U.S. Aluminum Association made the final affirmative determination of anti-dumping and countervailing duties in March 2021. According to the result, countervailing and anti-dumping duties shall be imposed on the aluminum sheet products imported from the countries to the U.S., which has enabled market competition in the U.S. to gradually increase. As the pandemic in the United States was winding down and the industrial steel market was reviving, the Company's consolidated revenue topped NTD 97.058 billion in 2021 (growing by 63.85% over 2020), hitting a new record high.

Ta Chen Stainless Pipe has manufactured PVC window blinds for 15 years. We used to focus on exporting our products to the U.S and we have so far had 500 distributors in the U.S. Due to the fact that there were no other companies manufacturing the same product in Taiwan and that PVC window blinds suitable for the island climate were relatively competitive in terms of price, appearance, and durability, as compared to alternative products, the Company invested in Lungmei Curtain Inc. in 2019 to have a stake of 48% in the company. Through Lungmei's 72 business locations and over 100 physical salesperson channels across Taiwan, we leveraged our existing strengths in system management and provided comprehensive backend support for salespeople throughout the processes, from measurement to price inquiry and from order placement to deal closure, significantly improving the efficiency and unlocking sales growth for our window blinds and Lungmei's curtains. In 2020, the Company continued to invest in Lungmei Curtain, leading to a shareholding of over 50% and resulting in the company becoming a subsidiary of Ta Chen Stainless Pipe.

Ta Chen Group started out as a trading business. After it forayed into the domain of stainless steel pipe manufacturing, the Group deployed its channels to construct an online distribution platform, thereby introducing an e-commerce distribution model for industrial products. With more than 75% of the Group’s orders coming from the Internet, the Group sought to promote further growth in revenue by expanding its product lineup. Monopoly has never been Ta Chen Group’s management philosophy. Instead, we believe in strengthening and expanding the entire supply chain and enhancing the competitiveness of the sector to be the key to development. And thus, we have created our triangular framework of business operation: “Operation in Taiwan, Global Production and Global Distribution”, and as our core operating strategy, it will guide us to usher in a new playing field for traditional industries while our subsidiaries will focus primarily on the development of relevant market channels. The division of labor within the group is as follows:

Company name	Key business and promotion
Ta Chen Stainless Pipe Co., Ltd.	Dedicated manufacturer of stainless steel pipes, components and valves
Ta Chen International (TCI)	Dedicated operator of stainless steel and aluminum product distribution market channel in the U.S.
Brighton-Best International Inc.	Deployment of global market distribution channels for fasteners
TCI TEXARKANA, INC. (TKA)	Manufacturing of aluminum coils and sheets in the U.S.
Ta Chen Lung Mei Home Life Co.,Ltd.	Window Blinds, Curtain Fabric, and Interior Design Turkey Projects

## **Strategic development**

At present, in addition to focusing on the manufacturing of stainless steel pipes, pipe fittings, components, and valves, the Company has also ventured into the manufacturing and sale of plastic curtain boards, windows of various types, and system furniture to strengthen our brand promotion and reach economy of scale through mass production. This will in turn enable us to expand our market share. In the long run, we perceive the U.S. to be our center of distribution channels while facilities in Taiwan and China will focus on product manufacturing. With relevant corporate operations and administration carried out in Taiwan as a hub of management, we shall establish a solid framework for operation while searching for other competitive products that we might be able to distribute through our U.S. channels so that we can continue to upscale our business. Before the U.S. imposed anti-dumping and countervailing duties on steel and aluminum products from other countries around the world, the Company had anticipated the situation in advance and made relevant preparations by not only increasing our own production capacity, but also securing suppliers throughout the world to ensure our sources. With a distributed purchasing model, we were able to avoid relying too heavily on any particular supplier for materials and circumvent relevant risks.

The U.S. Department of Commerce made the final affirmative determination of anti-dumping duties on aluminum sheets/coils imported from 18 countries, including Germany, India, Indonesia, Brazil, Taiwan, etc., on March 2. Germany had the highest anti-dumping duty rate, ranging from 50% to up to 242%, followed by India (47.92%), and Indonesia (32.12%), while Taiwan was subject to an anti-dumping duty rate of 17.5%. This pushed the international aluminum ingot price up to US\$2,200 per ton, a new high since June 2018, and caused a serious shortage in the U.S. aluminum sheet/coil market, and the Company was expected to benefit the most therefrom. In 2021, we launched a construction project to de-bottleneck our production lines and started to build a second cold-rolling production line at our plant in America. In 2022, the Company looks forward to continuous revenue growth driven by multiple forces, such as the persistently high prices of stainless steel, aluminum sheets/coils, and fasteners, and the increased production capacity for upcoming mass production.

## **Union and association**

The Company has been an active member and participant in the Taiwan Steel & Iron Industries Association. Apart from facilitating exchanges between relevant sectors, we have also joined other local associations such as the Tainan City General Industrial Association and Xintian Industrial Park Tenant Association due to proximity reasons so that we can assist local businesses to achieve mutual growth. It is one of our ways of communicating with relevant stakeholders in our efforts to promote sustainable development.

## **Social participation**

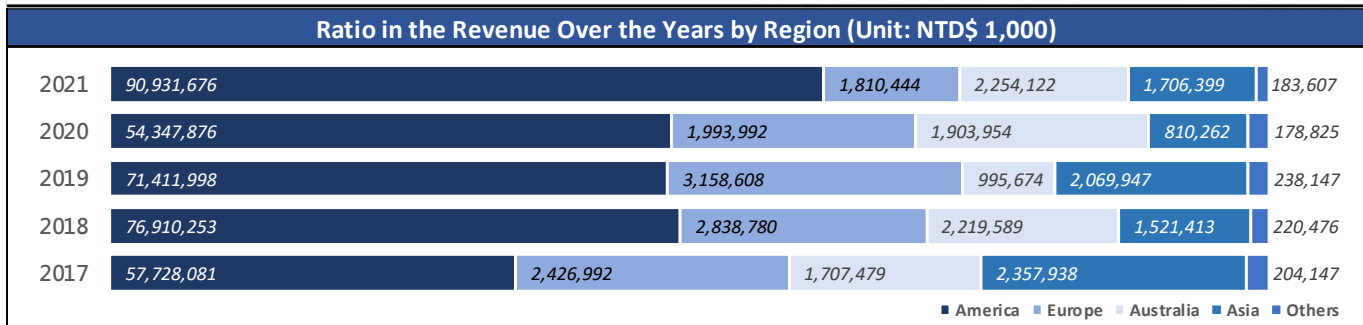
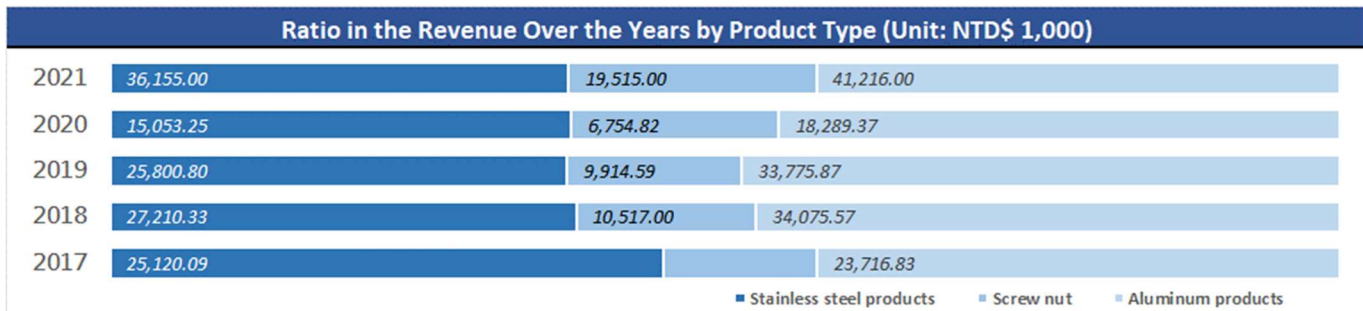
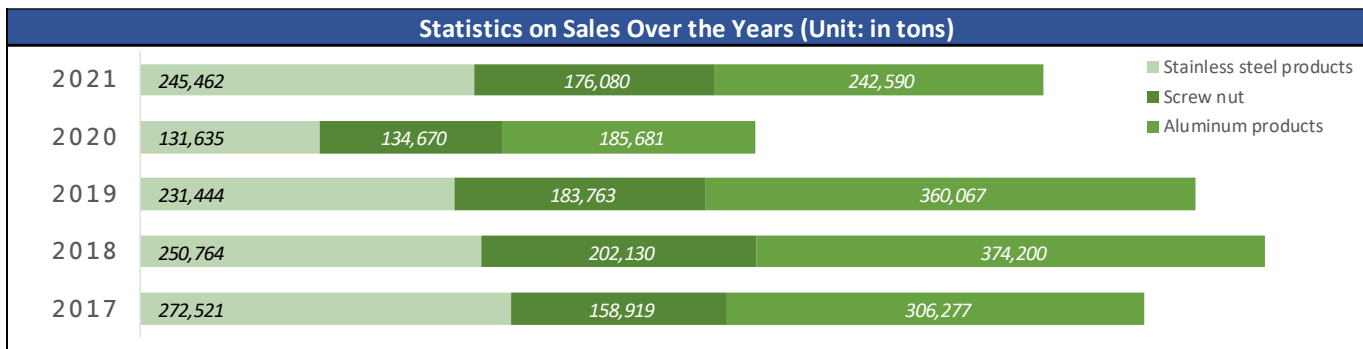
The Company has also been actively taking part in various community development and relevant charitable events to promote social harmony. We have been working with schools, religious organizations, and associations in local communities for such activities. The Company donated approximately NTD 24.07 million in 2021. On top of that, guided by our belief in cherishing our good fortune and giving back to society, we have also been providing the food served at our employee canteen to seniors living alone in six nearby neighborhoods. In order to deliver the food while it is warm, the food is delivered in food storage containers and used containers are collected to be cleaned at the Company for reuse.

## 2-2 Overview of products and processes

At present, apart from stainless steel products and screws/screw-nuts as our main products, when we acquired Empire Resources Inc. (ERI) in 2017, we expanded our product lines to include aluminum products as ERI used to be the 2nd largest distributor for aluminum sheets/coils in the U.S. 2018 was the first fiscal year after the acquisition and merger and turnover for the year reflected the benefits of the merger, as the sales figures and volume of sales for aluminum products grew substantially. This in turn has led to the growth of stainless steel products and screws/screw nuts. In 2018, we managed to acquire the primary operating asset of Alumax Mill Products, Inc. under Arconic Inc., and thereby officially forayed into aluminum sheet/coil production in the U.S. However, due to the impact of the COVID-19 pandemic, the Company has adopted a relevant inventory control mechanism to reduce operating budget and costs. In 2020, the Company significantly reduced the manufacturing volume of relevant products while monitoring the development of the pandemic closely so as to be fully prepared. The Company will take stainless steel products, screws and nuts, and aluminum products as the group's three flagship products and actively improve the sales of our aluminum products to turn them into the group's main source of revenue growth.

The company is one of the key domestic distributors of seamed stainless-steelstainless steel pipes and accessories. Approximately 97% of our finished products are exported to other countries, primarily the U.S. market. Other regions, including Europe, Australia, Southeast Asia, Africa and Israel, also contribute varying percentages of our distribution. Stainless steel pipes and accessories are mostly used in petrochemical and food industries due to stainless steel's corrosion and rust resisting nature. And as such, numerous industries have gradually switched and adopted stainless steel pipes to prolong their product lifecycles and the market certainly has the potential for further growth. We shall continue to deliver outstanding product quality and achieve economy of scale with our distribution network, thereby boosting our market competitiveness.

Apart from our existing stainless steel, screws and nuts, and aluminum products, in 2019, the Company made a strategic investment in Ta Chen Lung Mei Home Life Co., Ltd. - a leading name in curtain products in Taiwan. This move effectively brought together the PVC window blind products that the Company has been exporting to the U.S. for more than 15 years to more than 70 operating locations across Taiwan under Ta Chen Lung Mei Home Life Co., Ltd. Through the integration of the two companies, we hoped to bring our PVC window blinds to the curtain market and further expand our business. For the window blinds that we are currently manufacturing, in addition to offering high-quality products that come with a 10-year warranty, we are able to reduce the foaming ratio (i.e. volume/weight after foaming) without altering the physical strength of our window blinds through product development. By progressively improving our products, we have reduced PVC use per unit area by a total of 5.14% cumulatively as of 2020. The Company will assess the feasibility of introducing post-consumer recycled (PCR) plastics with consumer acceptance and the overall material development trend taken into account to reduce the use of virgin plastics. In terms of markets for window-related products, we will focus on markets targeting mid-end customers and first-time home buyers. To leverage Lungmei Curtain's store personnel's expertise in home design, the Company will also explore customers and markets for system furniture and interior design turnkey projects in addition to window blinds, so as to achieve a triple-win situation (for Ta Chen Stainless Pipe, Ta Chen Lung Mei Home Life, and employees) by enhancing the revenue performance (revenue/total hours worked by store personnel), providing employee wages, and acquiring Ta Chen Lung Mei Home Life.

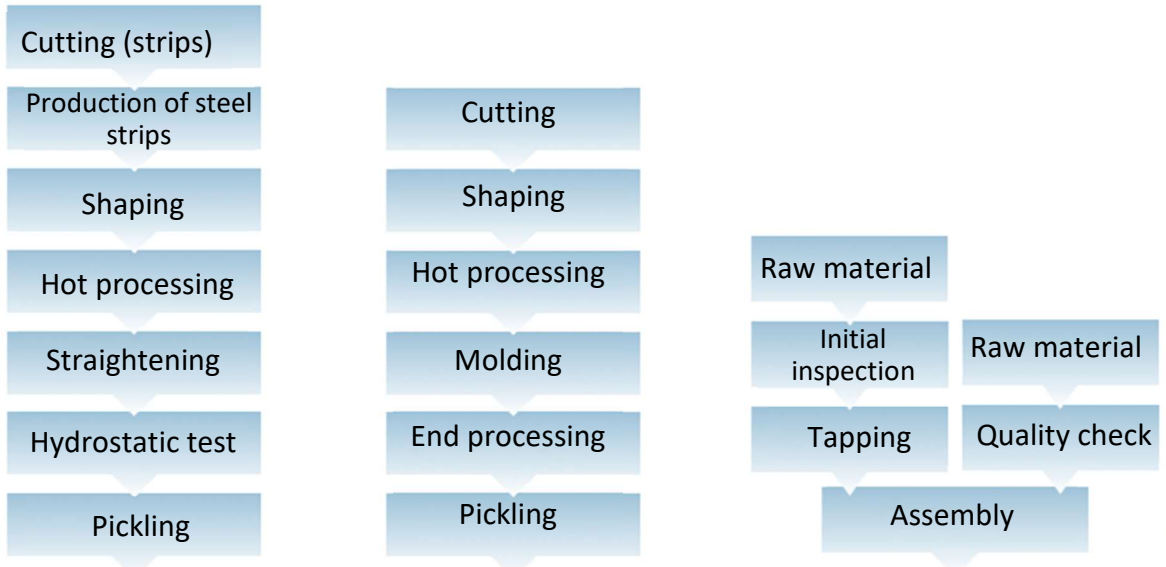


#### Major contents of the Company's business

- Production and sales of products such as stainless steel pipes
- Production and sales of products such as stainless steel pipe joints, flanges, valves and fasteners
- Manufacturing and processing of plastic curtain boards



**Production process:**



**Process for stainless steel pipe**

**Process for stainless steel sphere welded pipe component**

**Process for stainless steel sphere valve**



## 2-3 Management Strategy and Current Standing

### Financial Performance

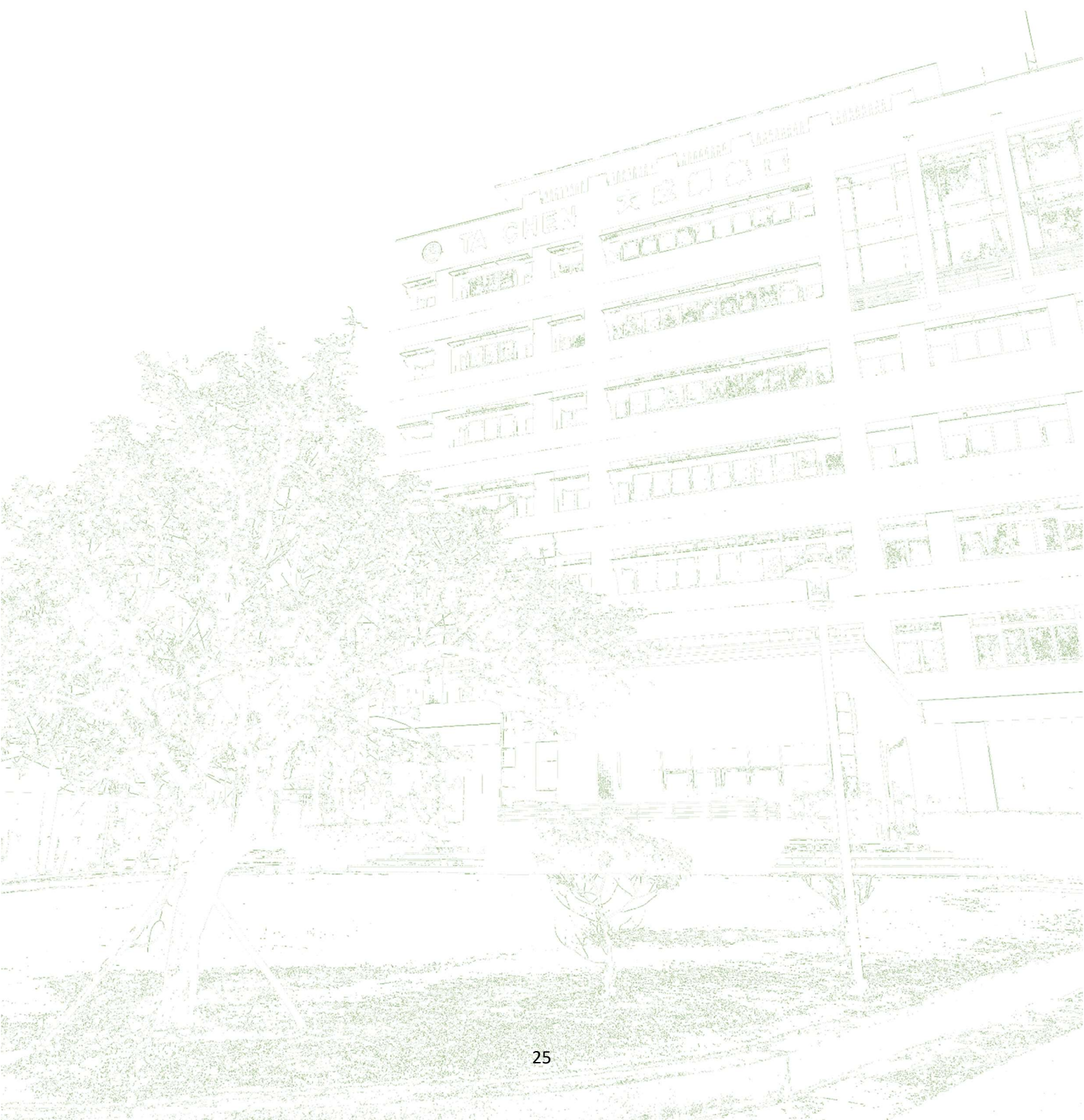
In 2021, driven by both the U.S.'s domestic infrastructure investments and imposition of countervailing and anti-dumping duties on low-priced imports from foreign countries, the demand and price grew, leading to the Company's consolidated revenue reaching NTD 96.886 billion, showing a growth of NTD 37.651 billion as compared to 2020 (with a revenue growth rate of 63.56%). Information on the Company's consolidated income over the years (in NTD 1,000) is as follows:

	2017	2018	2019	2020	2021
<b>Operating Revenue</b>	64,424,637	83,710,511	77,874,374	59,234,909	96,886,248
<b>Operating Cost</b>	53,025,304	65,499,547	63,589,569	50,300,169	67,815,551
<b>Operating Gross Revenue</b>	11,399,333	18,210,964	14,284,805	8,934,740	29,070,697
<b>Operating expenses</b>	6,660,248	8,972,471	8,877,772	7,502,253	10,132,859
<b>Other Profits and Losses</b>	(27,308)	16,556	(270)	390,280	(1,227)
<b>Operating profit</b>	4,711,777	9,255,049	5,406,763	1,822,767	18,936,611
<b>Non-operating Revenue and Expenses</b>	(2,016,477)	(236,408)	(2,277,490)	(1,903,179)	(3,522,117)
<b>Profit before tax</b>	2,695,300	9,018,641	3,129,273	(80,412)	15,414,494
<b>Income Tax Expenses</b>	1,257,860	2,356,188	737,069	21,046	3,852,066
<b>Net profit after tax</b>	1,437,440	6,662,453	2,392,204	(101,458)	11,562,428
<b>Other Comprehensive Profits and Losses</b>	(1,394,596)	491,352	(1,215,807)	(2,348,879)	(602,322)
<b>Net comprehensive profit and loss for the current period</b>	42,844	7,153,805	1,176,397	(2,450,337)	10,960,106
<b>Earnings per Share (basic)</b>	1.20	5.83	1.46	(0.44)	5.76
<b>Employee wage and benefits</b>	3,854,088	5,560,074	4,860,891	4,293,265	6,582,218
<b>Dividends and Interest Expenses</b>	1,326,447	2,148,657	7,148,683	3,795,468	3,434,522

### Market Trends

Ta Chen Stainless Steel Group is a primary distributor of stainless steel materials and industrial fasteners in the U.S. Due to the economy of scale and our actual sales performance, other exporters of stainless steel products and industrial fasteners wishing to distribute their products in America have also chosen our U.S. subsidiaries TCI and BBI-USA as their preferred distribution channel. Moreover, as the Group has a great procurement demand for the secondary channel industry, we also benefit from having greater bargaining power. Following the trends of globalization and integration, apart from integrating vertically with our upstream manufacturers' product groups, the Company has been able to ship low-cost, high-quality products to places of high profit and demand. Thanks to the scale of the economy, the Company has demonstrated its outstanding management capability over the international supply chain

and established itself as the most competitive operator in terms of local procurement costs. Being able to effectively reduce the operating costs for our downstream vendors, purchasing customers will be more dependent on our involvement due to greater convenience, which gives us more leverage in price bargaining in relevant negotiations. Looking forward to the development of the stainless steel sector of Taiwan in the near future, we believe that the industry would do well by working together in the framework of an industrial holding company to bring together upstream processes of steel smelting and cold rolling so that they can free themselves from the operating model of cost competition by leveraging the advantages of international channels. It is an ideal model that enables all participants to profit through collaboration.



## 2-4 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. In addition, we were invited to the "Investment Forum 2022" organized by Yuanta Securities in 2021 to talk about the Company's current operating status and prospects.

### 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 2021, the Board of Directors held a total of nine meetings. Below is information on the Board members and a record of their attendance as of the end of 2021.

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.	9	0	100%
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.	9	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	9	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.	9	0	100%
Director	Chao-Jin Cai	Male	Graduated from Kaohsiung Municipal Lujhu Junior High School Director/President of Fang Sheng Screws Co., Ltd.	9	0	100%
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.	9	0	100%

Title	Name	Gender	Academic credentials and previous experience	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio
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.	9	0	100%
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	9	0	100%
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	9	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.	8	1	89%
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	9	0	100%

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.

### 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 2021. 91% of the directors complied with the requirements for further education hours.

Name of course	No. of hours	Directors who participated in the training
Legal Liabilities for and Case Studies on Short-swing and Insider Trading	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
Enterprises' Economic Prospects and Investment Strategies in the Face of the Post-pandemic Era	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 2021, we held a total of nine 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. In 2017, the Company established its Audit Committee Charter and created its Audit Committee to replace its original system with supervisors. 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 2021 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	9	8	1	89%
	Independent director	Ming-Chang Shen	9	9	0	100%
	Independent director	Guang-Hsiang Wang	9	9	0	100%
Remuneration Committee	Title	Name	No. of expected attendance	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio
	Convener	Ming-Chang Shen	3	3	0	100%
	Member	Chun-An Hsu	3	2	1	67%
	Member	Guang-Hsiang Wang	3	3	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. Disclosure of material inside information ought to be performed in accordance with three fundamental principles:

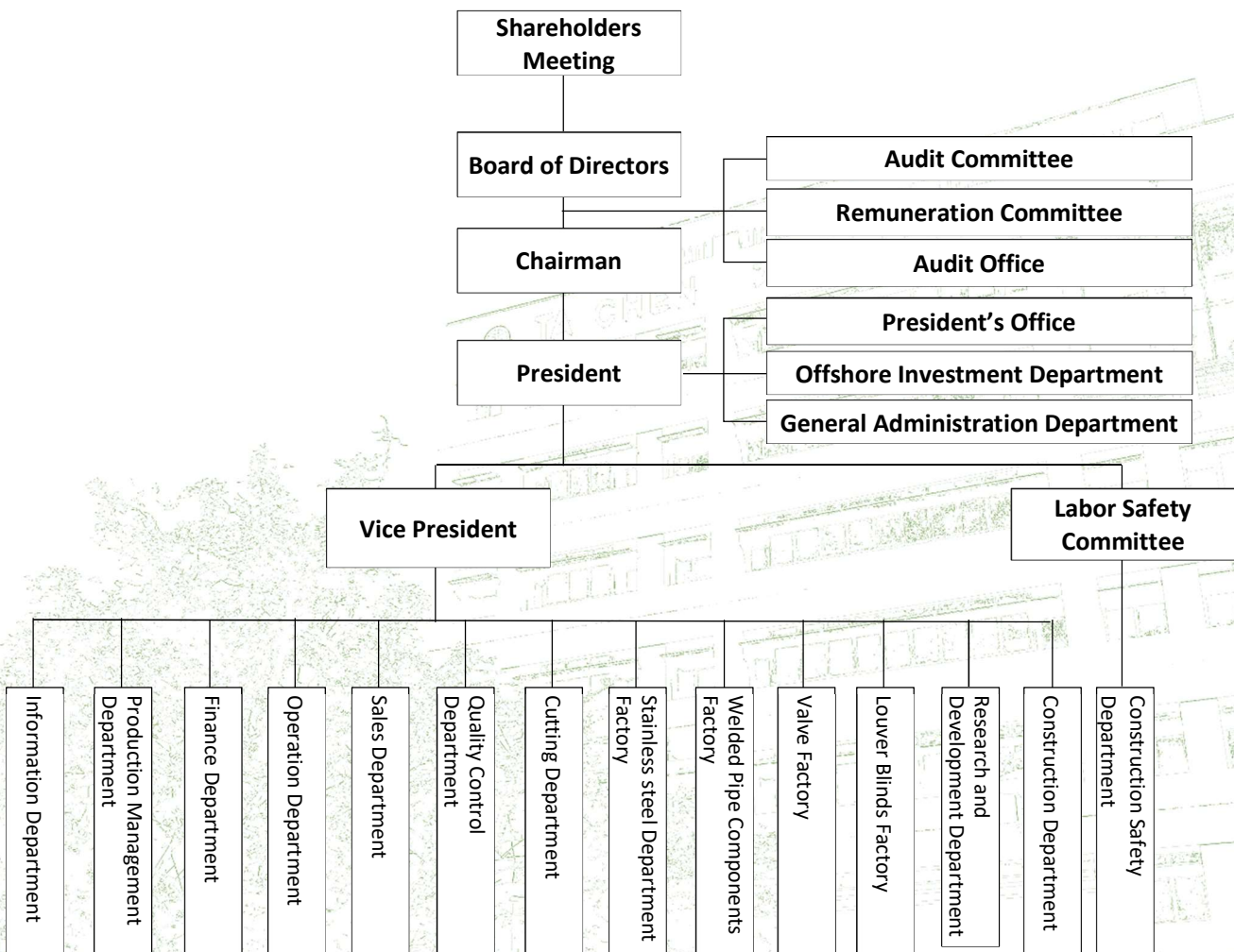
- I. Disclosure of information shall be accurate, comprehensive and timely;
- II. Information should only be disclosed on a valid basis;
- III. Disclosure of information shall be fair and just.

### 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



## 2-5 Risk Management

### Financial Risks

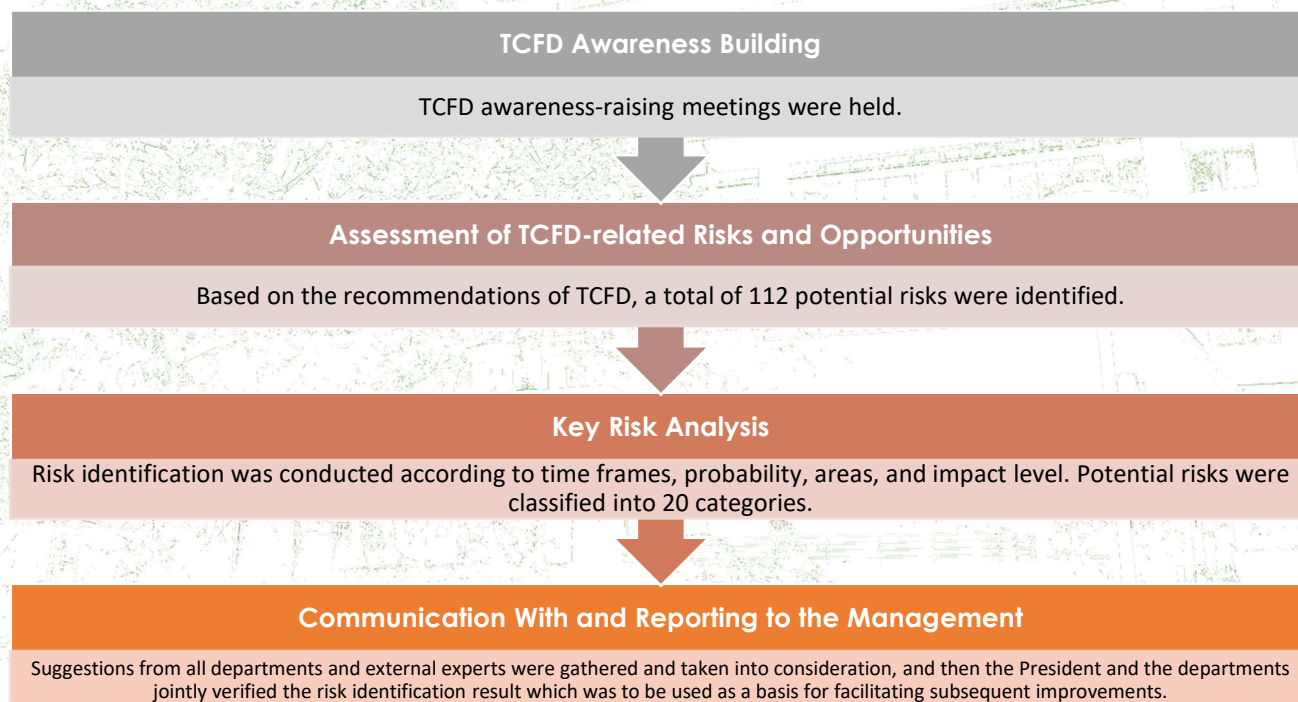
In order to respond quickly to the ever-changing domestic and international markets, such as boom/decline of the economy, fluctuations in raw material prices, amendments to regulations and standards, intense competition from the sector, natural disasters and forex volatility, the Company is committed to conduct a sporadic review and formulate appropriate response measures as the basis for operation control. With regards to raw material price and forex rate fluctuations, the Company has adopted relevant risk-aversion mechanisms to avoid incurring unexpected losses that might be caused by falling prices and unfavorable foreign exchange rates. Through prudent cashflow management, we strive to maintain sufficient cash and cash equivalents to cover the Company's operating costs and alleviate the impacts of cashflow fluctuations.

For our customers, the Company takes their transaction and payment status into account to carefully evaluate their credit risks so that we can adopt appropriate transaction conditions and prices to avoid the risk of losses from accounts receivable as the result of bad debts.

### Climate Change Risks

Climate change has caused increasingly severe impacts and the GHG emission problem has been aggravated, turning them into issues that must not be ignored. The Company has embarked on the collection and analysis of international and domestic studies on climate change issues to reinforce our response to and management of the issues. Seeing the "Recommendations of the Task Force on Climate-related Financial Disclosures" published by the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) in June 2017, we realize that we should start to assess climate change-related risks and opportunities in a step-by-step manner when it comes to developing business strategies in the future. In 2021, Ta Chen Stainless Pipe continued our promotion achievements in 2020 and further promoted our analysis of climate change-related risks and opportunities.

#### A Summary of Promotion Methods and Performances in 2021





## Climate Change Governance

At the initial stage of the introduction of climate change risk management in the Company, the President temporarily serves as the chief governance officer for climate-related issues in promotion and revision processes. The finance manager acts concurrently as the person responsible for promoting sustainability- and climate change-related issues in an effort to continuously identify climate change-related risks and opportunities every year, manage response programs, and keep track of the progress. In 2022, we expect to report the identified risks and opportunities to the Board of Directors upon the review and approval of the President. The relevant departments will be responsible for promoting the corresponding response programs and make regular reports to the President.

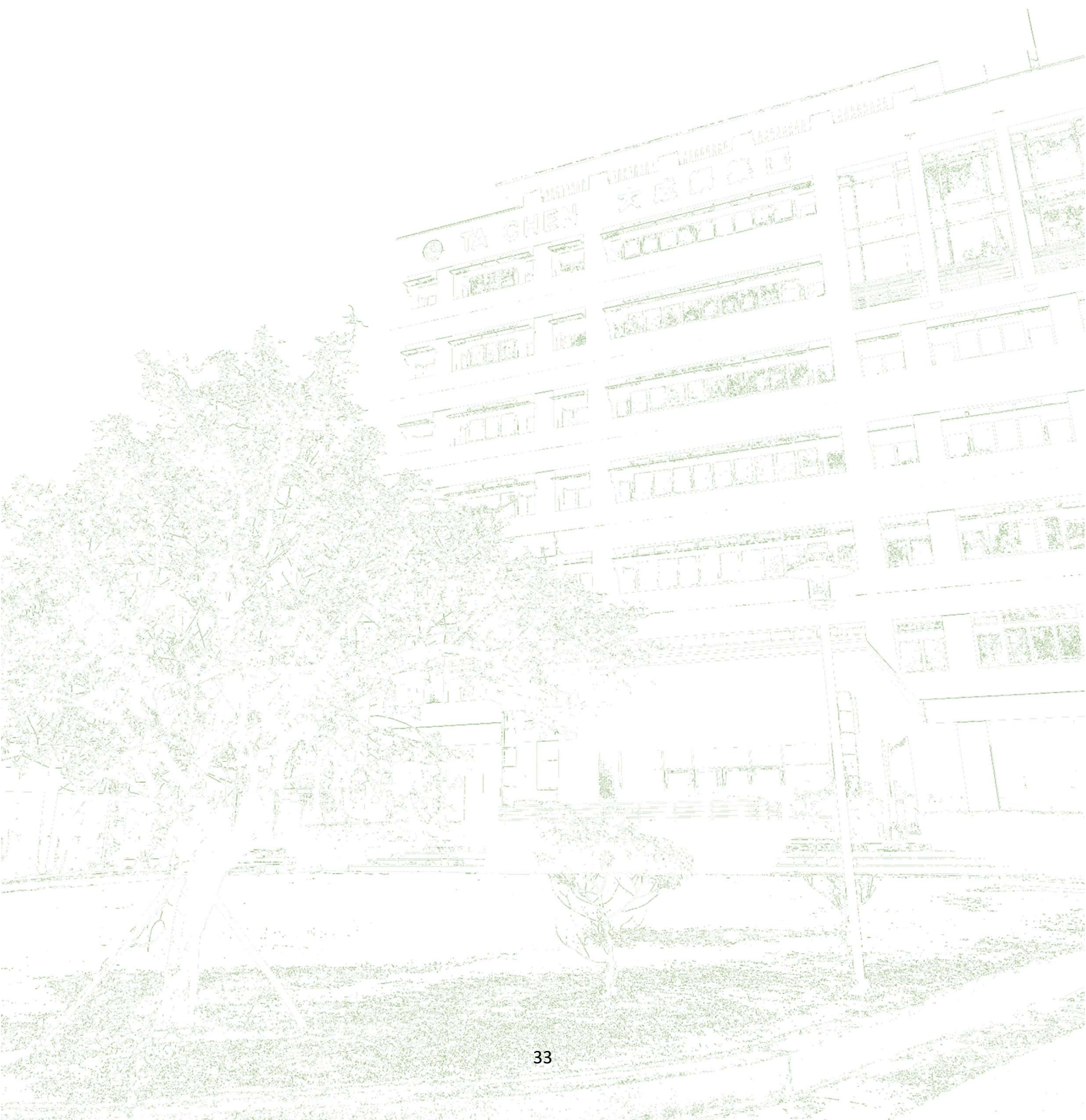
## Identification Result

After gathering and summarizing the findings provided by the departments, we identified four potential risks. Considering that the same risks that may occur in different timeframes may require different response measures, according to possible timeframes, there four potential short-term risks, eight potential mid-term risks, and eight potential long-term risks were identified. The three most relevant types of climate change-related risks were: (short-term) physical risks, (long-term) physical risks, and transformation risks (laws and regulations).

## Climate Change Management Framework

Category	Management Strategy and Action
<b>Governance</b>	<ul style="list-style-type: none"> <li>● President: Oversees climate-related risk assessments and response program performances.</li> <li>● Finance Manager (as well as the responsible person for sustainability and climate change): Reviews material climate change risk identification results, keeps track of the progress on promoting response programs, and makes regular reports to the President</li> <li>● Functional Units: Makes regular reports on the identification and analysis of climate change risks and opportunities to develop corresponding adaptation and mitigation plans and will plan a mechanism for regularly reporting promotion outcomes to the Board of Directors, depending on the maturity of the Company's climate change management.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>● With the characteristics of the industry that we are in and our progress on promotion taken into consideration, during scenario analysis, we selected the RCP 8.5 scenario and the national goal scenario for physical risks and transformation risks, respectively, and used them as the bases for this year's climate change risk and opportunity assessment.</li> <li>● For the three identified types of risks of (long-term) physical risks, transformation risks (existing laws and regulations), and transformation risks (emerging laws and regulations), we will draw up corresponding mitigation or adaptation programs and submit them to the management as a reference for business decision-making.</li> <li>● As a short-term strategic business goal, the Company will conduct a comprehensive inventory of physical risks that our existing business locations are subject to and enhance our GHG inventory mechanism.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>● After the Company's climate risk management framework is verified, it will be incorporated into our existing risk management framework in our operation, covering operational, financial, legal, and environmental risk management, to include climate change issues into the scope of the environmental risk management.</li> <li>● Our climate change risk and opportunity management procedure involves four main steps, namely identifying risk factors, recognizing material risks, drawing up response programs, and disclosing reports in a transparent manner.</li> <li>● The Company has carried out preliminary identification of positive and negative impacts that may be brought about by climate change according to the TCFD framework recommendations since 2020. During 2021-2022, we have conducted systematic risk and opportunity identification and initiated climate-related management processes. The</li> </ul>

	<p>finance manager is responsible for promoting the processes involving all functional units. Risk identification results are incorporated into existing work procedures and the implementation of subsequent response programs is managed.</p>
<p><b>Indicators and Goals</b></p>	<ul style="list-style-type: none"> <li>● For response programs corresponding to identified risks, we will progressively set climate-related indicators and goals to use them as a basis for demonstrating the Company’s active efforts and performance in mitigating and adapting to climate change impacts, including GHG emissions, renewable energy use, etc.</li> <li>● For GHG emission disclosures, please refer to “5-1 Greenhouse Gas Management”.</li> </ul>



## 2-6 Legal Compliance and Grievance Mechanism

### **Ethical compliance and suggestion mailbox**

Although the Company has yet to establish a specific code of conduct for employees to clearly define our expectations on employees' day-to-day work, we ask all employees to adhere to our working rules and strive to be diligent and responsible while staying true to the principles of good faith. Under the premise of safeguarding the Company's interest and protecting the rights of our stakeholders, all employees are expected to treat customers, vendors and their colleagues fairly and refrain from misrepresenting key information or engage in unfair transactions to benefit from unjust enrichment by means of manipulating, concealing or abusing information one may have access due to his/her position. With the exception of conventional etiquette/social norms that necessitate offering a gift or acceptance of entertainment, employees may not demand, offer, hand over or accept any form of gift/entertainment/kickback/bribery or any form of unjust enrichment.

On our intranet, we encourage all employees to report any violation of law/ethical conduct. Employees at any level are allowed to make an appointment with the President. All suggestions made to the President are received, processed, and submitted by the responsible supervisor at the President's Office to the President. Employees may also give suggestions or report any problems regarding internal management to the President in person. There is also a confidentiality mechanism in place for employees giving suggestions in a non-anonymous manner. Such mechanism allows only the Vice President and the auditor to access relevant information. Also, we have also set up a physical suggestion box at our factories for employees to submit their written suggestions/opinions/complaints. In 2021, we have received no complaints on violation of our code of conduct (i.e. corruption).

The Company's mechanism for employees to give suggestions to and talk to the President face to face has been implemented for years, and thus, there have never been incidents involving unethical conduct. In response to ESG trends and expectations, the planning of ethical education and training for directors and employees will commence in the second half of 2022, and relevant courses will be provided in the hope of allowing all employees to understand the Company's ethical policy and requirements.

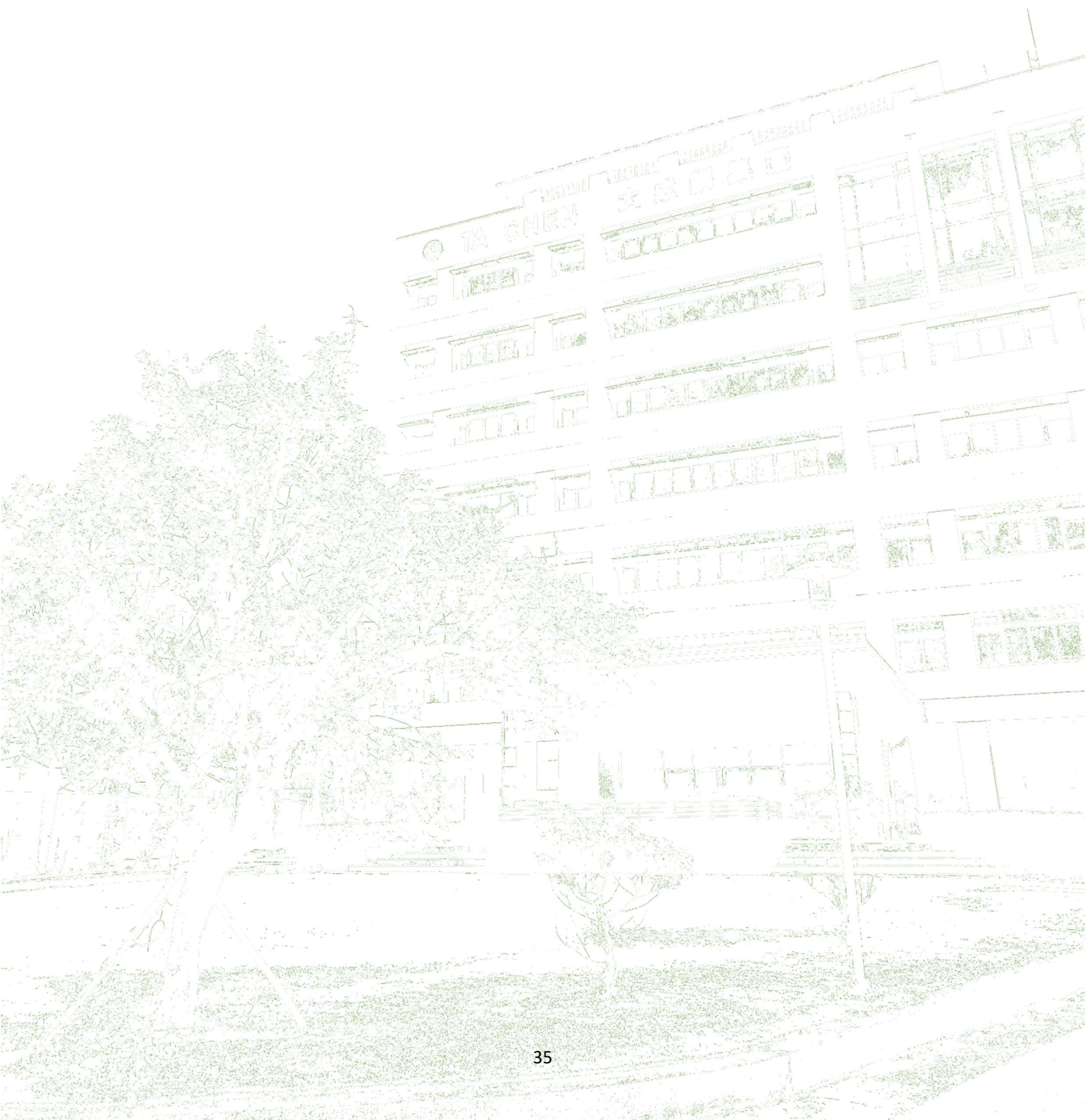
### **Internal Audit**

The Audit Office follows the Annual Audit Plan for the implementation of tasks relating to internal audits, including the convention of pre-audit meetings, carrying out audits, drafting of internal audit reports, hosting conclusion meetings, and submitting audit reports. Once approved by the Chairman, audit reports shall be issued to relevant departments for rectification within a specific period. For follow-ups on rectification of anomalies identified during an internal audit, the Audit Committee shall draft an internal audit follow-up report based on the actual rectifications made by the audited unit. Before the end of May each year, the Committee shall prepare the "Annual Internal Audit/Internal Control Oversight & Anomaly Rectification Report", which the Chairman will approve before it is archived for reference with the competent authority through the Internet.

### **Legal Compliance**

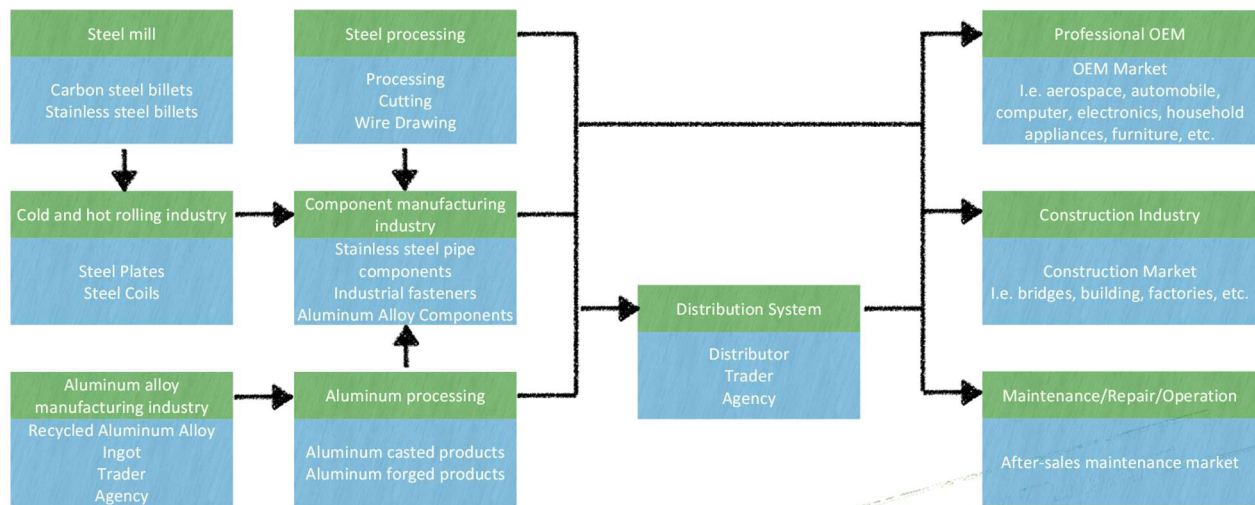
Ta Chen Stainless Pipe Co., Ltd. is a publicly traded company. As such, in addition to being compliant with the Company Act and other pertinent regulations, we continue to implement corporate governance to safeguard our stakeholders' rights. In 2021, the Company was not subjected to any punishment imposed by competent authorities or to any lawsuits for violating any economic/human rights/anti-corruption/product liability regulations. However, there was a penalty for violating environmental protection regulations. 52.3mg/L of suspended solids (standard value: 30 mg/L) were found in our effluent samples in a regular inspection performed by the Bureau of Environmental Protection. As a result, the Company incurred a penalty of NTD 63,000 and was required to make improvements within a given time frame. The main cause for the non-compliance of the water quality with the standard was a blockage in

the high-polymer coagulant feed pipe of the wastewater treatment equipment, resulting in abnormal feeding. We inspected the equipment and cleared the blockage in the feed pipe. After the feeding process returned to normal, no abnormal feeding has occurred. A re-commissioning process and an inspection were then performed. Eventually, we completed the improvement works before the deadline. From then on, we have paid more attention to inspection and maintenance.



### 3. Value Chain Management

#### Upstream and Downstream Supply Chains



We and our subsidiaries form a distribution system of stainless steel materials, aluminum materials, and fasteners. The major upstream material sources are metal and steel refining companies (e.g. China Steel Corporation, Yieh United Steel Corp., and Fujian Fuxin Special Steel Co., Ltd. in the steel industry). The stainless or carbon steel billets produced are transformed into stainless or carbon steel plates, steel rolls, and coils by rolling companies in the hot rolling, cold rolling or wire drawing processes. The steel processing companies and component/accessory manufacturers then use these materials to make products that meet the demands of the downstream customers. Most of the raw materials for welded pipe components are the steel pipes we produced on our own. So we can completely control the source of the raw materials. The raw materials for stainless steel sphere valves are stainless steel billets. In addition to the purchased raw materials for further processing and assembly, our subsidiary, Shijiazhuang Tachen Jitai Machinery Co., Ltd., provides the stainless steel billets needed for the production of the valves. This helps us to ensure our autonomy over acquisition of stainless steel billets.

For the aluminum materials, waste aluminum materials are recovered to make recycled aluminum alloy ingots and extrusion ingots (pure aluminum ingots and waste aluminum). Processing companies then use these materials to make cast and forged aluminum products (aluminum plates, sheets, coils, foils, strips, and materials). The processing companies and component/accessory manufacturers then use these materials to make products that meet the demands of the downstream customers.

The sale of the metal materials or fasteners on the global market is the responsibility of multinational distribution channels. These and various channels in the supply chain of other countries build a complicated cross-border network and form a competitive relationship between the international and local distributors. In general, the ability of a single manufacturer in the metal material and fastener industries is limited, leading to an extraordinary co-relationship between the upstream, midstream, and downstream companies in the industries. There is a high level of interdependence between them. We integrate the suppliers in Asia to provide premium stainless material and industrial fastener products at a reasonable price, and provide the products to the retailers, distributors, and resellers in Europe and America through our physical channels and e-commerce platforms.

## 3-1 Channel Management

### Warehousing Centers



The development of the international channel industry is moving towards the operation of “Global Logistics”, especially for global cross-national, large OEM leading enterprises. OEM end-users have been focusing their internal resources on core operations while outsourcing the rest of its operations to external professional channel industries in response to global competition. By doing so, they were able to reduce a significant number of suppliers while outsourcing non-core procurement items such as raw materials or components to a single or selected few quality professional channel enterprises in the way of turnkey by signing a long-term supplying contract, forming a long-term partnerships. Through Vendor Managed Inventory (abbreviated as “VMI”), the Company gets to significantly improve the scope of its services. Channel enterprises are responsible for tasks including the continual lowering of costs for purchase, be accountable for product quality for products that require no inspection, construct and manage inventory by request, manage suppliers by request, provide JIT delivery, so as to lower overall cost and achieve the goal of JIT production, sales and delivery.

By actively utilizing the offshore marketing channels that we have built and operated over the years, we were able to become the largest U.S. distributor for stainless steel products, operating several shipping warehouses in many major cities in the U.S.. With years of real results and success, coupled with a seamless information system, we are capable of ensuring precise control over channel distribution operations and our inventories. At the same time, we closely follow the latest feedbacks of market information as our basis for price adjustment.

#### Information Platform

Through a seamless information management system, the Company is able to provide relevant functions and information such as customer service, product quotation and inventory management that work as our competitive edge in channel deployment. The Company has set up distribution management platforms in both Taiwan and the U.S. to provide convenient and fast online purchase services for customers. Naturally, efforts have been made to ensure adequate security protection for our information system to guarantee the security and safety of our customer's transactions. We have also established our remote backup system that is operating around the clock to act as a backup server should our mainframe encounter any situation so that we can provide uninterrupted services to our customers. Backups of all

accounts and transaction records are created regularly to prevent loss of key data in the archives due to unexpected events.

Inventory management	Price and quantity management	Customer service	Accounts receivable
<ul style="list-style-type: none"> <li>• Precise inventory control</li> <li>• Versatile delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Differentiated pricing strategy</li> <li>• Real-time distribution monitoring</li> <li>• Global online distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Online price inquiry and order placement</li> <li>• Real-time shipping and shipment tracking</li> </ul>	<ul style="list-style-type: none"> <li>• Credit line control</li> <li>• Online order amount control</li> </ul>

### 3-2 Customer service

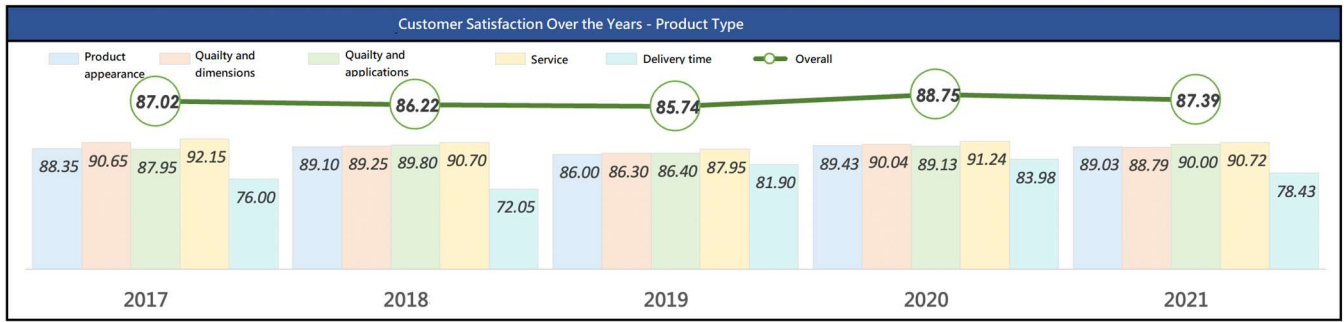
#### Updated Results of the Customer Satisfaction Survey

One of the goals that we have had since our initiation is to provide satisfactory products and services to our customers because we appreciate the fact that by creating maximum value for our customers, we will earn the trust and support of other prospective customers, which we will need to expand our client base and distribution volume. And as such, the Company has been aggressively building its platform for marketing and services by pooling the group’s resources to deliver comprehensive presale, mid-sale and after-sale services. The Company is committed to improving its expertise and speed of delivery while managing customer relationships, accumulating talents and experience to create higher customer satisfaction.

Each year, the Company conducts customer satisfaction surveys to all customers that have engaged in business transactions with the Company and are not from our affiliated companies. Results of the survey would serve as the basis for relevant improvements and supervisions while enabling us to better understand customer needs so that we can improve relevant operations. This helps us to achieve win-win with our customers and facilitates an increase in the Company’s overall profits.

#### Customer Satisfaction

Starting from 2020, the Company began conducting a customer satisfaction survey yearly (prior to 2019, the survey had been conducted twice each year). Surveys for TCI and other customers have been carried out in isolation to ensure that the results better reflect customers’ opinions and feedback. The survey contained questions for five areas of satisfaction: product appearance, quality and dimensions, quality and applications, service, and delivery time. For categories that scored below 75 points on average, individual questions that scored below 60 points on average of any individual customer that gave below 70 points in the survey, responsible personnel will complete a Customer Satisfaction Suggestion Handling and Follow-up Form to facilitate continual improvement. In 2021, we scored an average of 87.39 points in our customer satisfaction survey. Except for the request of the customers for continuous improvement in delivery time as a result of the bottleneck in the international shipment, the scores for the other four facets were roughly equivalent to those in 2020, reflecting compliance with the requests and expectations of the customers.





## 3-3 Product Development and Quality Management

### Product Certification

We started the implementation of the quality management system in 1994 and passed the ISO9001:2015 certification in 2018. The effective period of the certificate expires in 2024. In addition, the U.S. National Science Foundation is committed to the maintenance of public health, public safety and environmental protection. It has established relevant standards for operations pertaining to food, water, indoor air quality and environment. Among these standards, the stainless steel pipe products distributed by the Company is applicable to the “NSF/ANSI 61: Drinking Water System Components- Health Effects”, which prescribes the evaluations of stainless steel pipes and related products that come in contact with drinking water for an extended period of time to test the release of impurities/contaminants and ensure that our products do not contain hazardous substances. At present, most of our products exported to the U.S. and Canada are compliant with this specification (up to the end of 2021 the Company has a total of 30 compliant product items. For a detailed list of these products, refer to <https://goo.gl/8fnKTn>). These products are required to bear the NSF logo and the Company is required to submit samples of our products for reinspection on a yearly basis, coupled with sporadic audits. While products exported to other regions and territories do not bear the NSF logo, all of our products are also compliant with the NSF standard in terms of safety performance. In 2021, the Company had zero violations for product compliance of mislabeling.



Apart from cast pipe accessories, all of our products are compliant with the Pressure Equipment Directive PED 2014/68/EU, which requires that stainless steel pipes and accessories are required to conform to the allowable pressure during conveyance of fluid. It is mandatory for all exports entering the EU market to comply with this directive for local distribution of pressurized equipment and products must be certified by a Notified Body to receive the CE logo in accordance with the technical specifications to indicate compliance.

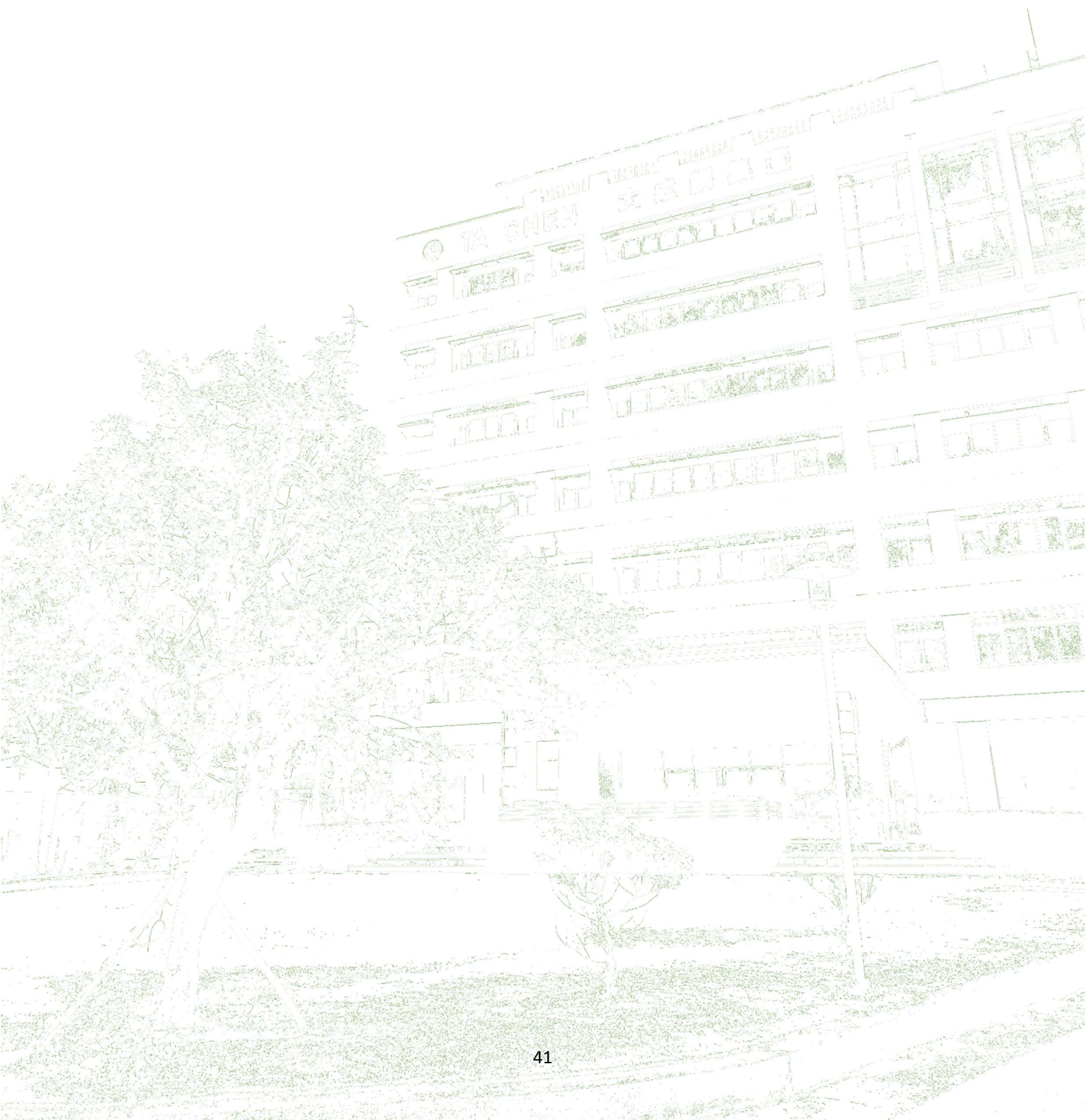
The EU norms were replaced with UK norms in response to Brexit. The UK established the Pressure Equipment Safety Regulations 2016 for pressure equipment and the Regulations are expected to be brought into force in 2023. We have passed the management system certification to ensure compliance with the Regulations.

Our stainless steel valves are compliant to the API 607 standard of the American Petroleum Institute (API) for fire tests for quarter-turn valves and valves equipped with nonmetallic seats to ensure that such valves (as a part of petrol pipeline/chemical factory) would not be susceptible to fluid leakage when exposed to specific high temperatures in the event of a fire hazard. Since sales regions of the the products in five major categories include the USA, it is required to obtain the API certificate. In 2021, the products of these five major categories occupied 2.56% of all the valves and nipples we distributed.

Not only that, three of our stainless steel valve product lines (Product Model No.: TC-01B FS, TC-4000 FS, TC-5000 FS Series) passed the product testing by the American Bureau of Shipping (ABS) to verify our products satisfy the requirements for pressure and temperature. The ABS requires onsite evaluation at our factory to be carried out on a yearly basis. In 2021, three major categories of our products were certified to the ABS standard, and these made up 4.35% of all valves we distributed.

Furthermore, our European customers have been commissioning licensed auditing bodies to audit our factories once every two years. The audit is a full-scale review of our fulfillment of corporate social responsibilities by verifying the extent of our implementation. Any oversight found during the audit has to be rectified in time but all of the audits we had thus far had turned out well. Our U.S. customers are

more concerned with the audit of our products and processes, and they have been conducting sporadic audits at our factories each year.



## 3-4 Supply Chain Management

### Supply Chain Management

We have upheld long-term partnerships and established a stable collaboration and operation mechanism with our suppliers. The supplier management mechanism is compliant to the supplier management procedure required by the ISO 9001 management system for the management of new and existing suppliers.

In response to the trend of the global supply chain management, we will proceed to plan sustainable supplier management practices and request suppliers to sign the ESG Commitment. Considering the risks arising from the suppliers, we will establish supplier grading standards and a supplier self-valuation mechanism in the hopes of working with the suppliers in pursuit of a management model of sustainable operation in the respects of governance, environment, and society.

Enhancing local supply chains is part of supply chain management, including reduction of the carbon mileage for the procurement of raw materials to mitigate the impact on the environment, improvement of the ability of local suppliers to supply goods, and procurement of products with local suppliers as the first priority.

### Management of Chemicals

Since our products are used for the purposes related to food and our daily life, it is necessary to make sure the materials of the products meet chemicals management regulations such as RoHS and REACH. In addition, the state government of California established the “Safe Drinking Water and Toxic Enforcement Act of 1986” (California Proposition 65 or CA Prop 65) to govern the safety of drinking water and management of toxic materials. All products sold to California must undergo testing to make sure they do not contain the chemicals listed in CA Prop 65.



Cutting and pipe manufacturing are our major processes in addition to the subsequent finishing process. No chemicals are needed for the cutting process and the autogenous welding process is used for manufacture of pipes, which are fused and bound after being heated to a high temperature. Since no welding agent is needed, there is not concern about chemicals. The polishing process is the final step to make the surface of the product delicate. No chemicals are needed for this step. Consequently, the finished product presents the same material as that input for the production.

To provide services for customers who need a material certificate, we have established a material certification acquisition system. It builds a linkage of information flow from placing orders, conducting shipment, to the purchase of raw materials to form a connection of the order number, in-stock finished product batch number, production order number, heat number used for the production, raw material batch number, and the purchase order number corresponding to the input, ensuring traceability to the original purchase material number and the contents of the material certification provide by the supplier.

Customers can perform query by entering the order number on the online information platform. The system will trace to the corresponding material certification document and allow customers to download it. This can reduce the manpower and improve customer service efficiency.

## Conflict Minerals

The purchase of raw materials is based on the principle of avoidance of use of conflict minerals. Yieh United Steel Corp. and Walsin Lihwa Corporation are our major suppliers of steel materials. As the leading stainless steel plates manufacturers in Taiwan, they have announced the avoidance of conflict minerals. Encouraged by the environmental sustainability issues, the proportion of waste steel has increased continuously during the production of stainless steel plates in recent years to ensure achievement of the goals of circular economy and sustainability.

In response to the international trend and the requirements of the customers, avoidance of use of metals from conflict mining areas has become one of the major requirements for the supply chains. According to the review and research report on key materials of the EU, one third of the cobalt in the world comes from the Democratic Republic of the Congo and nearby countries. There is still a risk of illegal operations. The Responsible Minerals Initiative (RMI) classified cobalt into the minerals of Category 5 in 2019. Thus, we plan to update the contents concerning the avoidance of use of conflict minerals in the second half of 2022, and will purchase all raw materials containing Ta, Sn, W, Au, and Co from qualified smelters. We also encourage suppliers to sign the avoidance of use of conflict minerals and conduct due diligence every year to ensure the sources of the raw materials and refuse use of conflict minerals.

# 4. Human Resource Management

## 4-1 Manpower Attraction and Development

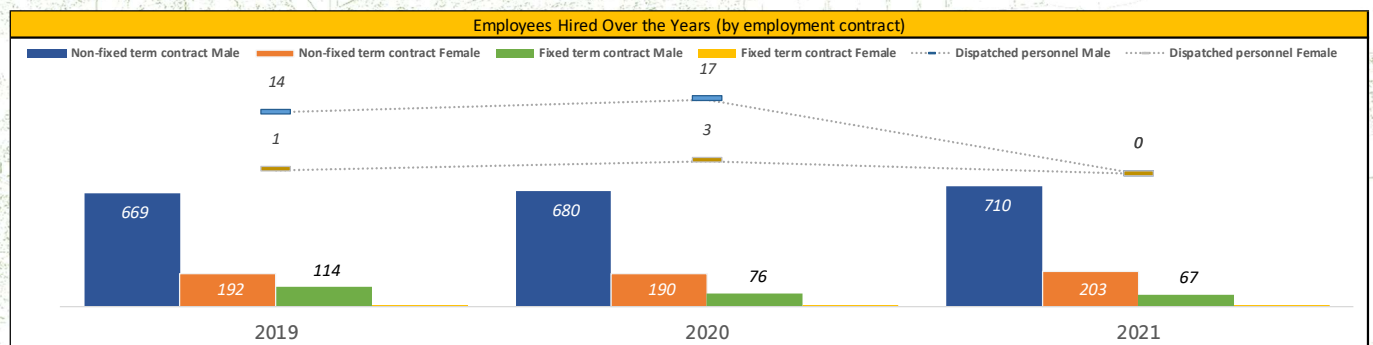
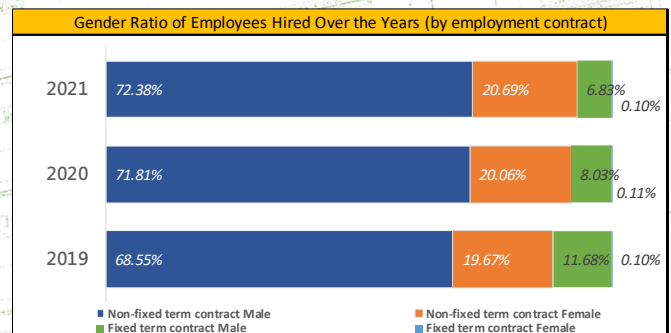
### Recruiting

The Company has always been centered on people, and we perceive our employees to be our most important asset. And as such, employee care has become the most fundamental responsibility for supervisors and managers at all levels. Not only that, we have spared no efforts in the creation of a quality work environment for our employees. Various systems/mechanisms and benefits we have established for foreign employees are equivalent to those intended for our local employees. Employees do not receive preferential treatment for factors such as gender, religious belief, ethnicity, nationality and political affiliation.

The Company hires new employees through open recruiting. Our recruiting supervisors are tasked with selecting job seekers who are suited to join us based on their academic credentials, experiences, personality traits and previous work experiences. In addition, the Company adheres strictly to labor related laws and hires no employees under the age of 16, nor do we use forced or compulsory labor. In the event of changes in our operation that lead to significant adjustments to our need for manpower, the Company will adhere to pertinent labor regulations and communicate with affected employees for relevant arrangements within the legally required period of advance notice.

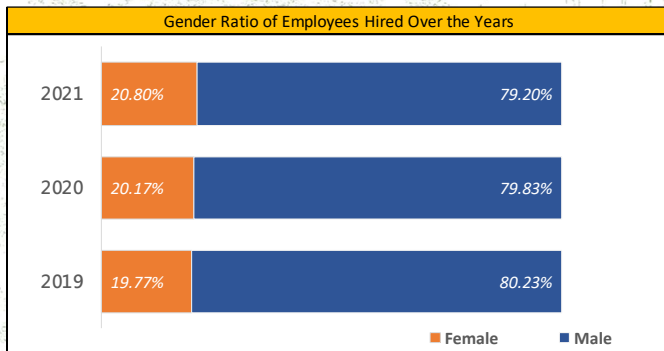
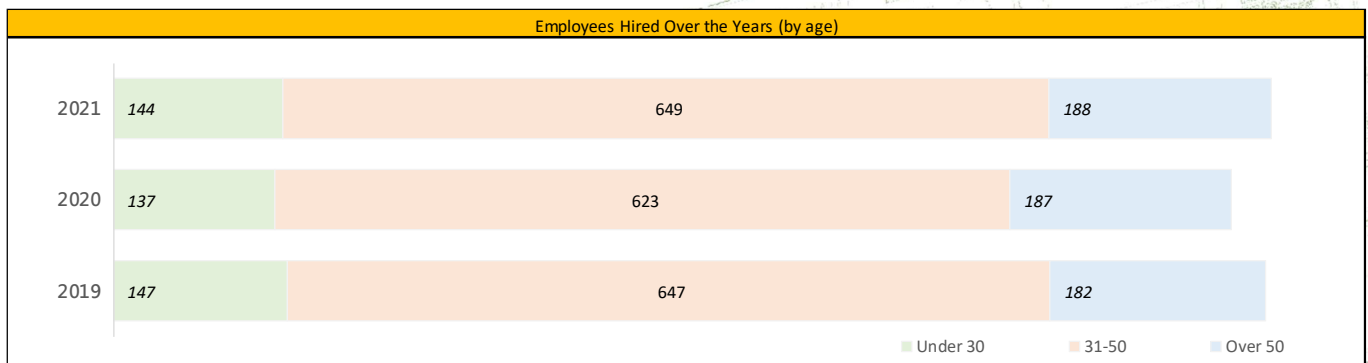
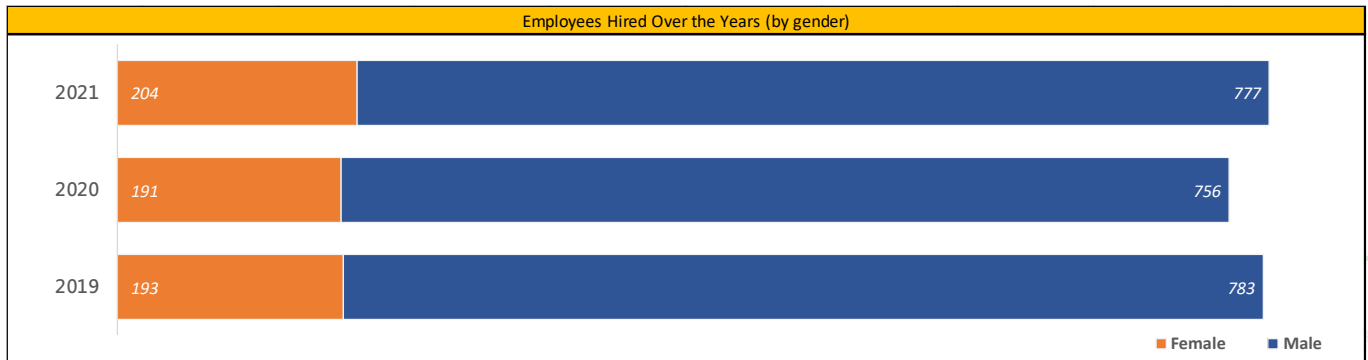
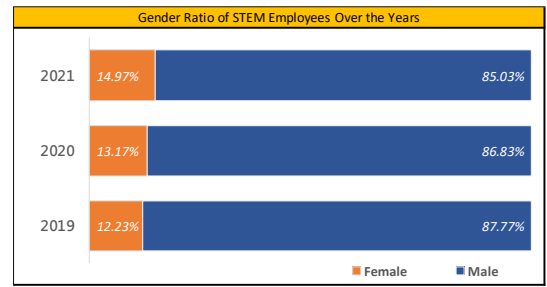
### Workforce Profile

Up to the end of 2021, except for 67 male foreign workers hired under fixed term contracts, there was only one female employee hired under a fixed term contract. All the other personnel were full-time employees and did not have additional part-time jobs (paid by hours). We planned to hire the 15 workers at the kitchen, who were originally hired by a catering service provider, as full-time employees from January 2022, give them a stable work environment to improve the catering service quality, and protect the health of the employees.

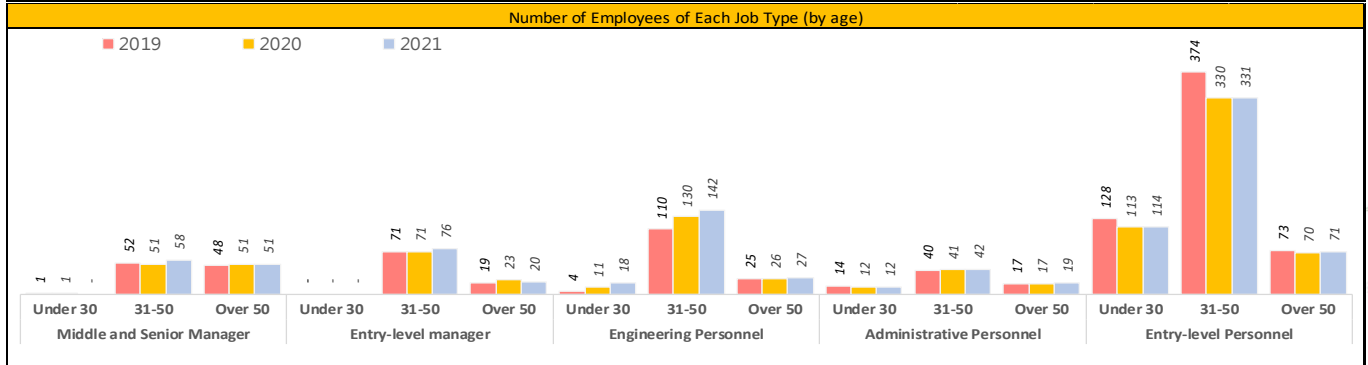
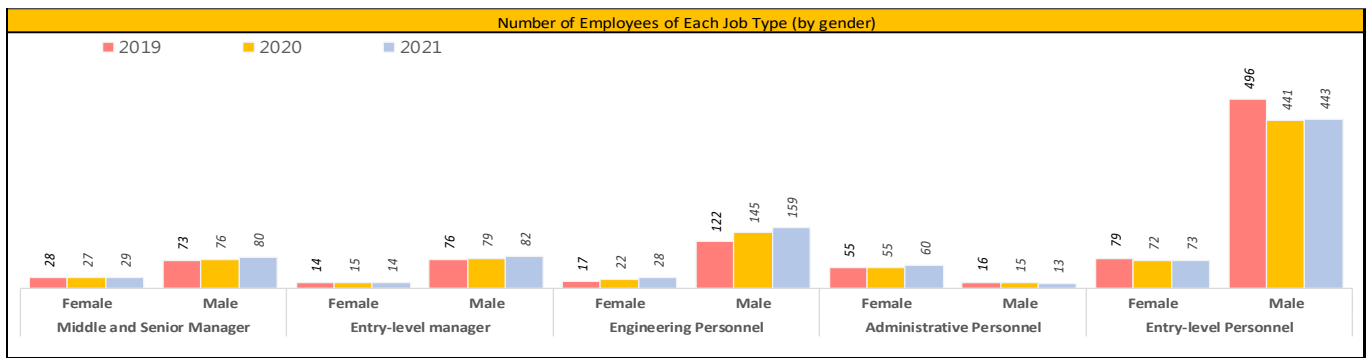


Up to the end of 2021, we had a total of 981 employees with an increase of 34 employees (3.59%) compared to 2020. Among our employees, we have a total of 204 female employees (making up 20.80% of all staff). In the past three years, the gender ratio of our employees has not changed significantly. In terms of employee age, 188 employees are over 51 years of age, (one employee, or a 0.53% increase in the age group compared to that of 2020). This shows that our turnover rate for senior employees is relatively lower. Most of our current employees fall in the 31-50 year-old age group, with 649 employees in 2021, constituting 66.16% of all staff.

All the non-managerial employees were classified into engineering (STEM) and non-engineering groups. In 2021, female engineering employees occupied 14.97% of all the staff. Though the percentage of this group was less than that of the female employees in the total staff, it has increased annually over the past three years.



In 2021, the Company had 205 entry-level and higher ranking managers, which grew by 8 compared to 2020. Among all the managerial officers, 20.98% were female managers and they were roughly equivalent to the proportion of the female employees in total staff (at 20.80%). As for the middle and senior managerial officers, female managers had a percentage of 26.61%, which was higher than the proportion of the female managers and the female employees in total staff. In addition, as for the current disclosure scope of employees, all of our senior managers in the Taiwan headquarters are local residents.

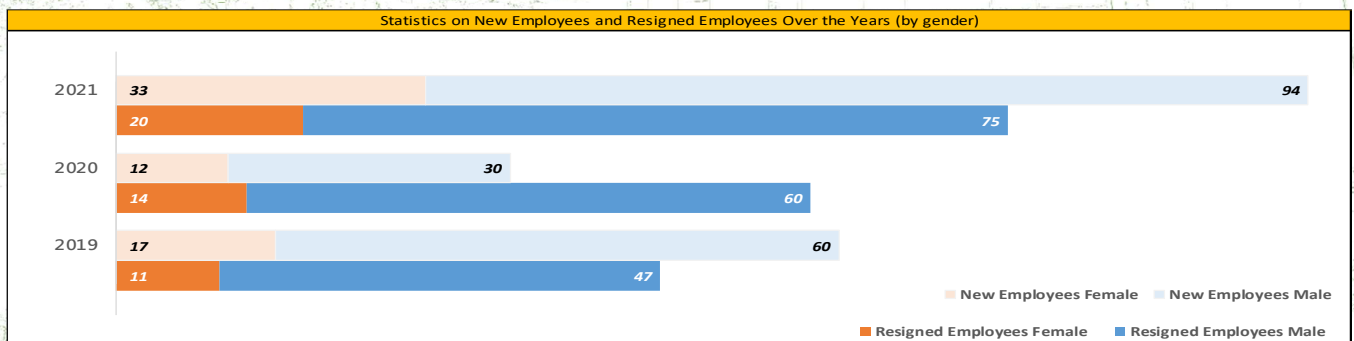


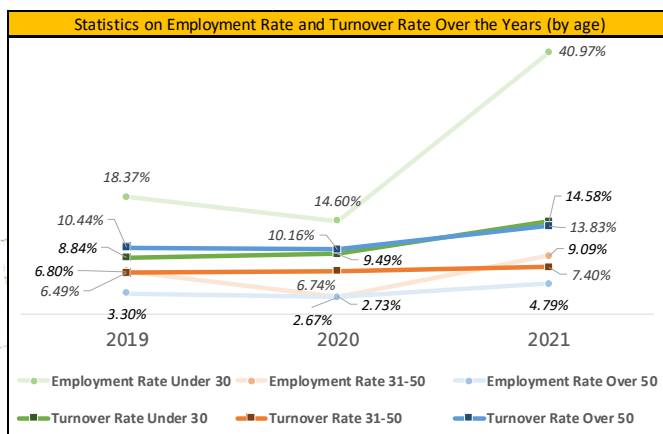
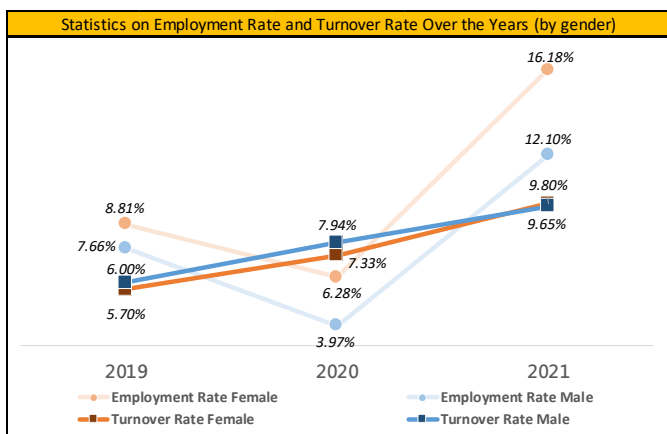
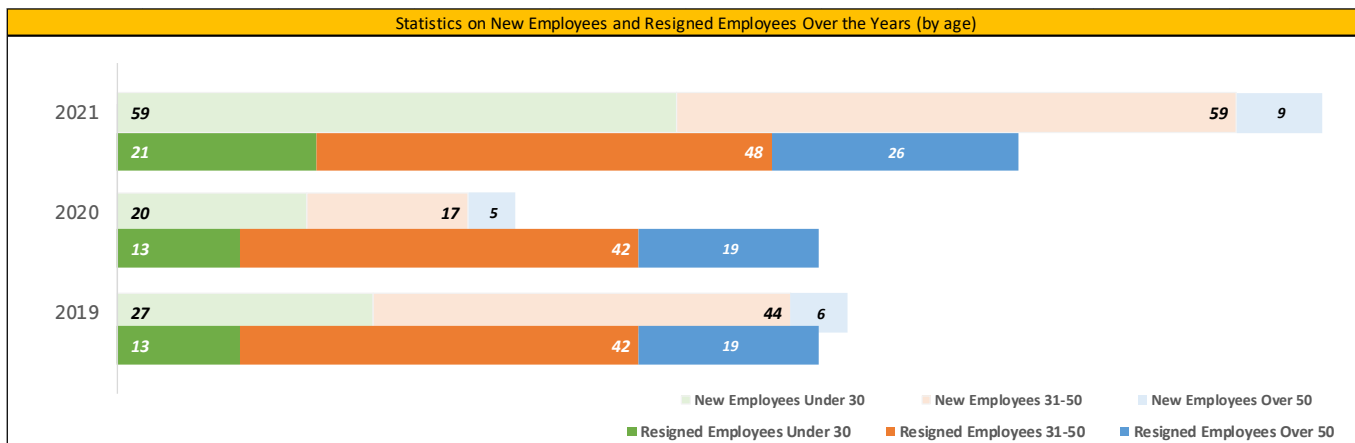
- \* Middle and senior managers are deputy managers and deputy section chiefs (including) and above.
- \*\*\* Engineering personnel are engineers.
- \*\*\*\*\* Entry-level personnel are technicians.

- \*\* Section heads are entry-level supervisors at the Company.
- \*\*\*\* Administrative personnel are specialists and office workers.

In 2020, we had a total of 127 new employees, which was an increase of 85 compared to that of 2020. Among the 127 newcomers, 33 were female (16.18% employment rate) and 94 were male (12.10% employment rate). In terms of employment rate, we had slightly more new female employees than new male employees. In terms of age group, we had 59 new employees (40.97% employment rate) under 30 years of age in 2021. This was because the age of most of the existing employees were 31-50 and the new employees recruited in 2021 were mainly less-experienced young engineers.

In 2021, 95 employees left the Company. The number was an increase by 21 compared to that of 2020 and among the departing employees, 20 were female (9.80% turnover rate) and 75 were male (9.65% turnover rate). Turnover rates for employees of both genders are roughly equivalent and relatively lower compared to average companies. In terms of age groups, 26 employees over 51 years of age left the Company (13.83% turnover rate) in 2021; while 31 employees under the age of 30 left the Company (14.58% turnover rate) during the same period. Turnover rates for both groups of employees were about the same.





Note: Employment Rate = Number of new employees in the category for the year ÷ Total number of employees in the category for the year.

Turnover Rate = Number of departing employees in the category for the year ÷ Total number of employees in the category for the year.

### Education and Training

As for the education and training to be provided according to laws and regulations, we designate a person to allocate budgets and implement them on a regular basis. As for the professional training related to the functions of each department, we authorize department heads to file an application depending on the demands or after receiving external course information. Internal training within the factory is mainly provided in the form of OJT (On-the-Job Training). The factory manager or the head of the production line may provide training and pass on experience to enhance required knowledge and techniques through meetings or communication groups during the daily work with reference to the quality management system, yield rate, or customer complaints. Promotion projects and related education and training courses are developed within the factory. A “waste reduction” project was launched in October 2021. Enhancement training and discussions with respect to the steps in the production process were conducted for production lines to reduce generation of waste.

We invested about NT\$780 thousand in education and training in 2021, and 275 employees participated in the training (excluding OJT) for a total of 2,713 hours. The courses were mainly arranged for internal training. Male employees occupied a percentage of more than 80%. Thus, when analyzed based on the gender, male employees were trained for 3.46 hours on average, which was obviously higher than the training hours (0.12 hours) of female employees. When analyzed based on the grade, the courses were mainly arranged for middle and senior managers to an average of 7.49 hours followed by the 3.52 training hours of the entry-level employees, the 0.37 hour of the engineering personnel, and 0.16 hour of the administrative employees.



## 4-2 Wage and Benefits

### Benefits

Apart from offering coverage for labor insurance, National Health Insurance, and relevant leaves, the Company has also established its Employee Welfare Committee to handle affairs and organize activities relating to employee welfare and provide specific perks, including domestic employee retreats, bonuses, and gifts for the three major festivals, bonuses for employee birthdays, pension, subsidies for weddings, childbirth, etc. For employees with children between the ages of 0-3, should their children fall ill and require their care, they may apply for paid family care leave (up to 7 days in a year) by notifying and seeking permission from their department supervisor. We have an employee canteen in our headquarters. Free organic vegetables are provided at lunch. To avoid wasting food from leftovers, employees can also take away unfinished portions back home.

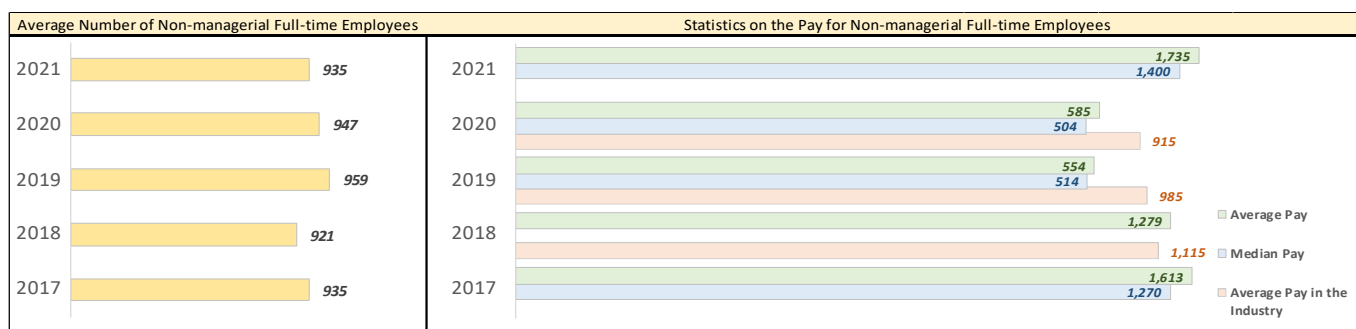
Item	All full-time employees of the Company are entitled to enjoy comprehensive benefits.
Healthcare	Annual health examination/medical care subsidy/birth allowance/monthly onsite consultation with physician
Life care	Retreat subsidy/employee dormitory/gift for wedding and childbirth/condolence payment for retirement and resignation, condolence payment for bereavement
Learning care	Subsidy for further education/scholarship for employees' children/childcare subsidy
Festive care	Gift vouchers for Labor Day/Chinese New Year/Dragon Boat Festival/Mid-Autumn Festival/birthday
Insurance care	Labor and National Health Insurance coverage/group insurance coverage

### Employee Wage

The Company's existing working rules have been established based on the contents of the Labor Standards Act, while our wages and benefits have been determined based on multiple factors such as industry standards, consumer price index, and remuneration standards for civil servants so that we can keep our wage adjustment above the average level. The monthly wage for our current foreign workers is determined in reference to the minimum wage stipulated by the Labor Standards Act at NTD 24,000 in 2021, while local employees receive salaries above the minimum wage.

It is customary for the Company to buy back treasury stocks when stock prices fall and the reacquired stocks are resold to employees at purchasing costs. We encourage employees to participate in the Employee Stock Ownership Trust (ESOT) program of the Company. We provide a subsidy in a percentage of 20% or employees may subscribe to the shares of the Company at the time of capital increase in cash. Employees in possession of treasury stocks for a specific period of time will receive a bonus as an incentive for them to hold on to the Company's stocks.

In addition, in accordance with the "Notes on the Declaration of Salaries of Full-Time Employees in Non-Management Position" published by the TWSE, our CPA has examined and calculated the average wages for Ta Chen Stainless Pipe Co., Ltd.'s employees in 2021, verifying that in 2021, the Company had 935 employees (weighted average), which is a slight decrease by 12 employees compared to 2020. The average salary for full-time employees in non-management positions came to NTD 1,753,000 - a significant increase of NTD 1,150,000 compared to the average wage in 2020. The median wage for employees came to NTD 1,400,000 - a significant increase of NTD 896,000 compared to the median wage in 2020. This was because the revenue in 2021 grew substantially and bonuses were distributed at a higher amount.



Wage Type	Basic Pay		Basic Pay + Wage	
	Female	Male	Female	Male
Middle and Senior Manager	1.02	1	1.49	1
Entry-level manager	1.04	1	1.11	1
Non-managerial Employee	1.16	1	1.26	1
Full-time Employee	1.17	1	1.42	1

When analyzed by grade, the average wage of full-time female employees was higher than that of full-time male employees in terms of the basic pay (at a ratio of 1.17). As for the basic pay plus wages for all employees, the average amount is higher for female employees than male employees (at a ratio of 1.36), too. When analyzed based on middle and senior managers, entry-level employees, and non-managerial employees, the average pay is also higher for female employees than male employees.

### Pension contribution

For employees in Taiwan who choose to be covered by the Labor Pension Act, the Company makes a contribution equal to 6% of their monthly wage into their individual accounts under the supervision of the Bureau of Labor Insurance for them to safeguard their rights. As for employees choosing to continue to be covered by the pension regulations of the Labor Standards Act or choosing to be covered by the pension system of the Labor Pension Act while retaining the years of service under the previous system, the Company contributes a sum that amounts to a certain proportion of their monthly wage into a special account as the reserve fund of retirement payment under the Supervisory Committee of Business Entities' Labor Retirement Reserve, supervised by the Bank of Taiwan. As of December 31, 2021, the value of the defined benefit plan was a net defined benefit asset of NTD 66.05 million; the amount the Company has contributed has already exceeded the fair value of estimated pension.

Unit: in NTD 1,000	
Present value of defined benefit obligation	(313,773)
Fair value of plan assets	379,826
Net defined benefit asset	66,053
Net defined benefit liability	0

In addition, for employees of the business locations in China, England, Canada, and Brazil, our subsidiaries have complied with local pension plans by appropriating specific ratios of employee wages to the respective retirement benefit plans. For employees under our U.S. subsidiary, we follow the 401K Profit Sharing Plan and make appropriate contributions to the retirement accounts for eligible employees (i.e. employees over 21 years of age who have worked for no less than 12 months at the company) with voluntary participation.

### Parental Leave

In 2021, three employees applied for parental leave. Two of them were expected to be reinstated in 2021 (both female) and the employees actually reinstated were two females; the reinstatement rate was

100%. In 2020, three female employees were actually reinstated. These three people remained employed after 12 months of reinstatement; the retention rate was 100%.

Year	2017		2018		2019		2020		2021	
Gender	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
No. of employees qualified for unpaid parental leave (A)	11	60	7	48	12	64	14	55	17	48
No. of employees applied for unpaid parental leave (B)	-	1	2	0	3	2	3	-	2	1
No. of people expected to be reinstated in the current year (C)	1	2	1	1	2	-	3	1	2	-
Actual number of reinstated employees (D)	1	1	1	1	1	-	3	0	2	-
Number of reinstated employees who remained employed 12 months later (E)	1	-	1	1	1	1	1	-	3	-
Percentage of employees reinstated from unpaid leave (D/C)	100%	50%	100%	100%	50%	-	100%	0%	100%	-
Percentage of Employees Retained for One Year After Reinstatement (E/D of the previous year) *	100%	-	100%	100%	100%	100%	100%	-	100%	-

Note 1: Relevant calculations have been made based on the number of employees eligible for parental leave (i.e. having worked at the Company for 6 months or more, and with children below the age of 3).

Note 2: There was one female employee actually reinstated in 2016, and in 2017, she remained employed by the Company after a full year of reinstatement.

## 4-3 Safety and Health

### Management System

The Construction Safety Department is in charge of affairs relating to labor safety and health, in addition to the management and promotion of environmental, safety and health related operations at various factories. Our factories passed verification of OHSAS 18001. Since it has been updated to ISO 45001, the Company initiated its management system migration project in 2020 by adding and revising specific operating procedures to achieve compliance with the requirements of the ISO 45001 management system. The Company passed the relevant verification in 2021; the scope of certification includes all of our factories. In addition, the posters showing our safety policies have been printed and put up in all the factories to display our requirements and attention to safety.

The Company convenes periodic Labor Safety and Health Committee Meetings. The Committee comprises 24 members (12 labor representatives and 12 management representatives) who were newly elected in 2020. The President is the committee chair and is responsible for following up on the outcomes for different implementations and projects. Each factory is required to periodically report to the committee on specific outcomes of occupational safety and health improvement plans (i.e. prevention and handling of accidents, subcontractor management, construction safety management, etc.) to review the current status and plan for continual improvement.

With the aim of cutting the occupational injury rate by 50% compared to the previous year, risk assessment has been carried out once every six months to develop improvement plans for risk reduction. In addition, we have enhanced the training and promotion activities regarding the work environment and equipment, and regularly make plans for simulations and exercises related to training on safety and health as well as accident prevention. In 2021, the total recordable incident rate (TRIR) was 0.10; as the TRIR in 2020 was 0.31, the rate in 2021 demonstrated that the aim of cutting the occupational injury rate has been achieved. The lost day rate in 2021 was 1.26, showing a significant decrease from the rate in 2020, which was 10.76. The 2021 disabling injury rate (number of disabling injuries ÷ total number of people at the end of the year) was 0.10%, falling by 68.75% compared to that in 2020 (0.32%).

In order to raise the awareness of safety and reduce safety risks at the workplace, regular and irregular inspections for occupational safety are conducted every month. All the deficiencies discovered are recorded in the inspection record form, reviewed for improvement, and further assigned to all the managerial officers and the occupational safety promotion personnel of all departments. Improvement plans are devised accordingly and implemented by the responsible units.

With respect to supplier safety management, the Company has organized a contractor negotiation organization. The organization engages in regular meetings with contractors to inform them of the hazards, makes onsite inspections when contractors visit to undertake construction work, and strictly requires self-inspections after off-site operations. None of our contractors were involved in incidents of occupational injuries in 2021.

The Company also takes active actions for the management of near miss incidents, requesting all the departments to submit the records on the near misses occurring in the work environment for subsequent review and improvement. In 2021, a total of 14 records were submitted.

### Physical and Mental Health

The Company is committed to providing a safe and comfortable work environment for all employees. On top of that, we also offer sporadic dissemination of health information to help employees become more aware of essential health knowledge. Through the implementation of health training and seminars, our employees can learn useful tidbits and tricks to leading healthier lifestyles so that they can strike a healthier balance between work and life.

Pursuant to pertinent regulations, the Company regularly provides medical check-ups at the required frequency for employees, who are entitled to an allowance of NTD 13,500 per examination. In addition to the legally required items for health check-ups, employees can choose to test for specific items based on their individual needs, with the cost paid by themselves after the NTD 13,500 is deducted. However, in light of COVID-19, employee health check-ups were postponed in 2020 and resumed in December 2021. It is planned that the factory nursing personnel will categorize employees in accordance with the results of their health check-ups after receiving the check-up reports in 2022. The personnel will continuously follow up on employees who suffer from the “three highs” (high cholesterol, high blood pressure, and high blood sugar), and arrange for physicians to provide consultation services at the factories and health education in the format of sporadic health seminars to help employees improve their health.

### **Bolstering Awareness for Occupational Safety**

In an effort to help employees foster higher awareness for safety in their day-to-day work and prevent the incidence of severe occupational accidents, the Company has implemented hazard identification and risk assessments. It is therefore found that noise and dust exposure at the production lines are potential hazards to employees. As a result, we provide training and health check-ups on a periodic basis, and eradicate potential hazards through self-management mechanisms. All employees are expected to conduct affairs relating to occupational safety at the factories with stringent standards, and the standard operating procedures for handling occupational safety incidents are promoted so that we can reduce occupational safety accidents and minimize the damage and losses when they do occur. Each year, the Company organizes training and courses related to work safety to strengthen employees’ awareness of safety at the factories by cultivating safe work habits and behaviors. In 2021, 11 kinds of training and courses were provided, with a total of 260 people trained.

<b>Trainings and Courses</b>	<b>No. of participants</b>
<b>Training in Safety and Health Affairs</b>	1
<b>Training in Hypoxia Operations/Initial Training for Supervisors</b>	7
<b>On-the-Job Refresher Training in Forklift Operations</b>	96
<b>Training in Fixed-base Crane Operations</b>	67
<b>Training for Dedicated Air Pollution Prevention Personnel</b>	1
<b>Training in Acetylene Welding Device Operations</b>	15
<b>Training for Class-1 Managers of Occupational Safety and Health Affairs</b>	18
<b>Refresher Training for Supervisors in Charge of Harmful Operations</b>	29
<b>Initial Training for Emergency Medical Technicians</b>	18
<b>Initial Training for Professional Personnel of Toxic Chemicals</b>	3
<b>High Pressure Gas Training</b>	5
<b>Total Number of Participants</b>	<b>260</b>

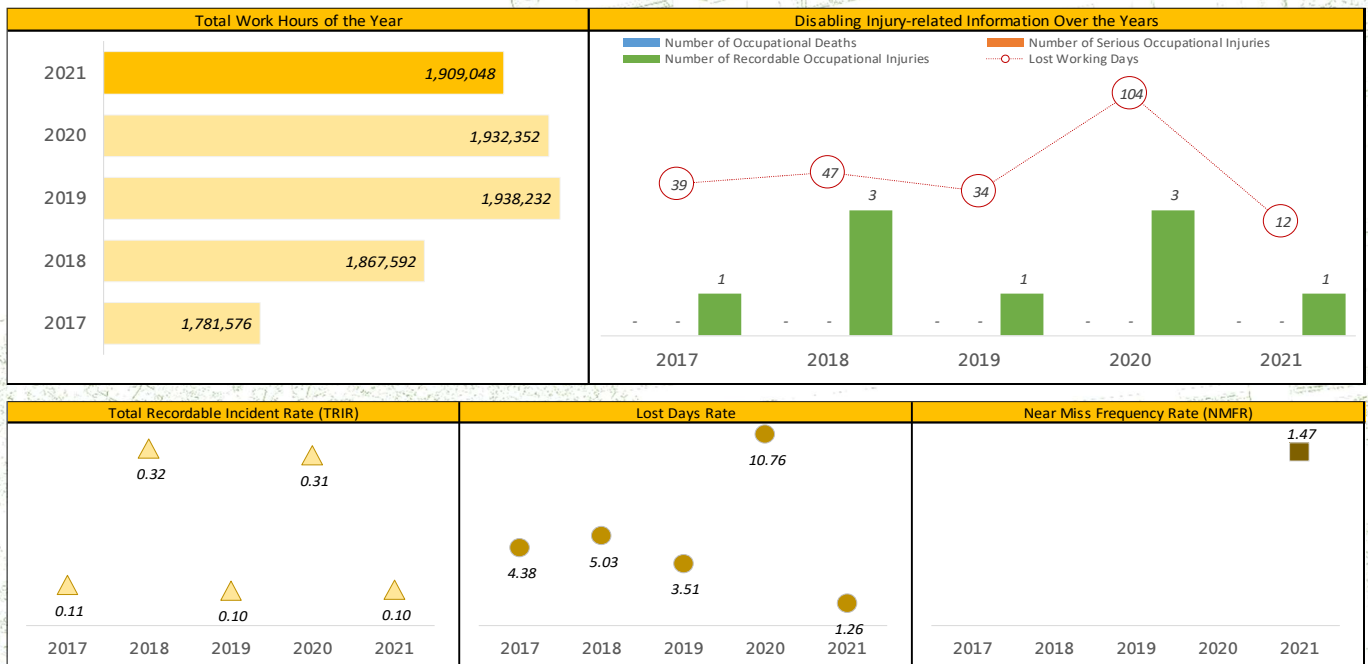
### **COVID-19 control measures**

The situation with COVID-19 escalated significantly in early 2020. Apart from the ongoing promotion for personal health and disease prevention, the Company has also introduced a number of preventive measures such as having employees take their temperature when entering the factory and establish specific reporting procedures for employees suffering from fevers. Disinfecting alcohol is distributed to all our factories and employees are required to wear face masks at the canteen before they return to their seats with food. Not only that, the seats have also been spaced further apart to reduce the likelihood of disease transmission.

## Overview of employee disabling injuries over the years

The statistics of our employees suffering from disability injuries over the years are shown in the table below. The numbers are based on the actual number of occupational incidents reported on a monthly basis (excluding traffic accidents for employees commuting to/leaving the office). In the past five years, we have had no fatal accidents resulting from occupational injuries/accidents. In 2021, there was an accident of a staple injury. The Company has performed root cause analysis for it and enhanced the education for employees about the operations to prevent such accidents. Since the ISO 45001 occupational health and safety management systems were introduced in 2021, we have encouraged our employees to report near miss incidents. There were 14 related reports and the near miss frequency rate (NMFR) was 1.47 in 2021.

The Company has also acquired smart cutting equipment for the pipe manufacturing facilities. Through automatic parameter configurations, the equipment replaces manual labor with automated operations. At the same time, the designs of the new machinery also offers superior safety during the operating process by protecting operators from potential hand injuries while boosting production capacity by 5%. As the existing punching shears have been known to generate excessive noise volume with sub-optimal operating efficiency, the Company has purchased newer punching shears to improve our existing operations. Apart from reducing operation time and material feeding time, the new equipment also dramatically improves the production capacity by 94% while reducing the noise generated by 28 decibels. Furthermore, we have adopted new printers of stainless steel pipes that require less toluene to protect our employees' health.



Note 1: The calculation of the indicators does not include traffic accidents. In addition, pursuant to the “Regulations of the Examination of Injuries and Diseases Resulting From the Performance of Duties by the Injured Persons of the Labor Insurance Program”, minor injuries that result in less than 8 hours of work lost do not constitute as a disabling injury.

Note 2: Mortality Due to Occupational Injuries = number of deaths resulting from occupational injuries × 200,000 ÷ total work hours of the year.

Note 3: The “number of serious occupational injuries” refers to other injuries which lead to irreversible consequences (i.e. amputation) or with which the workers are not able to recover to the status they had before being injured within six months. Serious Occupational Injury Rate = number of serious occupational injuries × 200,000 ÷ total work hours of the year.

Note 4: Total Recordable Incident Rate (TRIR) = number of recordable occupational injuries × 200,000 ÷ total work hours of the year.

Note 5: The “lost working days” refers to the days lost as the injured workers are not able to return to work temporarily (or permanently), exclusive of the days on which the injuries occur and on which the workers return to work, while inclusive of all the days during the period (including Sundays, holidays, or the rest days of the business units), and the working days lost due to the accidents after work resumption; the “number of recordable occupational injuries” refers to the number of injuries of the aforementioned injured workers (with more than 8 hours of work lost).

Note 6: Near Miss Frequency Rate (NMFR) = number of near miss incidents × 200,000 ÷ total work hours of the year; near misses have been calculated since the adoption of ISO 45001 in 2021.

### **Promotion of legally required labor health service plan**

The Company has been promoting employee health promotion and facilitation activities as required by law and promoted various labor health service guidelines as stipulated by the Ministry of Labor. With regards to our maternal health protection plan, the responsible personnel will interview pregnant employees to evaluate the potential impact on their health and determine if said employees require health interviews or relevant health information. In 2021, we assisted four employees with this plan.

For employees struggling with overwhelming work load due to shift work, night shifts, or extended work hours, the Company has formulated relevant illness prevention plans for potential employees. This plan involves having employees fill out a risk identification checklist when the Company processes their health check-up. Based on the risk factors evident from the result of their health check-up, we were able to screen employees by their health risk levels. High risk employees would be interviewed by a physician, who will also provide specific health advice and reminders. In addition, the physician will also notify their supervisors to ensure that appropriate assistance is provided. Our occupational health specialist would provide relevant health information by email or notify employees with medium to low health risks to arrange for interviews.

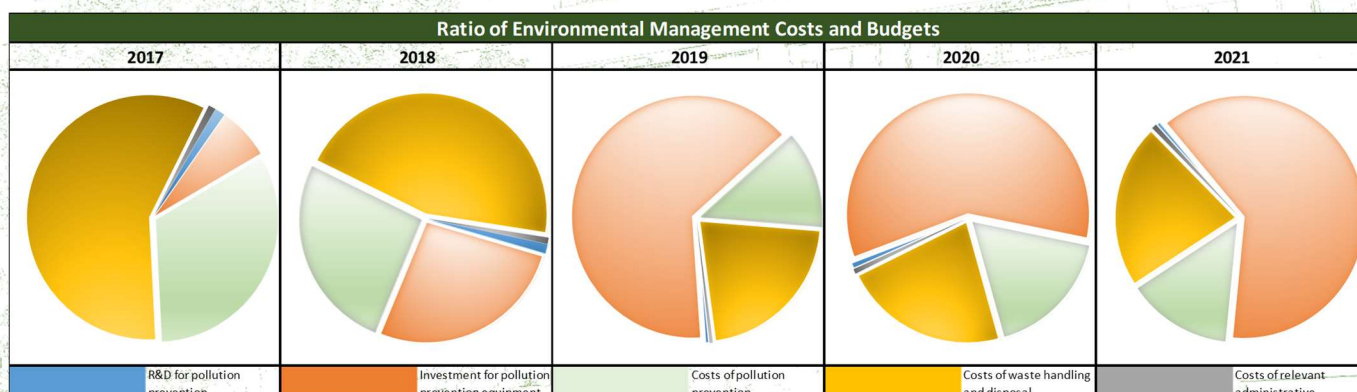
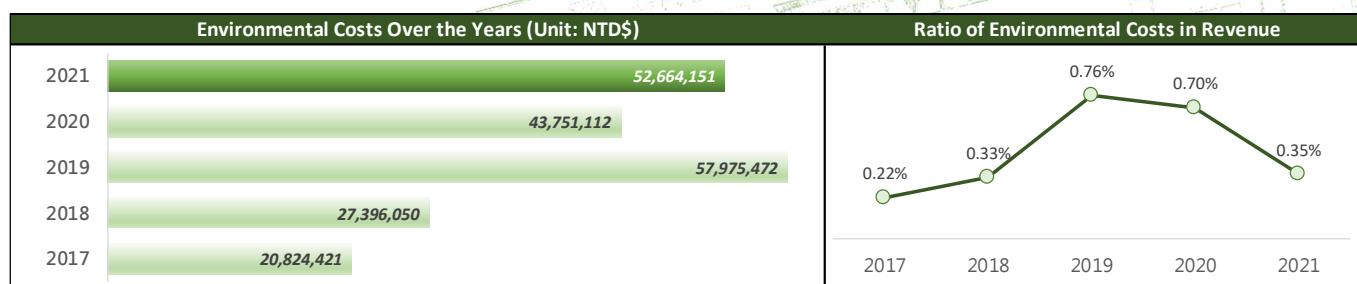
Continuing to promote the ergonomic hazard prevention program, the Company completed one specific plan in 2021. The plan involved improvement to the existing pipe straightening operation, which required the operators to repeatedly use their shoulder and wrist joints and could easily lead to discomfort and soreness in the afflicted joints. After analyzing the ergonomic hazard, we have introduced machinery automation to replace this operation. From the subsequent questionnaires on operators’ muscular and skeletal conditions, the situation seems to have improved significantly.

## 5. Environment Management

### Environment Management

To stay compliant with pertinent environmental regulations, the Company has annually allocated a specific budget for pollution prevention, waste disposal/handling, and relevant operations. In 2021, Ta Chen Stainless Pipe's actual budget for pollution prevention and relevant equipment came to NTD 52.66 million. The Company has continued to invest in the follow-up construction at our newly established wastewater treatment plant for pollution prevention equipment. Once it is completed, we will be able to increase our volume of wastewater treatment from 100 tons to 300 tons per day. As the new construction at the wastewater treatment plant started in 2019, the investment in pollution prevention equipment was relatively high during 2019-2020 (accounting for 0.76% and 0.70% of the revenue in those two years). In 2021, two phases of the wastewater treatment equipment construction were completed. During these three years, the investment in pollution prevention equipment has held the largest proportion; the invested amount even reached NTD 52.66 million in 2021, which was NTD 8.91 million higher than the amount in 2020.

Moreover, the investment in environment management makes up a relatively low proportion of the Company's overall revenue, since our production processes are not of a high-polluting nature. Nevertheless, a certain proportion is still invested in the area every year to ensure appropriate prevention and disposal related to environmental protection.





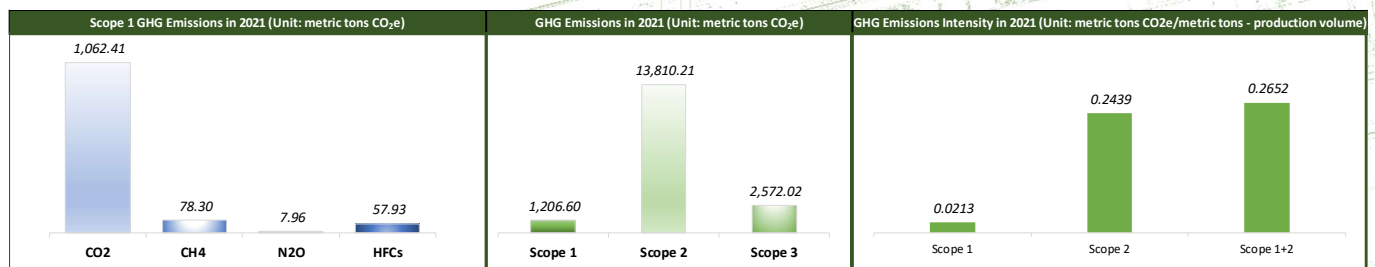
## 5-1 Greenhouse Gas Management

As carbon emission management has become a critical management issue of all companies due to climate change, Ta Chen Stainless Pipe launched a GHG inventory project in 2021. With the ISO 14064-1:2018 as the standard for GHG inventory at the organization level, we have made a complete GHG emission inventory list and implemented GHG inventories of Scope 1 and Scope 2. In addition, we have considered the expected purposes of GHG inventories to define the materiality standard of indirect emissions, and included the “emissions from the purchase of products” and the “emissions from the disposal of solid and liquid waste” into the inventory items of Scope 3.

It is planned that a third-party certification unit will be commissioned to carry out an audit after our inventories in 2022. The year and result of the audit will be set as the base year and benchmark to ensure the accuracy and reliability of GHG emission inventories and thereby review the reduction status for timely adjustments to the management policies.

In 2021, the GHG emissions of Scope 1 and Scope 2 totaled 15,016.81 tons-CO<sub>2</sub>e, while the GHG emissions intensity of Scope 1 and Scope 2 was 0.2652 tons-CO<sub>2</sub>e/production volume (tons). Since the current inventories only covered the emissions of the headquarters in Taiwan, the intensity was calculated based on the production volume (tons) of the headquarters.

For Scope 3, the “emissions from the purchase of products” totaled 2,539.21 tons-CO<sub>2</sub>e, while the “emissions from the disposal of solid and liquid waste” totaled 32.82 tons-CO<sub>2</sub>e.



Note 1: The operational control method was used for the scope of the inventories. The inventory boundary included the headquarters in Taiwan and the production bases under the headquarters. The activity data of the Company’s headquarters were also included.

Note 2: The ISO 14064-1:2018 version was used for the GHG inventories.

Note 3: The electricity emission factor was based on the ones announced by the Bureau of Energy. In 2021, the electricity emission factor of 0.502 tons-CO<sub>2</sub>e/MWh in 2020 was adopted.

Note 4: The fuel and refrigerant emission factors were based on the GHG Emission Factor Management Table (Version 6.0.4), the collective data of the Environmental Protection Administration’s research on GHG emissions.

Note 5: The global warming potential (GWP) was based on the data of the IPCC Fifth Assessment Report (2013).

Note 6: The production volume of the Company’s headquarters in Taiwan was 56,618 tons in 2021.

## 5-2 Energy Management

### Energy Policies

Conservation of energy has always been a focal point in the planning of our factory construction. Through careful planning of placement and installation and mechanisms of constant supervision, we strive to maximize our energy efficiency and reduce unwanted use and wastage of energy. As existing light fixtures at our factories are higher in wattage, we have been gradually replacing them with LED fixtures since 2016. We have also installed timers and light sensors to reduce the duration and frequency of illumination. We have also deployed warning indicators for light switches at our factories to remind onsite operators to turn off the lights whenever possible.

The Company's lighting fixture improvement has basically been completed. Metal halide lamps with a high wattage have been replaced with LED fixtures that have a lower wattage but adequate illuminance for practical operations. In 2021, we further reduced the number of infrared lamps of the paint curing room without compromising the lightness of painting operations and the paint curing time. This measure helps to save around 21,622 kWh of power each year.

Our equipment procurement policy requires priorities to be given to equipment that operates with inverter motor, especially equipment with superior energy efficiency. We have replaced all dated equipment in accordance with this policy for all our factories in 2020. Specific equipment at our factories have been replaced with alternatives with inverter motors for production, and equipment we have for shaping processes have also been replaced with high frequency furnaces in conjunction with relevant hardware in our production lines to improve our energy efficiency.

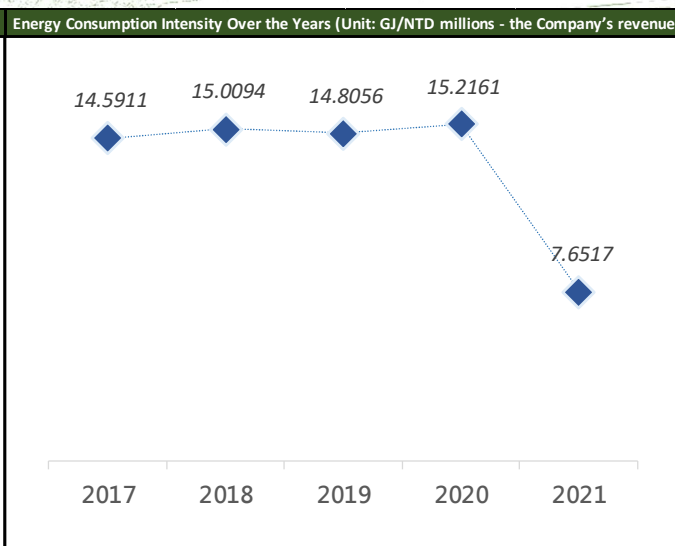
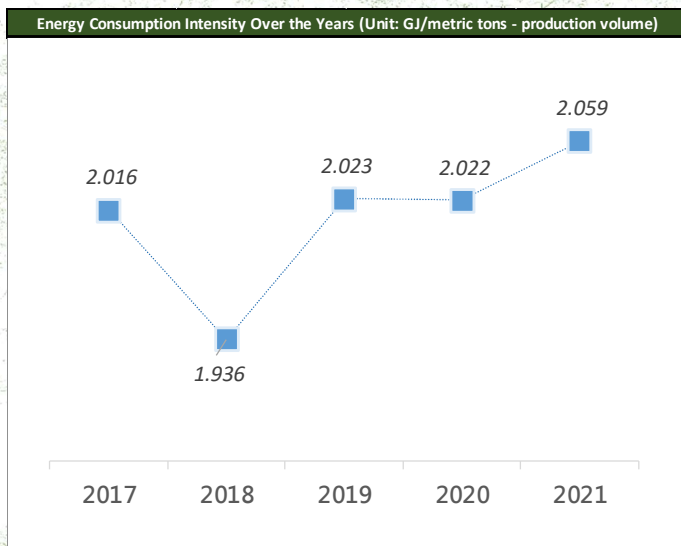
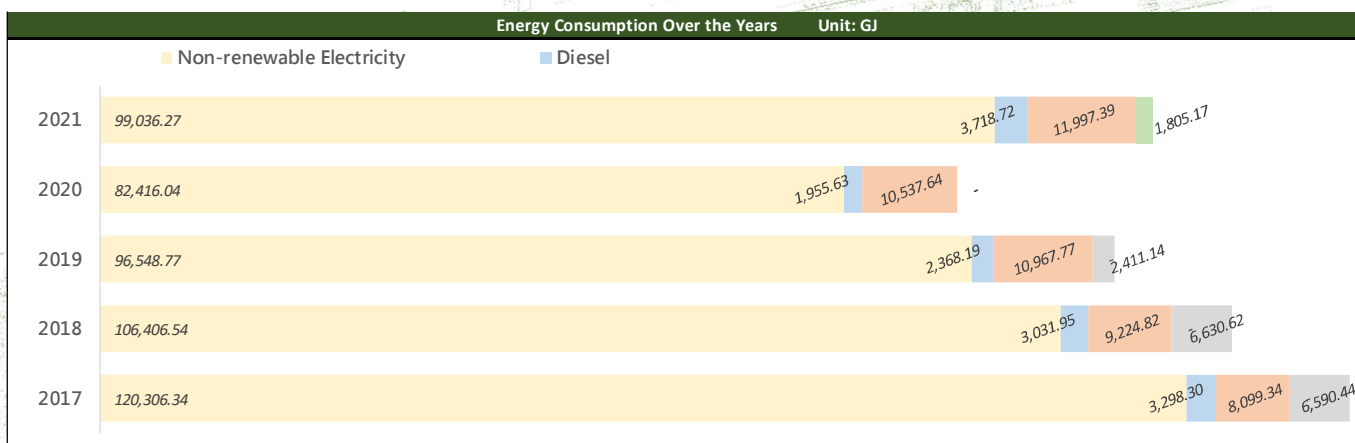
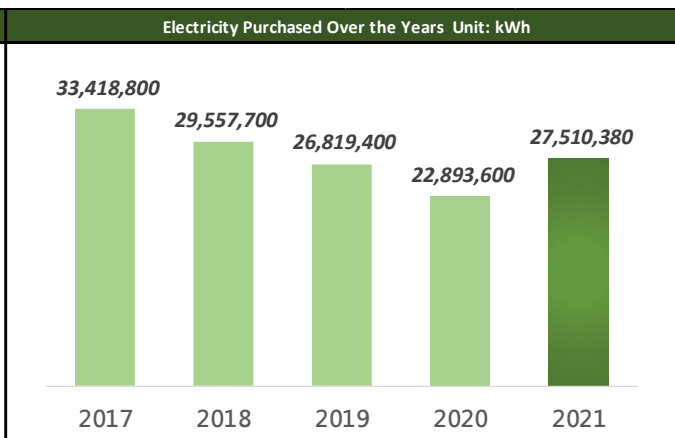
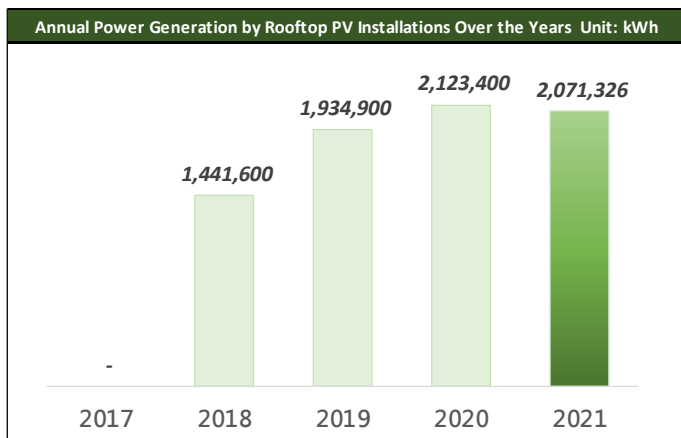
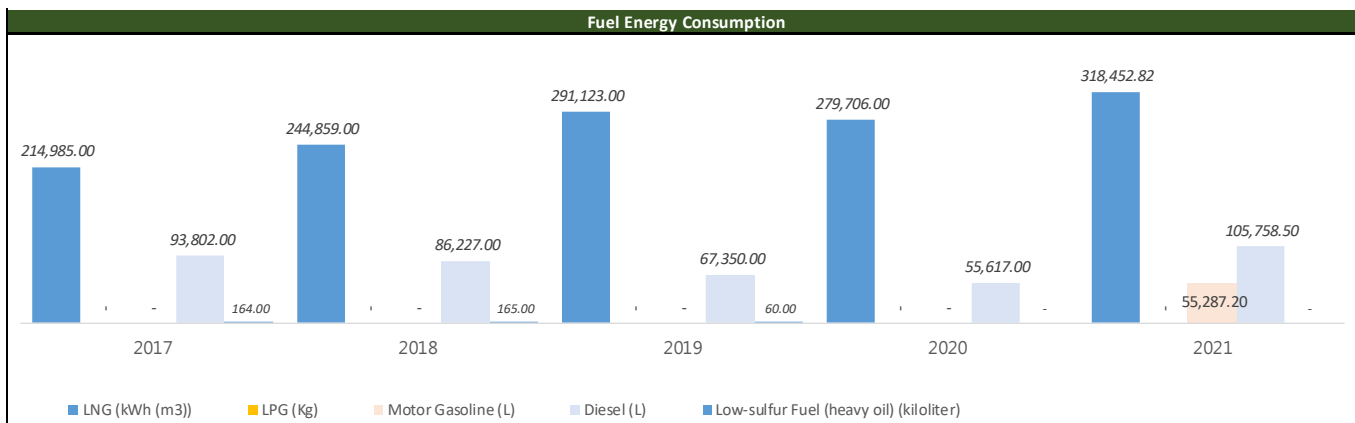
### Green Power Installation

In 2017, the Company pushed its PV power installation project by setting up solar panel boards on the rooftops of various factories. The project was planned to span over three phases, with a combined installation capacity of 1.5MW. The construction began in February 2018 and the meters installation was completed in April. Effective from the date of meter installation, the total amount of power generated by our PV project for the past four years has reached 757.12MW. In 2021 alone, the installation generated 207.13MW of power. In 2022, we plan to install additional PV power facilities in the newly established curtain board factory (1200 ping of area expected to be used) mainly for our own use. Meanwhile, we will assess the effectiveness of setting up energy storage cabinets in 2022 as well to keep in line with the national policies regarding net zero carbon emissions and green power.

### Energy Consumption

The profile of our energy consumption includes purchased power, natural gas, gasoline, and diesel fuel. After conversion, our energy consumption in 2021 came to 116,557.55 GJ. Compared to that of 2020, our energy consumption increased by 21,648.24 GJ primarily due to the higher production capacity resulting from the slowdown of COVID-19 and the considerably rising demand in the U.S. in 2021, and due to the inclusion of motor gasoline in the statistics of the GHG inventory project carried out in 2021. In 2021, the energy intensity per unit of product was 2.059 (GJ/ton). If the consumption of motor gasoline is excluded (as it is not covered in 2020 statistics) from the calculation, the intensity would be 2.027, which is only 0.005 more than the number in 2020 (2.022).

In conjunction with national policies for environmental protection, the Company decommissioned all furnaces that use low-sulfur fuel in 2020 and reduced the use of furnaces that run on diesel. In their place, we have prioritized the use of furnaces that run on natural gas and as such, we did not use any low-sulfur fuel in 2020. When we were replacing old forklifts at the factories, except for the ones for outdoor use subject to the load capacity, we opted to replace diesel powered forklifts with electrical forklifts. This explains why our consumption of diesel fuel fell year by year.



Note 1: Power Conversion Factor: 1 kWh purchased power = 0.0036 GJ.

Note 2: The Heating Value Conversion Factors of Different Kinds of Energy: Based on the table of energy product heating value per unit of the Taiwan Energy Statistics published by the Bureau of Energy, Ministry of Economic Affairs; 1 liter motor gasoline = 7,800 kcal, 1 liter fuel oil (heavy oil) = 9,600 kcal, 1 liter diesel oil = 8,400 kcal, 1 m<sup>3</sup> natural gas = 9,000 kcal.

Note 3: 1 kcal = 4,186 J.

Note 4: The energy statistics were based on the consumption of all factories under our headquarters in Taiwan during the past years. Similarly, the production volume was based on the total production volume of all factories under our headquarters in Taiwan during the past years.

Note 5: Since the use of energy currently focuses only on the consumption of the Company's headquarters in Taiwan, the energy intensity uses the Company's production volume and revenue as the denominators of the calculation. See the information and data disclosure of annual reports of the past years for the data of the sources.

### **Energy Efficiency Improvement**

In 2021, the Company's curtain board factory improved the performance of the spray painting equipment, which has enhanced the adhesion of the paint and decreased the amount of latex paint consumed and discarded. We analyzed the consumption of latex paint of these two years after improving the equipment, and found that the use of latex paint per unit (latex paint consumption/production area) has fallen by 0.67%. As the application of the improved equipment has not even reached a year, it is expected that the consumption analysis for the whole year conducted in 2022 would show an even more significant overall effectiveness.

Our pipe manufacturing factory and suppliers made improvements to the mechanism of bench grinders, considerably boosting the grinding accuracy and reducing the excessive wear and tear of the grinding process. They have also jointly developed detail polishers, adopting dust collection in a closed environment, setting up water splashing prevention and recycling devices, and improving the noise problem of the drying process. These actions have not only reduced the water consumption but also ensured the employees' health and safety. In December 2021, the old equipment was replaced with new equipment. Meanwhile, the efficiency of polishing operations has been improved by 20%-33%, demonstrating that energy savings has been achieved.

In 2021, the pipe manufacturing factory detected the status and effectiveness of air compressors, and it turned out that the efficiency was only 60% compared to the past. New air compressors are scheduled to be purchased in 2022. In addition, the curtain board factory will eliminate the existing extrusion molding machines in 2022 to achieve energy efficiency through the different heating method of the new machines.

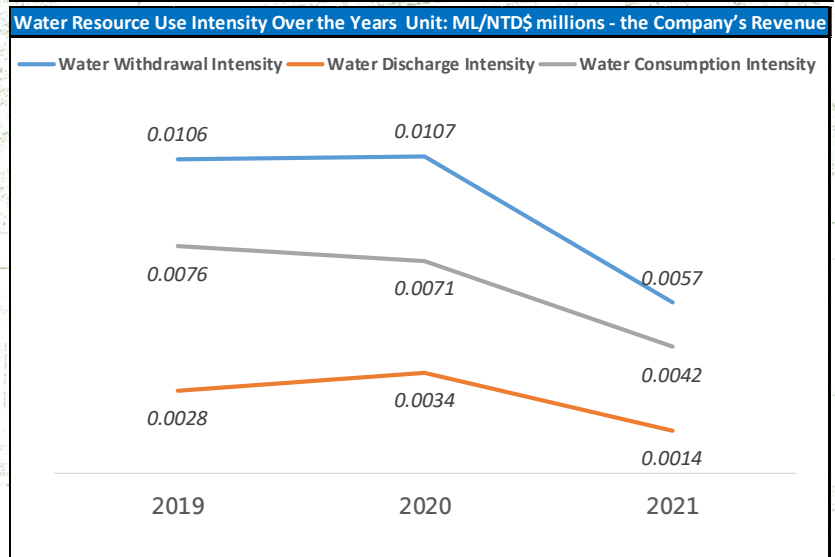
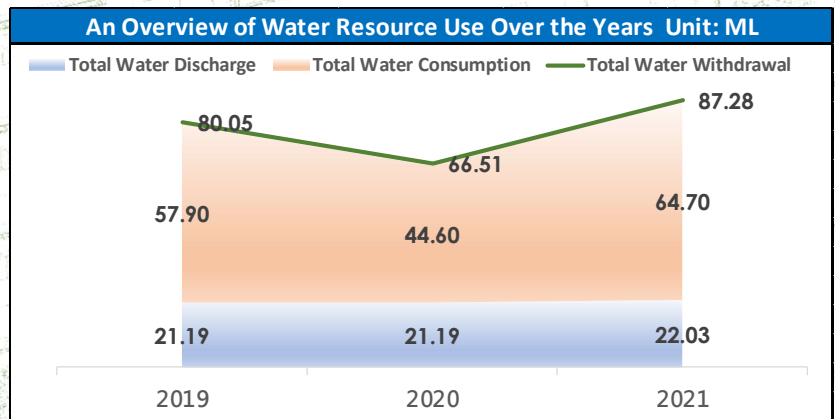
### 5-3 Water Resource Management

The water withdrawn by the Company’s headquarters is all from Taiwan Water Corporation, and the source of water supply is Nanhua Dam in Tainan. According to WRI’s water resource risk analysis, Tainan is not an area of water stress. In addition, Ta Chen Stainless Pipe, a professional manufacturer of stainless steel pipes and pipe components, belongs to the secondary processing industry that does not cause a high level of pollution. Additionally, we have set up wastewater treatment equipment, dust collectors, etc. for pollution prevention, strengthened the level of training and equipment operating skills of environmental protection personnel according to the onsite operations, and commissioned testing organizations recognized by the Environmental Protection Administration to make irregular inspections. With these appropriate prevention measures, the Company has been fully compliant with the emission/discharge standards of the EPA. The second phase construction of the wastewater treatment plant, whose construction started in 2019, will be completed in March 2022; the plant will then be officially put into operation after the discharge permit is obtained.

In 2021, the water withdrawal was 87.28 million liters (ML), the amount of water discharged out of the factories was 22.03 ML, and the water consumption was 64.70 ML. There are three main factors that led to water consumption. The most important factors were the escape of steam in the water cooling process and the escape of cooling water of the air-conditioning system. The causes of water consumption representing a lower proportion included domestic wastewater by the employees, which was discharged into the septic tanks and then the sewers outside the factories, and the water contained in the factories’ sludge. Based on the number of employees and water in the sludge, the domestic wastewater and water contained in the sludge in 2021 has been collectively estimated to be less than 5 ML. Regarding the wastewater treated by the wastewater treatment plant, the main source was acidic or basic liquid waste produced from surface treatment in the pickling process. As the output of such liquid waste has a positive correlation with the number of working days but no direct association with the production volume, there is no significant difference in the amount of wastewater treated, managed, and discharged every year (since the number of working days does not change a lot).

The scope of statistics of our water withdrawal was based on the Company’s headquarters. Hence, the Company’s revenue was taken as the denominator of the calculation of water-related intensity. In 2021, the water withdrawal intensity was 0.0057 (ML/NTD 1 million), the water discharge intensity was 0.0014, and the water consumption intensity was 0.0042.

Furthermore, a part of the treated water was recycled and reused. The amount of water recycled in 2021 was 0.897 ML, accounting for 1.03%



of the water withdrawal in 2021. The percentage of water withdrawn from regions with (high and extremely high) baseline water stress was 0%.

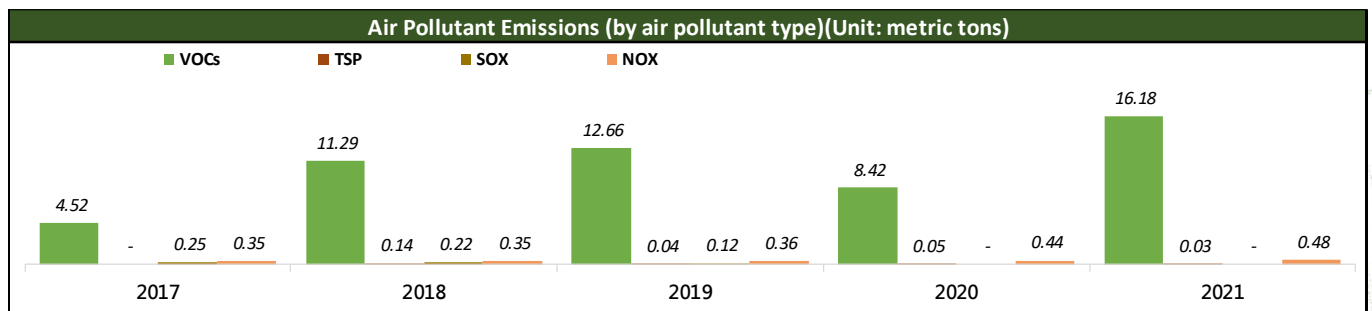
With the approval of the competent authority, the destination of our wastewater discharge is a surface water body (Erren River). Our wastewater must be treated to reach the required emission standard before it can be discharged, and the Bureau of Environmental Protection regularly dispatches designated personnel to check the wastewater quality at the outfall. In 2021, there was an incident of non-compliance with laws and regulations due to the abnormal operation of the wastewater treatment plant. Please refer to “2-6 Legal Compliance and Grievance Mechanism” for details.

Effluent inspection items						
Year	Chemical Oxygen Demand (mg/L)	Suspended Solids (mg/L)	Dissolved Iron (mg/L)	Grease (mg/L)	Temperature (°C)	pH value
<b>Effluent standard value</b>	100	30	10	10	<38	6.0~9.0
2nd half of 2021	65.5	6.8	0.14	N.D	26.2	8.2
1st half of 2021	16	11.5	0.04	N.D	27.2	7.1
2nd half of 2020	N.D.	5	N.D.	N.D.	26	8
1st half of 2020	52	16	0	N.D.	30	8
2nd half of 2019	24	3	N.D.	N.D.	29	7
1st half of 2019	24	3	N.D.	N.D.	23	8
2nd half of 2018	45	10	N.D.	N.D.	25	7
1st half of 2018	26	27	0	N.D.	32	7
2nd half of 2017	52	12	0	N.D.	25	8
1st half of 2017	40	27	0	N.D.	27	6

## 5-4 Air Quality Management

To adhere to the “Regulations on Reporting Management of Air Pollutant Emission From Stationary Pollution Sources at Public or Private Premises”, Ta Chen Stainless Pipe has calculated the emissions of all air pollutants as per the laws and regulations, and periodically reports the information of estimated air pollutant emissions, amount of raw materials, fuels and products used during the processes, etc. online.

Among the air pollutants reported by the Company in 2021, VOCs accounted for the largest proportion with 16.18 tons of emissions. The increase in the emissions stemmed from the production volume of the curtain board factory growing year by year. The total suspended particulates (TSP) were 0.03 tons, and the nitrogen oxides (NOx) were 0.48. The overall emissions totaled 16.69 tons. As for the other emissions that shall be disclosed pursuant to the SASB Standards, the Company had no related emissions or effusions of those pollutants in the processes.



## 5-5 Waste Management

### Waste Resource Management

To ensure that all industrial waste is properly and safely handled and disposed of, the Company adheres to the Waste Disposal Act to mitigate the impact of our operations on the environment. In addition, scraps produced at our stainless steel manufacturing factory are also recycled as raw materials for stainless steel cast pipe accessories. Other waste generated during the processes that we cannot recycle are entrusted to EPA-approved disposal service providers. In 2021, none of our factory operations required the use of toxic substances. Thus, the waste produced was all non-hazardous waste (percentage of hazardous waste: 0%). In addition, we have been working with recycling service providers to increase the types of materials we can recycle to further reduce resource wastage. In 2021, the recycling and reuse rate was 77.12%.

The Company's waste in 2021 totaled 1,583.34 tons. The sludge was the main waste, with 1,398.42 tons produced in 2021. With the recycling mechanism, 1,221.13 tons of such sludge was classified as "to be recycled", transported to sludge treatment plants, and turned into concrete or the raw material of red bricks through heat treatment. The other 177.29 tons of sludge was disposed of in other ways that replaced the landfill treatment method and mitigated the environmental impact. In 2021, the Company improved the process of the internal wastewater treatment plant by setting up the sludge drying equipment. The water contained in the sludge accordingly showed a significant decrease by 30%-40%, reducing 767 tons of weight compared to that in 2020. The calculation of waste intensity was based on the Company's production volume in 2021. The hazardous waste intensity was 0 and the non-hazardous waste intensity was 0.0280 (tons of non-hazardous waste/tons of the Company's production volume). Compared to the non-hazardous waste intensity in 2020, which was 0.0287, the intensity has fallen by 2.44%.

We have already been promoting shipment reduction measures. To reduce the weight loaded by the containers, packing boxes were changed from iron boxes to wooden ones and further changed to simplified packaging. Packaging was imported to the subsidiary in the U.S. for tests in the beginning, and later introduced to other customers after the quality was verified. Moreover, we bundle the goods with webbing except for heavy products which will be secured with

iron chains, moving towards the goal of container load optimization through continuous improvement. In 2022, we plan to secure the products in containers with wood materials to replace other materials while reducing the use of wood. The curtain board factory also continues to implement the recycling of PVC powder and aluminum powder from the cutting and grinding processes, so that the recycled waste can be increased while the directly-treated waste can be reduced.

In October 2021, Ta Chen Stainless Pipe launched the waste reduction project, with the Construction Safety Department as the responsible unit and the manufacturing factories organizing the Waste Reduction Team to put forward a variety of waste reduction proposals, such as filtering the cutting oil through potential difference (oil-water separation) to boost the recycling rate of cutting oil, etc.

Waste Produced (unit: tons)						
Disposal Method	Recycled	Directly Disposed				Total
		Other Disposal Methods (hazardous)	Incineration (including energy recovery)	Landfill	Other Disposal Methods (non-hazardous)	
Year	Recycling					
2021	1,221.13	0.00	93.06	68.01	201.14	1,583.34
2020	37.52	0.00	168.20	75.07	1,064.96	1,345.75
2019	4.00	575.47	165.43	279.14	642.81	1,666.85



## INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders  
Ta Chen Stainless Pipe Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report (the "Report") of Ta Chen Stainless Pipe Co., Ltd. (the "Company") for the year ended December 31, 2021.

### Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

### Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with Statement of Assurance Engagements Standard No. 1 "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 the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct 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. Obtaining and reading the Report.
2. Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
3. Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
4. Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

### Inherent Limitations

The subject information included non-financial information, which was under 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 Controls**

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 contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 “Quality Control for Public Accounting Firms” issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## **Conclusion**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report are, in all material respects, not prepared in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features.

## **Other Matters**

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of the Report.

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

Legendary & Steadfast Accountancy  
Tainan, Taiwan  
Republic of China  
June 14, 2022

### Notice to Readers

*For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected 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 selected subject matter information shall prevail.*

## SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Assurance Subject Matter (GRI Standards/SASB Standards)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	GRI 202-1 : 2016	Ratios of standard entry level wage by gender compared to local minimum wage	4-2 Wage and Benefits	Ratios of standard entry level wage by gender compared to local minimum wage.
2.	GRI 302-1 : 2016	Energy consumption within the organization	5-2 Energy Management	Amount of energy consumed from electricity purchased, natural gas, gasoline, and diesel fuel.
3.	GRI 303-3 : 2018	Water withdrawal	5-3 Water Resource Management	Water withdrawal from produced water.
4.	GRI 401-1 : 2016	New employee hires and employee turnover	4-1 Manpower Attraction and Development	Total number of new employee hires and employee turnover during the reporting period, by age group and gender.
5.	GRI 401-3 : 2016	Parental leave	4-2 Wage and Benefits	Total number of employees that were entitled to parental leave and took parental leave, by gender; total number and rate of employees that returned to work in the reporting period after parental leave ended and returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.

(Continued)

#	Assurance Subject Matter (GRI Standards/SASB Standards)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
6.	GRI 403-9 : 2018	Work-related injuries	4-3 Safety and Health	The number and rate of fatalities as a result of work-related injury, high-consequence work-related injuries and recordable work-related injuries for all employees and workers.
7.	GRI 405-1 : 2016	Diversity of governance bodies and employees	2-4 Corporate Governance 4-1 Manpower Attraction and Development	The number of individuals within the organization's governance bodies and employees per employee category, by gender and age group.
8.	SASB EM-IS-150a.1	Report the following information: (1) amount of waste generated (2) percentage hazardous (3) percentage recycled	5-5 Waste Management	Amount of waste generated, percentage hazardous and percentage recycled.

(Concluded)