

Ta Chen Stainless Pipe Co., Ltd.

Sustainability Report for 2023



**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 2023 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 2023 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 2023 (January 1 through December 31, 2023). 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 2023), all disclosures in this Report will be presented with data from the past five years.

Date of Publication for the Previous Issue: June, 2023

Date of Publication for this Issue: August, 2024

Basis for the Report

The Report has been compiled and prepared in accordance with the core options of the 2021 GRI Sustainability Reporting Standards (GRI Standards 2021) published by the Global Reporting Initiative (GRI). In addition, relevant disclosures have been made according to the Sustainability Accounting Standards Board (SASB). Standards for the iron steel producers industry in the extractives and mineral processing sector as well as the Task Force on Climate-Related Financial Disclosures (TCFD).

Information and Data Disclosure

All statistics and financial performance data disclosed in the Report are based on International Financial Reporting Standard (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 <https://www.tachen.com.tw/>

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 2023, Legendary & Steadfast Accountancy was commissioned to perform an independent limited assurance engagement pursuant to TWSAE3000 “Assurance Engagements in the Audit and Review of Non-historical Financial Information”. The assurance report has been disclosed on page 89 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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A word from the President

Ever since Ta Chen Stainless Pipe's initiation in 1986, more than 38 years have gone by. Ta Chen originally started out with stainless steel production for 100% export sales, and it has now developed into a corporate Group with two major products: stainless steel products and aluminum coils and sheets for industry. The core of the Group's operation model is based on channel sales. Some of the products are self-manufactured along with procurement from several countries. The consolidated revenues of the Group has exceeded NTD 100 billion.

The major revenue and profit of Ta Chen Stainless Pipe Group mainly comes from the US, which accounts for almost 90% of total revenue. In the first half of 2023, it had been expected that there would be sales upsides in the second half of the year as customers would replenish their inventories. However, the US Federal Reserve's move to control interest rates took other countries by surprise, so interest rates continued to remain high, while coupled with a slow decline in the prices of raw materials, various traditional industries became more and more conservative in their economic outlooks and thus lowered their safety stocks to cope with the situation. Lastly, the sudden Israeli-Palestinian conflict in the fourth quarter aggravated the pessimistic sentiments, resulting in profits declining quarter by quarter throughout 2023.

Overall sales for the two major products of the US sales channels, the stainless steel industrial products and the aluminum sheets/coils for industrial use. Although total sales in 2023 were lower than in 2022 due to the unfavorable general environment, the planned expansion project of the aluminum coil cold rolling production line at the Texas Factory in the US was completed on schedule. As of the end of December 2023, the industrial aluminum coil cold rolling production capacity had been increased from 18,000 tons to 31,000 tons per month. Despite the murky situation of global industries, the Company still continued to seek opportunities to make a breakthrough in business. In the second half of 2023, the Company commenced the expansion project of the hot rolled aluminum coil production line at its Texas Factory in the US. It is expected that upon completion of the three-year construction period, the Company shall gain better control of the US aluminum coil market and establish an indestructible market position, which would lead to a higher level of profitability.

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.

Ta Chen Group, as a member of the global supply chain, is committed to responsible sourcing, supports responsible production expansion plans with practical actions, and shall not support or purchase conflict metals extracted from mines controlled by armed groups in the Democratic Republic of Congo or its neighboring countries illegally or under unacceptable working conditions in the mines for use in its products; and requires its suppliers to issue a Supplier Social Responsibility Commitment in 2022 to ensure that they are committed to complying with relevant government laws and regulations and the latest social responsibility related norms and has also established the Supplier Code of Conduct for suppliers to follow.

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, pickling, air pollution, noise pollution, etc. In 2023, the annual energy saving reached 480,000 kWh through the replacement of old machines and equipment and improvement measures for lighting energy saving. For our solar power generation project at our Tainan Factory, the consolidated installed capacity was close to 1.5 MW, and in 2023, the facility actually generated 2.05 million kWh of electricity, all of which were sold to external parties. In 2023, we installed an additional rooftop solar power facility for self-consumption, which is expected to increase annual power generation by 2 million kWh, in order to comply with the national net-zero carbon emission and green energy policies.

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

As of now, Ta Chen Stainless Pipe has not yet set up a dedicated or ad-hoc sustainable development promotion unit. The President will coordinate sustainability management related topics and formulate corporate sustainable management strategic guidelines. Each department will identify sustainable development related risks and opportunities based on departmental responsibilities and develop improvement action plans. The plans will be implemented accordingly after approval by the senior management. Ta Chen Stainless Pipe ensures that sustainable development strategies are fully implemented in the daily normal operations. Over the past years, Ta Chen Stainless Pipe has gradually shaped its knowledge and business operating principles based on the sustainability topics collected and the countermeasures devised. The topics that we keep abreast and alert with include international human rights, labor organizations related initiatives, climate change impacts, due diligence necessary for business operations, and operating risks and opportunities. We have gradually sorted these business operating principles into the Company's policy commitment. Currently, we have established policies relating to ethical corporate management best principles, human rights policy, supplier code of conducts, sustainable development best practice principles and so on. We are subsequently moving towards a more complete sustainable development coverage.



Sustainable Development Best Practice Principles

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 regard 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. 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 communicate with relevant stakeholders in 2023, which enabled us to better understand our stakeholders' level of concern on specific issues of sustainability. Based on the evaluation of the report preparation working group, the changes to the topics of concerns by stakeholders are not great.

**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 2023.

**5th Phase
Determine Key Issues**

After compilation and analysis by our CSR Report editing team, continuation from last year, we identified six 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 2023, 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.

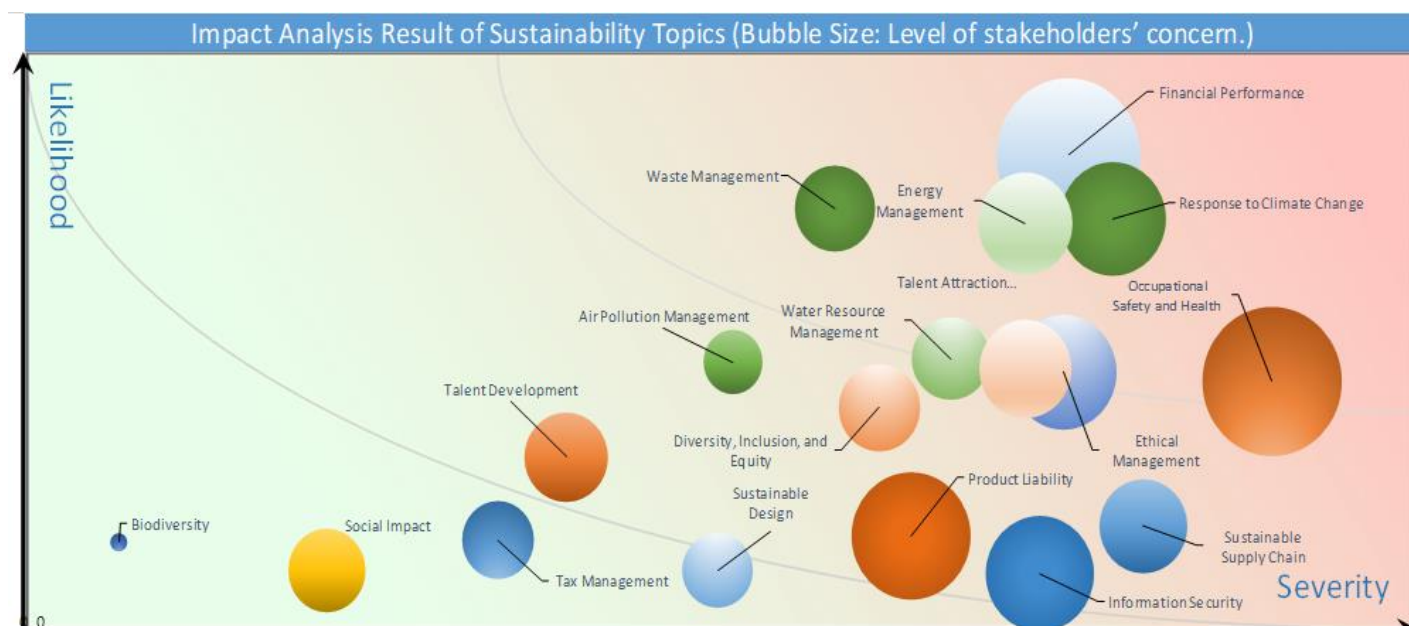
Communication with major stakeholders

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 2023.

Stakeholder	Method of engagement	Frequency of communication
Shareholders	<ul style="list-style-type: none"> • Convention of Shareholders’ Meeting • Convention of Board of Directors Meeting • Renewal of company website • Renewal of information on MOPS website 	<ul style="list-style-type: none"> • Annually • Quarterly • Sporadic • Sporadic
Customers	<ul style="list-style-type: none"> • Customer satisfaction survey • Visits to customers, factory visits by customers • Customer audit 	<ul style="list-style-type: none"> • Every six months • Sporadic • Annually

Stakeholder	Method of engagement	Frequency of communication
	<ul style="list-style-type: none"> • Telephone, E-mail 	<ul style="list-style-type: none"> • At anytime
Employees	<ul style="list-style-type: none"> • Orientation training • Suggestion form available on the Company intranet • Factory employee suggestion box 	<ul style="list-style-type: none"> • Sporadic • At anytime • At anytime
Suppliers	<ul style="list-style-type: none"> • Communication through physical correspondences, telephone calls and email • Implementation of supplier audit 	<ul style="list-style-type: none"> • Annually • Sporadic
Banks	<ul style="list-style-type: none"> • Communication by phone and email • Visits at banks 	<ul style="list-style-type: none"> • Sporadic • Sporadic

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. Materiality of negative impacts: degree of severity (scale, scope, remediability) × likelihood; and materiality of positive impacts: degree of benefit (scale, scope) × likelihood. Were converted to the risk matrix (see illustration). After a discussion by the Sustainability Report Disclosure Team, we have identified six material issues: financial performance, response to climate change, energy management, occupational safety and health, ethical management, talent attraction and retention, which have been selected as the key topics of disclosure for this Report. After presenting the annual report to the board of directors, the theme for disclosure in this year's report is confirmed.

Stakeholder	Material topics of concern	Response chapter
Shareholders	<ul style="list-style-type: none"> Financial Performance Ethical Management Information Security Energy Management Occupational Safety and Health 	2-3 Management Strategy and Current Standing 2-4 Corporate Governance 2-7 Information Security 5-2 Energy Management 4-3 Safety and Health
Customers	<ul style="list-style-type: none"> Financial Performance Information Security Product Liability Energy Management Occupational Safety and Health 	2-3 Management Strategy and Current Standing 2-7 Information Security 3-3 Product Development and Quality Management 5-2 Energy Management 4-3 Safety and Health
Employees	<ul style="list-style-type: none"> Financial Performance Diversity, Inclusion, and Equity Talent Attraction and Retention Occupational Safety and Health 	2-3 Management Strategy and Current Standing 4-1 Talent Attraction and Development 4-2 Employee Care 4-3 Safety and Health
Suppliers	<ul style="list-style-type: none"> Financial Performance Ethical Management Response to Climate Change 	2-3 Management Strategy and Current Standing 2-6 Legal Compliance and Grievance Mechanism 2-5 Risk Management

Stakeholder	Material topics of concern	Response chapter
Banks	<ul style="list-style-type: none"> Financial Performance Ethical Management Response to Climate Change Product Liability Occupational Safety and Health 	2-3 Management Strategy and Current Standing 2-4 Corporate Governance 2-5 Risk Management 3-3 Product Development and Quality Management 4-3 Safety and Health

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 US subsidiary TCI functioning as a platform to serve our US customers. Our platform is also the largest distribution platform for stainless steel products in America. 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.</p> <p>Ta Chen Group had established subsidiaries and affiliate businesses in Europe, the US, 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.</p> <p>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.</p> <p>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. As such, legal compliance, the code of conduct for our employees and the mechanism for internal communication all serve as a crucial component of the Company's operation as it affects all employees.</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.</p> <p>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</p>

Category of Issue	Scope and Extent of Impact	Management Approach
		channel for grievances, which is received and handled by the responsible supervisor at the President's Office and reported to the President.
Response to Climate Change 、 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. The scraps generated during the stainless steel pipe manufacturing process are recycled and reused as 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 waste of resources. We have also constructed a new wastewater treatment facility to increase effluent treatment capacity whilst improving the quality of effluent. All treated effluent complies with environmental regulation requirement.
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. 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 impartial treatment based on political beliefs, religion, race, gender, or other factors. Compensation for employees are determined based on their job grade, academic credentials 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 2-27 Legal Compliance	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
Talent Attraction and Retention	202 Market Presence 2016 401 Employment 2016	4-1 Talent Attraction and Development
Occupational Safety and Health	403 Occupational Safety and Health 2018	4-3 Safety and Health

The Company's Investment Structure



Category	Investment Entity	Disclosure Level and the Description of Undisclosed Information
Parent Company	Ta Chen Stainless Pipe	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., 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. Only financial information is disclosed and no environmental or social information is available as these subsidiaries do not engage in business operations involving environmental and social issues.

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

2-1 Company Overview

Basic information (Data statistics are as of December 31, 2023)

Company name	Ta Chen Stainless Pipe Co., Ltd.	Chairman	Li-Yun Hsieh
Date founded	November 27, 1986	Capital	NTD 24.343 billion
Stock symbol	2027	No. of employees	1035
Industry type	Steel industry	Main line of business	Stainless steel industrial product manufacturing and distribution
公司地址	No.125, Xintian 2nd Street, Rende District, Tainan City (HQ and factory)		

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 US Acquired Galex Inc., an aluminum coil and aluminum sheet importer and distributor in the US Purchased Outokumpu Stainless Pipe, Inc., a US 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 US
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.
2022	In June, Weimei, and Brighton-Best International (Taiwan) Inc. acquired Right Way Industrial Co., Ltd..
2023	Completion of the expansion project of the cold rolling line at the Texas Aluminum Factory in the US

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, USA. 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 US, 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 US

In terms of the stainless steel industry, there was a significant difference between the actual changes and market expectations in the year 2023, causing customers to lower inventory levels, which in turn affected selling prices, although Ta Chen's channel-based sales had not been as affected as manufacturers. Customers were originally optimistic about this year's market demands and had prepared large amounts of stocks in advance. However, Mainland China's economy did not recover as expected in the first quarter of this year, coupled with the massive interest rate hikes in the US, so the pressure from the downstream capital buildup increased significantly, which compelled customers to work off their inventories, disrupting the overall market dynamics. Ta Chen Stainless Pipe is mainly engaged in channel sales and is subject less to economic cyclicity than other manufacturers. Even though the stainless steel market was bearish, Ta Chen's performance was relatively better than its peers. In terms of production capacity expansion, Ta Chen Stainless Pipe indicated that the expansion project of the hot rolling line at the Texas Aluminum Factory was expected to be completed by the end of 2025. The company acquired the Texas Factory from Alcoa for USD350 million in 2018, and invested another USD260 million in 2021 to increase the production capacity of the Texas Factory and add the second cold rolling production line. The expansion project of the Texas cold rolling line was completed on schedule in December this year and afterward, the monthly production capacity of the cold rolling line can be increased by 13,000 tons. Another hot rolling line is under construction and is expected to be completed by the end of 2025, which will increase production capacity by 18,000 tons. For the above reasons, the consolidated revenue in 2023 reached NTD 101.257 billion, down 11.29% from 2022.

Ta Chen Stainless Pipe has manufactured PVC window blinds for 15 years. We used to focus on exporting our products to the US and we have so far had 500 distributors in the US. 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. In 2020, we continued to purchase stock and exceeded 50% shareholding, hence becoming one of the members of a subsidiary of Ta Chen Stainless Pipe. Ta Chen Lung Mei Home Life Co., Ltd., which the Company invested in, owns 72 sales locations throughout Taiwan which are engaged in the sale of the curtain products produced by itself, as well as roller blinds, dimming curtains, venetian blinds, vertical blinds, soft gauze curtains (upright soft gauze curtains/horizontal soft gauze curtains/big S soft gauze curtains/Venus soft gauze curtains)/organ curtains/3D art curtains produced by WEI MEI HSIN SHU INTERIOR DECORATION CO., LTD., an affiliated company. Blinds produced by the Company are also sold. Ta Chen Lung Mei Home Life Co., Ltd. also worked with banks to provide consumers with preferential card-less installment payment methods. Meanwhile, coupled with the convenience delivered by the one-stop shopping service for various products provided by the Company, the Company will continue to increase its market share in the domestic market.

In June 2022, Ta Chen Stainless Pipe acquired the equity of Right Way via the subsidiary, Brighton-Best International. Therefore, the Company is expected to reactivate the idling factory area of Right Way launching into the production of system furniture. In terms of investments in new businesses, the senior managers and related business employees will enter into sufficient communications with the stakeholders of the new business. The necessary due diligence will be conducted to ensure that the investment conforms to the laws and that the business itself has positive benefits to the local community development.

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 US
Brighton-Best International Inc.	Deployment of global market distribution channels for fasteners
TCI TEXARKANA, INC. (TKA)	Manufacturing of aluminum coils and sheets in the US
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 US 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 US channels so that we can continue to upscale our business. Before the US 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.

Ta Chen Stainless Pipe continues to actively utilize the overseas marketing channels that it has cultivated over the long course. We will build ourselves to become the largest stainless steel product distributor in the US. As of now, we have established shipment warehouses in eight major cities in the US, namely, Los Angeles, Chicago, Houston, Atlanta, Florida, Philadelphia, Seattle and Cleveland. With many years of experiences in the field, along with rigorous information link control system, we can accurately get hold of the daily sales channel situation in the US without leaving Taiwan. These market information feedbacks have become a

basis for adjustment to pricing at anytime. Hereafter, upon customers' completion of destocking and increasing basic industrial demand in the US, the Company expects to keep growing relying on the strengths residing in marketing channels and integrated production and sales.

After acquiring the Texas Factory from Alcoa in 2018, the expansion project of the 2nd cold rolling production line was started. With its completion as scheduled in December 2023, the cold rolling capacity will increase by 13,000 tons per month, bringing the overall monthly capacity of the cold rolling lines to 31,000 tons. The expansion of the hot rolling line of 18,000 tons is expected to be completed by the end of 2025, and the monthly capacity of the hot rolling line will then reach 31,000 tons, which will help us to penetrate the aluminum coil market in the US

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.

Community investments

In order to promote social harmony, Ta Chen Stainless Pipe actively participates in community development and related public welfare activities, and continues to give back to society every year with its business achievements, and also invites employees to join in the activities; recipients of donations and services range from infants and children to the elderly, mentally and physically challenged, and so on; the total donations for the year of 2023 were NTD 10,859,100.

On top of that, guided by our belief in cherishing our good fortune and giving back to society, we have been providing the food served at our employee canteen to the Group's subsidiaries for our colleagues, as well as to seniors living alone in the Rende neighborhood, with a total of approximately 1,000 packed meals per day. In order to provide them with warm food and fulfill the spirit of environmental protection, the food is delivered in food storage containers, and the used containers are collected and cleaned at the company for reuse.

In addition to donations and assistance to the disadvantaged, in terms of community development, Ta Chen Stainless Pipe has built five eco-friendly restrooms for visitors to the Da Gang Shan Ecological District in Alian District, Kaohsiung, since 2014 and assigned three employees to be responsible for the daily maintenance and cleaning management of the restrooms, which is expected to benefit more than 300,000 people-times annually; the Company's employees take turns cleaning the slope of the Jing Si Hall in Rende District every month, with 182 participants each time; and organized a blood donation activity in the Company's factory in 2023, raising a total of 106 bags of blood supply, as a righteous act to help others with the blood donations to demonstrate our enthusiasm about public welfare and fulfillment of the spirit of charity and mutual help. Employees participate in the above public welfare services with regular salaries paid as usual, to encourage corporate volunteers to engage in social welfare in a more flexible and diversified way from the bottom up to fulfill their social civic responsibilities, and to utilize their own resources to promote the development of the community and social justice, in order to create a prosperous and sustainable living environment.

2-2 Overview of Products and Processes

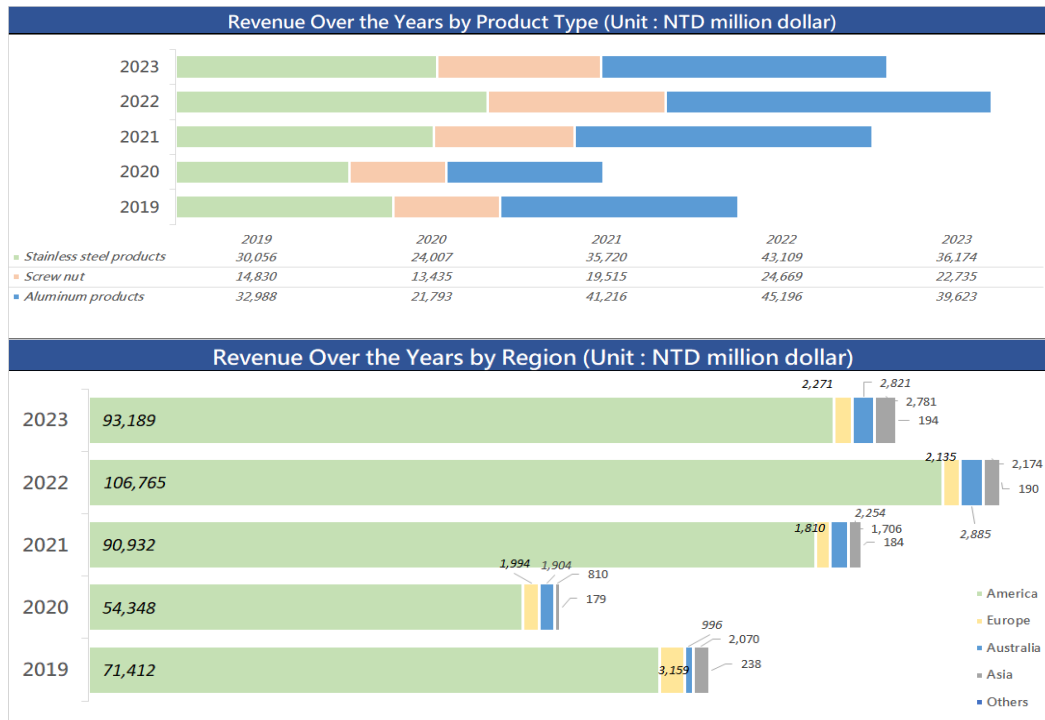
At present, apart from stainless steel products and screws/screw-nuts as our main products, when we acquired Empire Resources Inc. (ERI) in 2017, we expanded our product lines to include aluminum products as ERI used to be the 2nd largest distributor for aluminum sheets/coils in the US 2018 was the first 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 US. Ta Chen's Texas Factory is the largest industrial aluminum coil factory in the US 70% of the raw materials used in its production come from recycled waste to reduce carbon emissions from raw material mining. We will continue to engage in improving the overall production process, reducing wear and tear to improve output and production efficiency, and cutting production costs. The staff establishes the standard product design and production procedures based on their skills and experience gained from physical achievements to ensure product quality. They also keep improving their own technical abilities through R&D and production personnel's internal and external training programs. 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 steel pipes and accessories. Approximately 100% of our finished products are exported to other countries, primarily the US market. Other regions, including Europe, Australia, Southeast Asia, Africa and Israel, also contribute varying percentages to 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. 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.

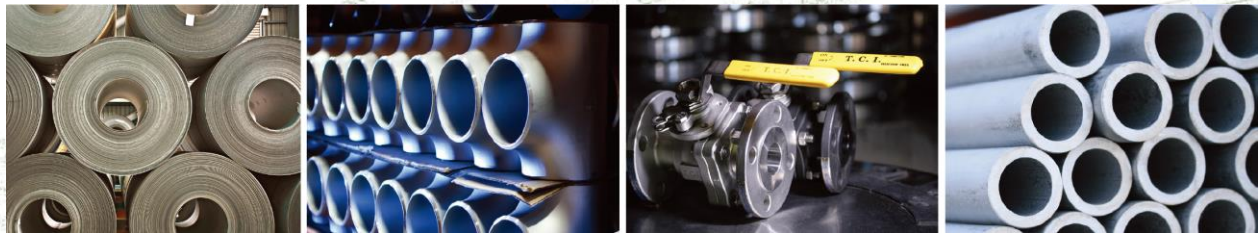
Apart from our existing stainless steel, screws and nuts, and aluminum products, in 2019, the Company made a strategic investment in Ta Chen Lung Mei Home Life Co., Ltd. - a leading name in curtain products in Taiwan. This move effectively brought together the PVC window blind products that the Company has been exporting to the US 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 purpose of making production and sales more efficient, we have made plans to place the raw material production for curtain boards and the assembly of customized products to be completed in one plant. We utilize an information system to monitor the production progress of each order overcoming the risks of delayed delivery for customized production orders. It can greatly increase the company's competitiveness. We have also completed the optimization of automation for the packing configuration of the curtain plant. 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. With the gradual improvements from the early products, the proportion of materials in the foaming process was 0.683 last year and 0.68 this year, reducing PVC use per unit area by a total of 0.4% cumulatively. 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.

Statistics on Production Over the Years					
	2019	2020	2021	2022	2023
Stainless steel products(unit: in tons)	231,444	131,635	237,893	208,433	184,143
Screw nut(unit: in tons)	183,763	134,670	176,080	248,844	165,964
Aluminum products(unit: in tons)	360,067	185,681	242,590	267,605	210,398
Window decoration products(unit: in square meters)			7,569	8,711	12,841
System furniture(unit: in pieces)				6	399
Other products(unit: in tons)				1,159	1,964

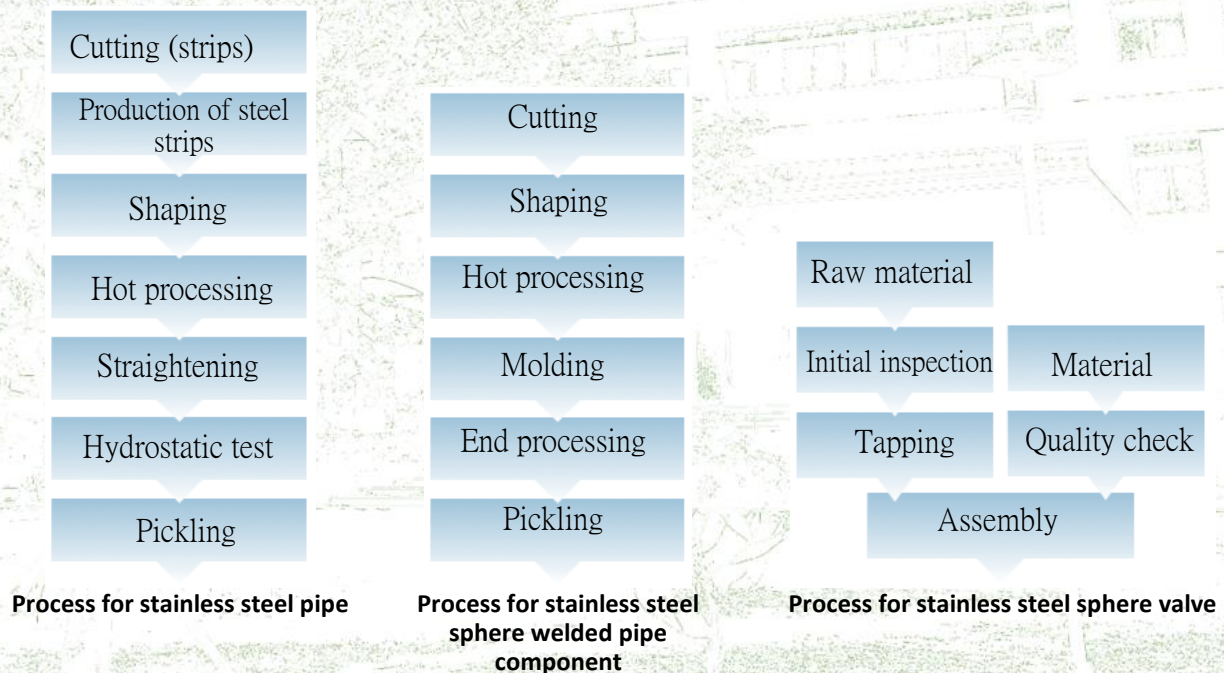


Major Businesses of the Company

- 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:

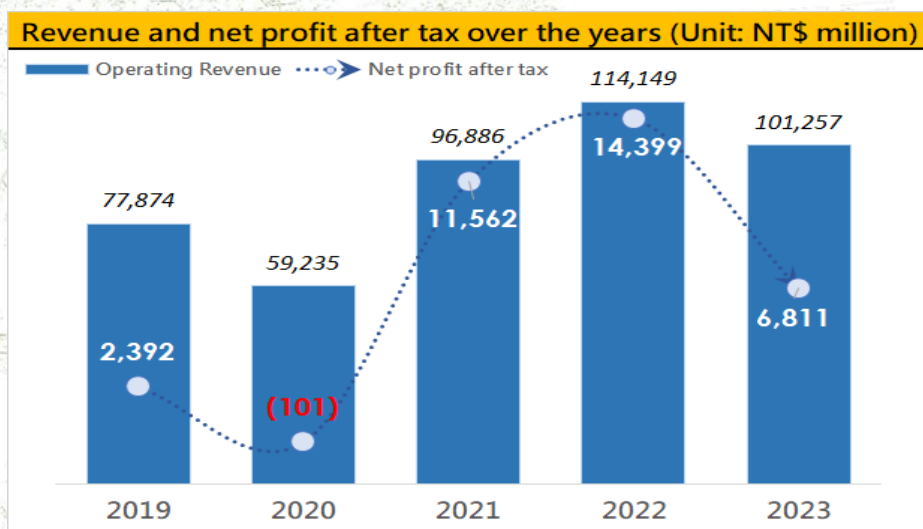


2-3 Management Strategy and Current Standing

Financial Performance

In 2023, driven by both the US'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 101.257 billion, showing a decrease of NTD 12.892 billion as compared to 2022 (with a revenue growth rate of -11.29%). Information on the Company's consolidated income over the years (in NTD million) is as follows:

	2019	2020	2021	2022	2023
Operating Revenue	77,874	59,235	96,886	114,149	101,257
Operating Cost	63,590	50,300	67,816	83,111	81,800
Operating Gross Revenue	14,285	8,935	29,071	31,038	19,457
Operating expenses	8,878	7,502	10,133	12,507	10,585
Other Profits and Losses	(0.27)	390	(1)	(5)	(15)
Operating profit	5,407	1,823	18,937	18,526	8,856
Non-operating Revenue and Expenses	(2,277)	(1,903)	(3,522)	660	752
Profit before tax	3,129	(80)	15,414	19,186	9,608
Income Tax Expenses	737	21	3,852	4,787	2,798
Net profit after tax	2,392	(101)	11,562	14,399	6,811
Other Comprehensive Profits and Losses	(1,216)	(2,349)	(602)	7,429	(959)
Net comprehensive profit and loss for the current period	1,176	(2,450)	10,960	21,828	5,851
Earnings per Share (basic)	1.49	(0.44)	5.76	6.23	2.30
Employee wage and benefits	4,861	4,293	6,582	7,989	6,742
Dividends and Interest Expenses	7,149	3,795	3,435	4,400	5,447



Market Trends

Ta Chen Stainless Steel Group is a primary distributor of stainless steel materials and industrial fasteners in the US. 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 US subsidiaries TCI and BBI-US as their preferred distribution channels. 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.

This year, the market returned to its pre-pandemic normalcy, with a slight decline compared with last year when there were relatively more rush orders. It had originally been expected that after shipping went back to the normal state, demands from customers would increase after inventory was worked off, but this was not realized in the actual market. In addition, the nickel price plunged by about 40% in 2023 amid the poor global economy, which put pressure on operations. However, with the market expecting interest rate cuts in 2024 and the nickel price stopping its fall and rebounding, the market situation is expected to gradually improve. However, as the presidential election in the US is approaching, customers have not yet formed a clear view of the future political and economic situation. Whether there is a significant reversal in the demand momentum still needs to be closely watched.

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 triple wins (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.

Ta Chen Lung Mei's revenue had already made growth. Lumei's system furniture panels are all made from recycled materials, and 80% of the crude woods come from European suppliers, and it is expected that the future market will evolve toward green buildings and zero-carbon buildings, and the Subsidiary will adopt corresponding business strategies in its business operations, such as promoting the carbon footprint of its products, and foraying into the market for green buildings.

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. The Finance Department of the Company is the dedicated unit responsible for promoting ethical corporate management and prevention through devising and monitoring them. The "Ethical Management Best Practice Principles" and "Procedures and Code of Conduct for Ethical Management" have been established and approved by the Board of Directors. All of the directors and senior managers have signed the "Declaration for Abiding by the Ethical Corporate Management Policy" and through the company's internal announcement began to advocate to the employees on ethics and confidentiality responsibilities. Foreign shareholders have a high level of trust in Ta Chen Stainless Pipe, and there was no special advice on management in 2023.

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. Presently, the Board has twelve directors, of which four are female (33.3%) and four are independent directors. In terms of age, the eleven directors are over 50 years of age. In the future, we will gradually plan to set up functional committees related to sustainable development in accordance with the requirements of regulations and the trend of corporate governance.

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 2023, the Board of Directors held a total of seven meetings, with an average attendance ratio of 89%. Below is information on the Board members and a record of their attendance as of the end of 2023.

Title	Name	Gender	Academic credentials and previous experience	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio	Note
Chairman	Li-Yun Hsieh	Female	<ul style="list-style-type: none"> Graduated from Department of Banking, Tatung Institute of Commerce and Technology Finance Manager, Chairman of Ta Chen Stainless Pipe Co., Ltd. 	6	1	86%	Re-elected on June 26, 2023 and the juristic person represented by him was changed
Director	I-Lan Ou	Female	<ul style="list-style-type: none"> 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. 	7	0	100%	Re-elected on June 26, 2023 and as the juristic person representative
Director	Shi-Hsien Tu	Male	<ul style="list-style-type: none"> Graduated from University of California, Berkley, Double major in Economics and Biochemistry VP of Ta Chen International Inc. 	1	6	14%	

			<ul style="list-style-type: none"> ● Director, Ta Chen Stainless Pipe Co., Ltd. 				
Director	Rung-Kun Shieh	Male	<ul style="list-style-type: none"> ● Graduated from Fu Jen Catholic University, Department of Business Administration ● Director/President of Ta Chen Stainless Pipe Co., Ltd. ● Sales manager of San Shing Fastech Corp. 	7	0	100%	Re-elected on June 26, 2023 and as the juristic person representative
Director	Chao-Jin Tsai	Male	<ul style="list-style-type: none"> ● Graduated from Kaohsiung Municipal Lujhu Junior High School ● Director/President of Fang Sheng Screws Co., Ltd. 	6	1	86%	
Director	Jung-Huei Hsieh	Male	<ul style="list-style-type: none"> ● Graduated from Nan Ying Vocational High School ● Supervisor, Ta Chen Stainless Pipe Co., Ltd. ● Chairman, Ta Chen Stainless Pipe Co., Ltd. 	3	0	88%	Discharged after the reelection on June 26, 2023; required to attend 3 meetings.
Director	Erh-Yi Hsieh	Male	<ul style="list-style-type: none"> ● Graduated from Global Logistics Management Department, National Yunlin University of Science and Technology ● Chairman of Wan Duan Investment Co., Ltd. ● Director of Noei Geeng Enterprise Co., Ltd. 	4	0	100%	Newly elected after the reelection on June 26, 2023; required to attend 4 meetings.
Director	Yong-Yu Tsai	Male	<ul style="list-style-type: none"> ● Graduated from National Open University, Department of Finance ● Chairman of Jinn Her Enterprise Co., Ltd. ● Supervisor of Bank of Kaohsiung ● Director of Hwa Fong Rubber Ind. Co., Ltd. 	3	1	75%	Discharged after the reelection on June 26, 2023, and elected as new director after the by-election on August 30, 2023; required to attend 4 meetings.
Director	Ling-Hwa Wang	Female	<ul style="list-style-type: none"> ● Graduated from Philosophy Department, Tatung Junior College of Commerce ● General Services Staff of Chunghwa Post Co., Ltd. ● Director of Brighton-Best International, Inc. 	3	0	100%	Newly elected after the reelection on June 26, 2023, and discharged on August 29, 2023; required to attend 3 meetings.
Director	Mei-Feng Lin	Female	<ul style="list-style-type: none"> ● Graduate from Chihlee University of Technology ● Supervisor of Ta Chen Stainless Pipe Co., Ltd. ● CFO of Linfangjin Charitable Foundation 	7	0	100%	
Independent director	Chun-An Hsu	Male	<ul style="list-style-type: none"> ● 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. 	6	1	86%	
Independent director	Ming-Chang Shen	Male	<ul style="list-style-type: none"> ● 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 	7	0	100%	
Independent director	Guang-Hsiang Wang	Male	<ul style="list-style-type: none"> ● University of Taiwan, MSc Administrative Leadership (completed 40 credits in 3 years) 	7	0	100%	

			<ul style="list-style-type: none"> ● Chief of Department of General Affairs, Ministry of Finance 				
Independent director	Kuang-Tzu Wang	Female	<ul style="list-style-type: none"> ● EMBA Master, NCCU Department of Public Finance, National Chengchi University ● Vice-President of Cathay Venture Inc. ● President of Cathay Investment Inc. 	1	0	100%	Newly elected after the co-optation on August 30, 2023; required to attend 1 meeting.

The Board of Directors is one of Ta Chen Stainless Pipe's stakeholder communication channels and plays an important role in supervising and supporting the Company's sustainable development. The following is a summary of the important resolutions of the Board of Directors.

Date of Board Meeting	Important Resolutions
2023.01.06	<ul style="list-style-type: none"> ● Passed the Company's 2023 business plan.
2023.03.13	<ul style="list-style-type: none"> ● Passed the Company's 2022 Declaration of Internal Control. ● Passed the "Evaluation of the Independence and Competency of the Attesting CPAs" of the Company. ● Passed the formulation of the "Greenhouse Gas Inventory and Verification Schedule Plan" of the Company.
2023.05.11	<ul style="list-style-type: none"> ● Passed the amendments to the Company's "Articles of Incorporation". ● Passed the addition and amendments to the management regulations related to corporate governance and internal control.
2023.06.26	<ul style="list-style-type: none"> ● Passed the proposal for the appointments of the Company's 5th Remuneration Committee members.
2023.07.12	<ul style="list-style-type: none"> ● Passed the proposal for the remuneration to independent directors and Remuneration Committee members. ● Passed the proposal for the salary, bonus and remuneration to the Company's directors and managers. ● Passed the Company's proposal to amend the Regulations Governing the Employee Stock Ownership Trust.
2023.08.11	<ul style="list-style-type: none"> ● Passed the Company's consolidated financial statements for the second quarter of 2023.
2023.11.09	<ul style="list-style-type: none"> ● Passed the Company's 2024 business plan. ● Passed the Company's "2024 audit plan". ● Passed the proposal for the remuneration to the Company's independent directors. ● Passed the proposal for the salary, bonus and remuneration to the Company's managers.

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 2023. 100% of the directors complied with the requirements for further education hours.

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

Name of course	No. of hours	Directors who participated in the training
		Lin, Guang-Hsiang Wang, Chun-An Hsu, Ming-Chang Shen
Sustainable Development Practices Symposium	3	Erh-Yi Hsieh
Cybersecurity Management and Risk Control in Supply Chains with a Focus on Corporate Resilience	3	Erh-Yi Hsieh
Protection of Trade Secrets and Non-Compete Clauses	6	Erh-Yi Hsieh
Interpretation of Financial Analysis Indicators and Business Risk Prevention	6	Kuang-Tzu Wang
Practical Guide to Auditing Techniques	6	Kuang-Tzu Wang

Evaluation of the Board of Directors' Performance

To enhance corporate governance and improve the effectiveness of our Board of Directors, we have established performance objectives to strengthen the efficiency of the Board's operations. Ta Chen has formulated the "Rules for Board of Directors' Performance Evaluation" in accordance with the law, which mainly stipulates the evaluation frequency, period, scope and method, executing units, procedures and other matters to be followed. The Board of Directors' performance evaluation is conducted in accordance with the Company's "Rules for Board of Directors' Performance Evaluation", and the detailed evaluation indicators are adjusted according to the annual business objectives and cover the risks and opportunities for sustainable development necessary for the Company's operations.



Executives' Remuneration and Performance

In order to motivate our executives to actively lead all departments of the Company to achieve and exceed their goals and to continue to promote the Company's progress toward sustainable operations, Ta Chen Stainless Pipe regularly evaluates our executives' salary and remuneration, taking into account the risks and opportunities facing the Company's operations. Ta Chen Stainless Pipe has also formulated corporate regulations governing executives' remuneration and performance evaluation to establish reasonable remuneration and incentives for executives based on their performance in corporate governance and sustainable management. The performance evaluation encompasses operational performance and requirements for various ESG dimensions, with the environmental and social aspects each accounting for 5%. The review process is based on the regulations governing executives' remuneration, which the Remuneration Committee deliberates and then submits to the Board of Directors for approval.

Mechanisms to avoiding conflicts of interests

Pursuant to regulations, the Board of Directors' Meeting shall be held at least once each quarter. In 2023, we held a total of seven Board of Directors' Meetings. When discussing issues that conflict with their personal interest or the interest of the organization they represent, directors are expected to clearly describe their stake in the matter at hand and avoid taking part in relevant votes. Key resolutions determined by the Board of Directors have also been made available on the MOPS to ensure due disclosure of relevant information.

Audit Committee and Remuneration Committee

In order to assist the Board of Directors to better evaluate and monitor the remuneration for directors and managers, our Remuneration Committee had been established in accordance with the Remuneration Committee Charter established during the Shareholders' Meeting in 2011. The Committee is responsible for establishing and regularly reviewing the directors, supervisors and managers' performance evaluation and remuneration policy, system, standard and structure, and regularly evaluating and establishing their

remuneration. In 2017, the Company established its Audit Committee Charter and created its Audit Committee to replace its original system with supervisors. The Committee is responsible for the fair presentation of the Company's financial statements, the selection and discharge, independence and performance of the certified public accountants (CPAs), the effective implementation of the company's internal control, legal compliance by the company, and control on the existing or potential company risks. A general re-election of directors was held on June 26, 2023, and a co-optation on August 30, 2023. The Audit Committee selected four 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 the Audit Committee and Remuneration Committee composition and their attendance in 2023 is as follows:

Audit Committee	Title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio	Note
	Independent director	Chun-An Hsu	6	1	86%	
	Independent director	Ming-Chang Shen	7	0	100%	
	Independent director	Guang-Hsiang Wang	7	0	100%	
	Independent director	Kuang-Tzu Wang	1	0	100%	Newly elected after the co-optation on August 30, 2023; required to attend 1 meeting.
Remuneration Committee	Title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance ratio	Note
	Convener	Ming-Chang Shen	3	0	100%	
	Member	Chun-An Hsu	3	0	100%	
	Member	Guang-Hsiang Wang	3	0	100%	

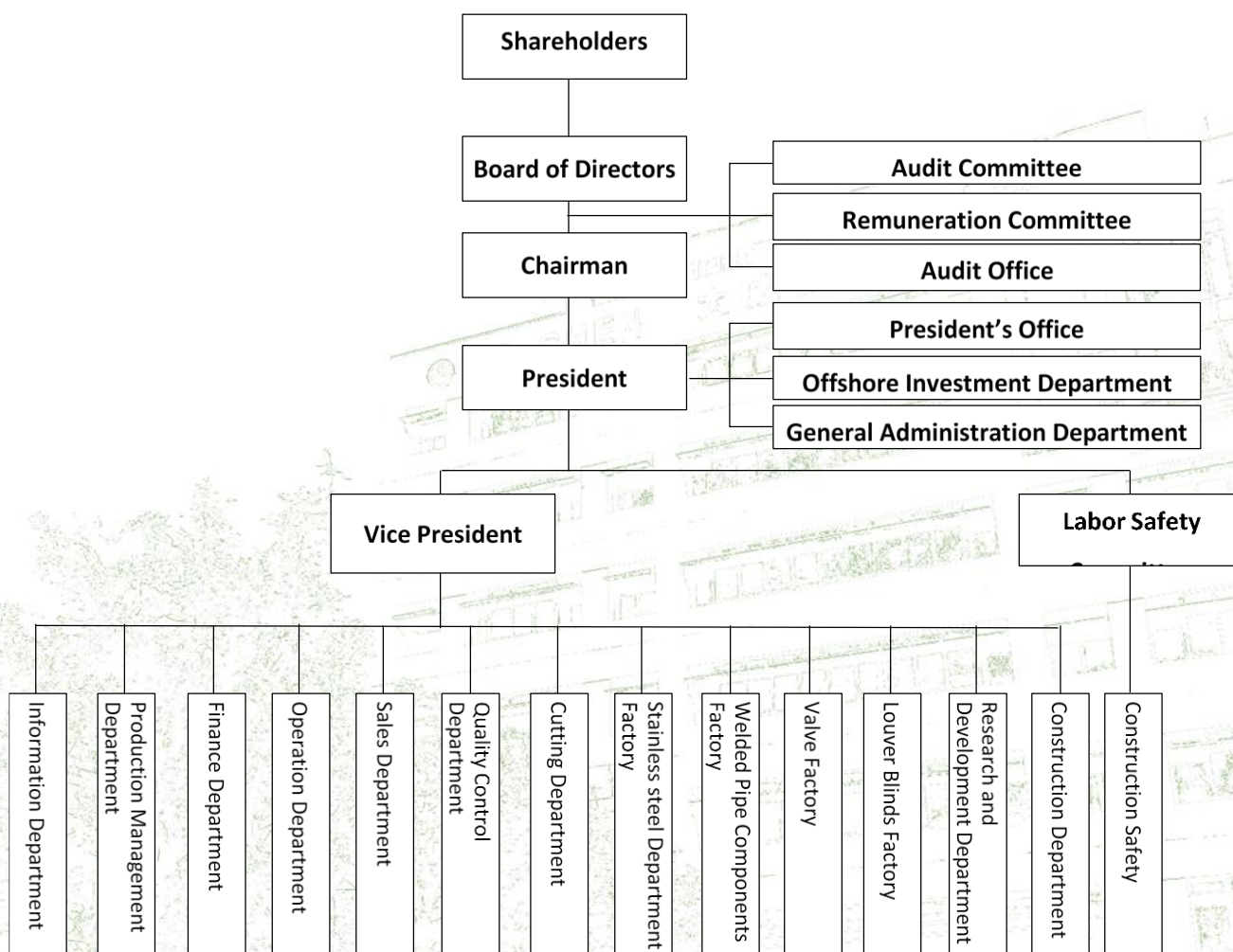
Procedure for Handling Material Inside Information

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. 41 pieces of material information were disclosed in during the reporting year. Disclosure of material inside information ought to be performed in accordance with three fundamental principles:

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

Organizational Structure

The Company adopts a flat organizational structure as we emphasize operational versatility and efficiency. With the promotion and expansion of our channel platform being the central component to our operations, we have our eyes set on our goals and rapid response. With regard 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.

Name of Department	Operation and responsibility
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.
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

Ta Chen Stainless Pipe builds a comprehensive risk management system for a sound management towards the goals of sustainable development. The scope of the risk management policy established covers “Financial Risks,” “Operation Risks,” “Information Security Risks,” “Environmental Risks,” and “Other Risks”. It encompasses all potential risks that could have a direct or indirect economic impact on stakeholders, such as those related to climate change and human rights. The highest decision-making unit for Ta Chen Stainless Pipe’s risk management is the Board of Directors. The Board is responsible for approving risk management policy and important risk management system as well as overseeing the implementation of these systems to ensure the effectiveness of risk management. The Audit Committee provides improvement suggestions on the design of the company’s risk management policies and oversees the implementation of risk management to ensure the effective execution of internal control systems. The Finance Department is a dedicated unit for the execution of risk management responsible for coordinating related departments to carry out risk management work. The Audit Department will draft the annual audit plan based on the risk evaluation results and execute several system audit processes according to the plan in meeting compliance. The Department will report to the Board of Directors. Each of the business unit is the first line of defense which will make the initial discovery, evaluation and control of risks. It shall have sufficient understanding about the risk of its business and be responsible in the monitoring and control of related risks in its unit. The risk management procedures include risk identification, measurement, response, monitoring and reporting procedures. Relevant information will be disclosed according to the competent authority and risk management-related information will be disclosed on the Company website. Ta Chen Stainless Pipe operates steadily and has been in the market for many years. Except for fluctuations in raw material prices, there was no special risk in 2023.

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 regard 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 governance level of Ta Chen Stainless Pipe understands the potential impacts of climate change on operations and long-term development. They understand that in the future, Ta Chen Steel must progressively incorporate the assessment of climate-related risks and opportunities into its operational strategies and develop appropriate response plans. Since 2020, Ta Chen Stainless Pipe has improved the organization’s awareness of climate change, collected and analyzed the domestic and overseas discussions on climate change topics and has referenced 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, and extended relevant management and disclosure process. In 2023, Ta Chen Stainless Pipe continued our evaluation achievements in 2022 and further promoted our analysis of climate change-related risks and opportunities.

Climate Change Governance and Framework

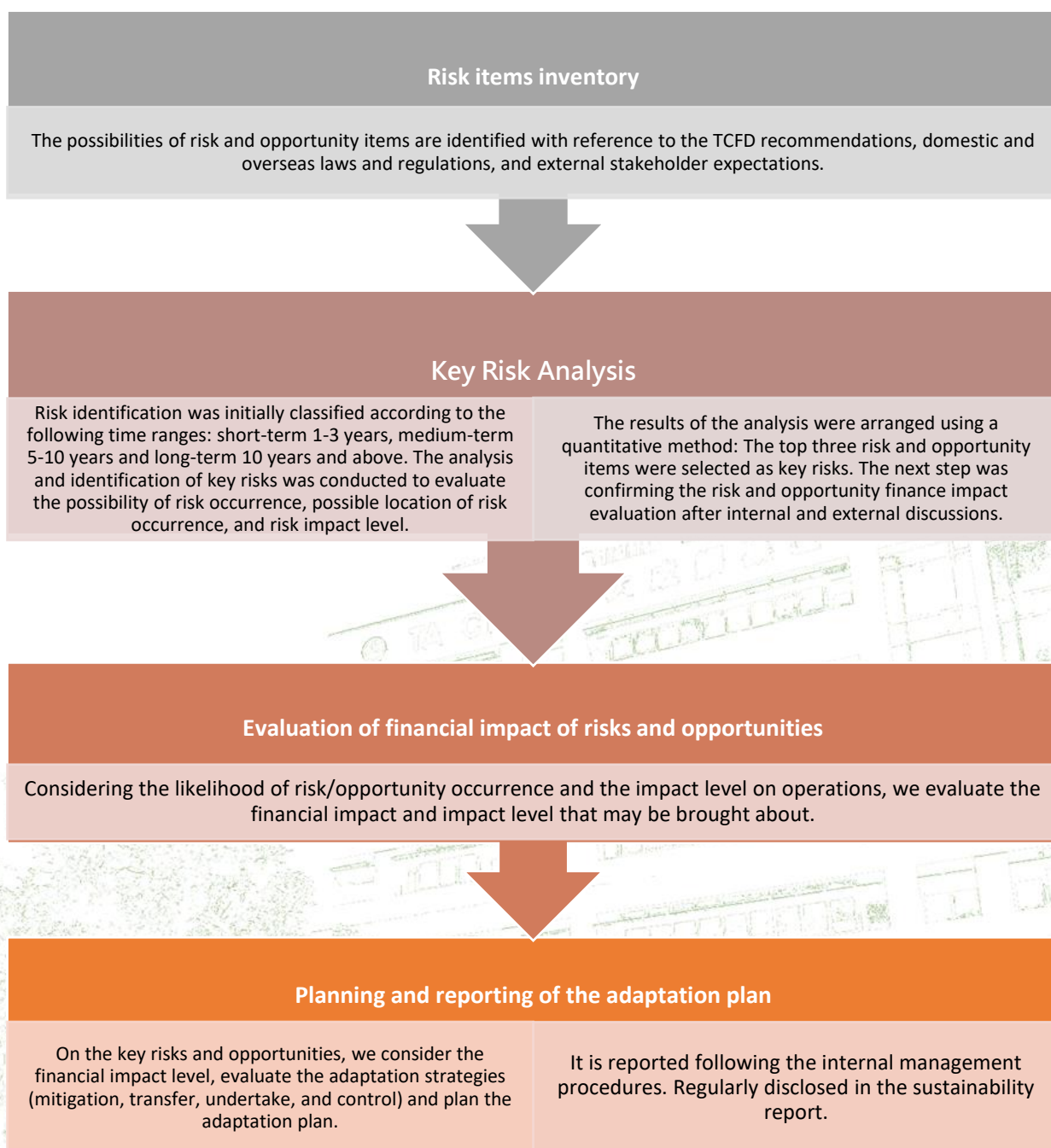
The highest decision-making body for Ta Chen Stainless Pipe's risk management is the Board of Directors. The Board is responsible for approving risk management policy and important risk management, as well as overseeing their implementation to ensure the effectiveness of risk management. Climate risks and opportunities-related topics will be incorporated into the regular reporting items.

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. Chief Financial Officer 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.

Climate change risks and opportunities management procedures

With reference to the TCFD recommendations, Ta Chen Stainless Pipe followed the climate change risk management procedures to identify risks and opportunities and to evaluate adaptation strategy plan. Regular internal and external reporting will be made. Please refer to the Appendix IV: Climate-related information of TWSE/TPEX listed companies for relevant disclosure.

Climate change risks and management procedures



Scenario analysis

Climate change due to global warming results in impacts to Ta Chen Stainless Pipe and important stakeholders. To understand the impact of climate change on operations, Ta Chen Stainless Pipe conducts the identification of climate change risks and opportunities using scenario analysis. Each of the relevant unit will make further review of the outcome of the evaluation as a reference for adjustments to the daily operations. Ta Chen Stainless Pipe chooses the RCP8.5 scenario for its physical risk and the national standard scenario for its transition risk. Information such as policies, laws and regulations, and external environment is reviewed as the basis for the annual evaluation.

Climate change risks and opportunities

In 2023, Ta Chen Stainless Pipe re-evaluated its 2022 evaluation results and referenced the feedbacks of the business unit and functional unit. The evaluation is made for the risk items that took place in the short-term (1-3 years) and medium-term (3-5 years) and identification of 3 key transition risks and 1 key physical risk is made. At the same time, 4 types of opportunities are identified through integration. All of these became the consideration factors for Ta Chen Stainless Pipe in its transition design development and promotion.

Climate change risks and opportunities

	Risk factor	Period of occurrence	Financial impact	Responsive strategy
Transition risk	Laws & regulations: Carbon pricing mechanism	Mid-term (within 3-5 years)	<ul style="list-style-type: none"> Increased operating cost 	<ul style="list-style-type: none"> Continue to promote manufacturing process for reduced carbon, and replacement of old equipment for new ones Incorporated energy-saving and carbon reduction requirements into procurement policy Continue to pay attention to policy and law changes and related requirements in the country of the transaction party
	Market: Increase in raw material costs	Mid-term (within 3-5 years)	<ul style="list-style-type: none"> Increased direct cost 	<ul style="list-style-type: none"> Strengthen local supply chain, continue to manage raw material warehouse stock level, and incorporate climate factors into management considerations Enhance negotiations with suppliers, evaluate and promote supplier carbon inventory
	Laws & regulations: Compulsory use of renewable energy	Mid-term (within 3-5 years)	<ul style="list-style-type: none"> Increased operating cost Increase in capital investments 	<ul style="list-style-type: none"> Continue to promote solar energy power generation installation plan.
Physical risk	Short-term: Increase in the frequency and intensity of extreme weather events	Short-term (within 1-3 years)	<ul style="list-style-type: none"> Increased operating cost 	<ul style="list-style-type: none"> Enhance the evaluation on the system and drills for the emergency response capability of factory premises and offices Continue to maintain operations responding to climate hazard mechanisms

Opportunity	Financial impact	Strategy for realizing opportunities
Adopting low carbon energy	<ul style="list-style-type: none"> Decreased operating cost 	<ul style="list-style-type: none"> Change in fuel for the use of boiler New system development and reduced power usage Gradual switch to self-use for renewable energy Continue to evaluate low-carbon energy sources
Adopt incentive policy	<ul style="list-style-type: none"> Decreased operating cost 	<ul style="list-style-type: none"> Assess the compliance of solar panel installation and setup with government incentive policies
Establishment of supplier sustainability management mechanism	<ul style="list-style-type: none"> Decreased direct cost 	<ul style="list-style-type: none"> Collaborate with suppliers to mitigate the effects posed by climate impacts on the Company. Suppliers with climate change response capabilities shall be selected as the first priority.

(Note): The carbon pricing standards required by regulations have not yet been met, so financial quantitative information has not yet been developed.

Indicators and Goals

Ta Chen Stainless Pipe sets relevant indicators and goals by combining current sustainable promotion targets and the identification of climate change opportunities and risks in response to the international trend and the 2050 national net zero target. For response programs that we develop step by step corresponding to identified risks and opportunities, we will set climate-related indicators and goals to use them. For the time being, all operating locations of Ta Chen Stainless Pipe (standalone) shall be the scope, and 2023 has been tentatively set as the base year for the target of a 7% reduction in Scope 2 emissions by 2030 for all operating locations of Ta Chen standalone, as a basis to measure Ta Chen Stainless Pipe's performance in actively mitigating and adapting to climate impacts. For GHG emission disclosures, please refer to "5-1 Greenhouse Gas Management."



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 engaging 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. "Ethical Corporate Management Best Practice Principles" clearly stipulates that, with the exception of conventional etiquette/social norms that necessitate offering a gift or acceptance of entertainment, no individual, company, or third party shall request, expect, deliver, or accept any form of gifts, hospitality, kickbacks, bribery, or other improper benefits for personal, corporate, or third-party gain.

Ta Chen Stainless Pipe encourages employees to report any illegal or unethical behavior on the intranet, including human rights, bullying, harassment, anti-corruption, and bribery. Employees at any level can make an appointment through the online contact channel (leuis@tachen.com.tw) for an interview 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 to give suggestions in a non-anonymous manner. Such mechanism allows only the Vice President and the Audit Manager 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 2023, there was no complaint case related to conflict of interest, money laundering or insider trading, anti-corruption and bribery in violation of the Code of Conduct.

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, we will continue to promote and conduct educational training courses on integrity for directors and employees, 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 "Rectification Report of Negligence and Abnormalities in Annual Internal Audit and Control", which the Chairman will approve before it is archived for reference with the competent authority through the online information system.

Respect human rights

To maintain and protect employee's basic human rights, Ta Chen Stainless Pipe supports and abides by the spirit of human rights protection and basic principles as promulgated in the "UN Universal Declaration of Human Rights" and "International Labor Convention." The Company treats all of its employees with a fair and just attitude with respect and specially established the "Human Rights Policy" which is implemented following approval by the Chairman. The main execution guidelines of the "Human Rights Policy" cover

aspects in “protect equality in rights to work,” “provide a healthy and safe workplace” and “stimulate labor-management harmony.” The Company demonstrates that it values and respects human rights and it expects all of its employees and partnering suppliers to share the same values and abide by these standards. The Policy was enacted after approval by the Chairman of the Board of Directors and can be found on the Company’s website and is publicized to employees. Ta Chen treats all employees fairly in accordance with human rights policies and labor laws, and there were no human rights violations or discrimination incidents in 2023.



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. As part of our effort to protect the rights of stakeholders, we organized a series of campaigns on abiding by the human rights and anti-corruption laws and regulations to all business groups and employees of the Company. In 2023, Ta Chen was fined NTD 100,000 for a violation of the Occupational Safety and Health Act and NTD 2,430 for three traffic violations by company cars. In 2023, there were no penalties or lawsuits from regulatory authorities for violations of economic, human rights, anti-corruption, product liability, or environmental regulations.



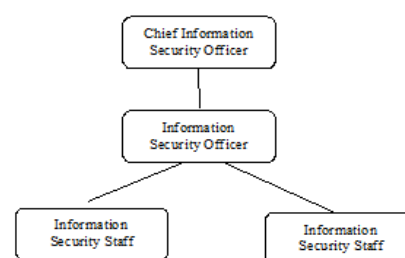
2-7 Information Security

Ta Chen Group has set up an “Information Security Organization” and formulated an “Information Security Policy” to ensure the stability of its sales platform and the safety of customer privacy. The “Information Security Organization” appoints one Chief Information Security Officer leading one dedicated information security officer and two information security staff. The organization is responsible for executing the information operation security management planning, establishing and maintaining the information security management system, handling the overall planning about information security and protecting the enactment and execution of related policies, risk management and audit on compliance.

Ta Chen Group’s “Information Security Policy” is set forth as follows:

- I. Keep the information system continue operating.
- II. Prevent the invasion and destruction of hackers and viruses, etc.
- III. Prevent improper intention and unfair use.
- IV. Avoid accidents caused by human errors.
- V. Maintain the safety of physical environment.

Information Security Organization



Ta Chen Group has set up an organization and the division of labor and responsibilities, focusing on personnel management and education & training, computer system management, network management, system access management, system development and maintenance management, information asset security classification, physical and environmental management, backup and recovery plans and other important tasks, with five major information security protection themes of anti-virus, anti-hacking, non-disclosure, business continuity and physical security, including the establishment of firewalls, intrusion detection, anti-virus systems, and performance of social engineering drills, etc., to keep improving the

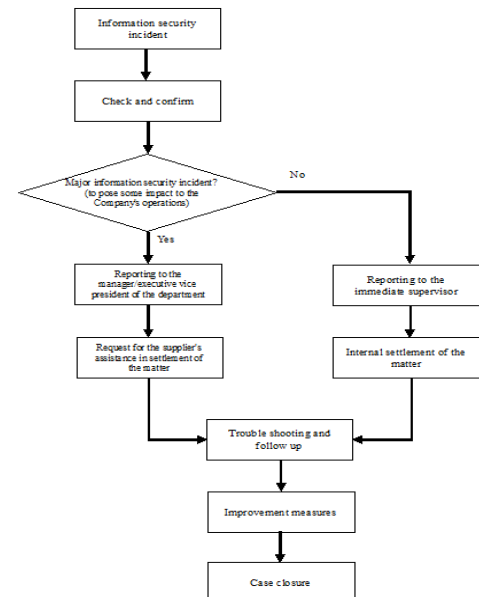
Company's defense against external attacks, ensure the internal confidential information protection ability and enhance personnel's information security awareness.

Ta Chen Group has identified information security risks, including activities such as cyber attacks on critical systems from third parties that could disrupt the Company's operations and damage its goodwill. Such attacks could result in the inability of the systems to continue to support operations, loss of critical company data, and possible shutdown of production lines. Hackers might launch attacks in an attempt to steal the Company's business secrets and other confidential information, or interrupt the Company's operations, blackmail or extort in order to control the computer system or spy on the Company's confidential information. These attacks might cause the Company to pay damages to customers for the losses resulting from delay or interruption of orders, or to bear huge expenses for remedy, in order to improve the Company's network security system, and might also subject Ta Chen Group Company to legal actions or regulatory investigations due to information leakage.

In order to prevent and minimize information security risks, Ta Chen Group has implemented countermeasures in the aspects of "management", "technology", and "personnel". On the aspect of "management," we strictly abide by the internal control system for the information cycle. To improve management further, we expect to take reference from the international standard ISO 27001 and the recommendations of the best practices under ISO 27002 to establish more complete information security management regulations and keep implementing the "Plan-Do-Check-Act" (PDCA) cycle for continuous improvement. On the aspect of "technology", we will collaborate with our subsidiaries to improve the network firewall and network controls to prevent computer viruses from spreading across machine and factory premises; establish endpoint anti-virus measures subject to the computer type; conduct regular internal scans of vulnerability and penetration tests in the entire system architecture to discover any vulnerability and potential risks voluntarily, and then fix and respond to the same. On the aspect of "personnel", we conduct social engineering exercises to raise awareness of information security among employees to avoid falsely clicking on phishing emails; for external personnel, we require them to comply with confidentiality and network security regulations in the service contracts signed with third-party service providers. After each social engineering exercise, we will conduct education and training. At this year's social engineering exercise, the rate of inadvertent clicks at Ta Chen Group's first social engineering exercise was 7.95%, and the rate of false clicks at the second social engineering exercise was 4.69%. The employees who had made inadvertent clicks had received information security education and training to strengthen their awareness of information security.

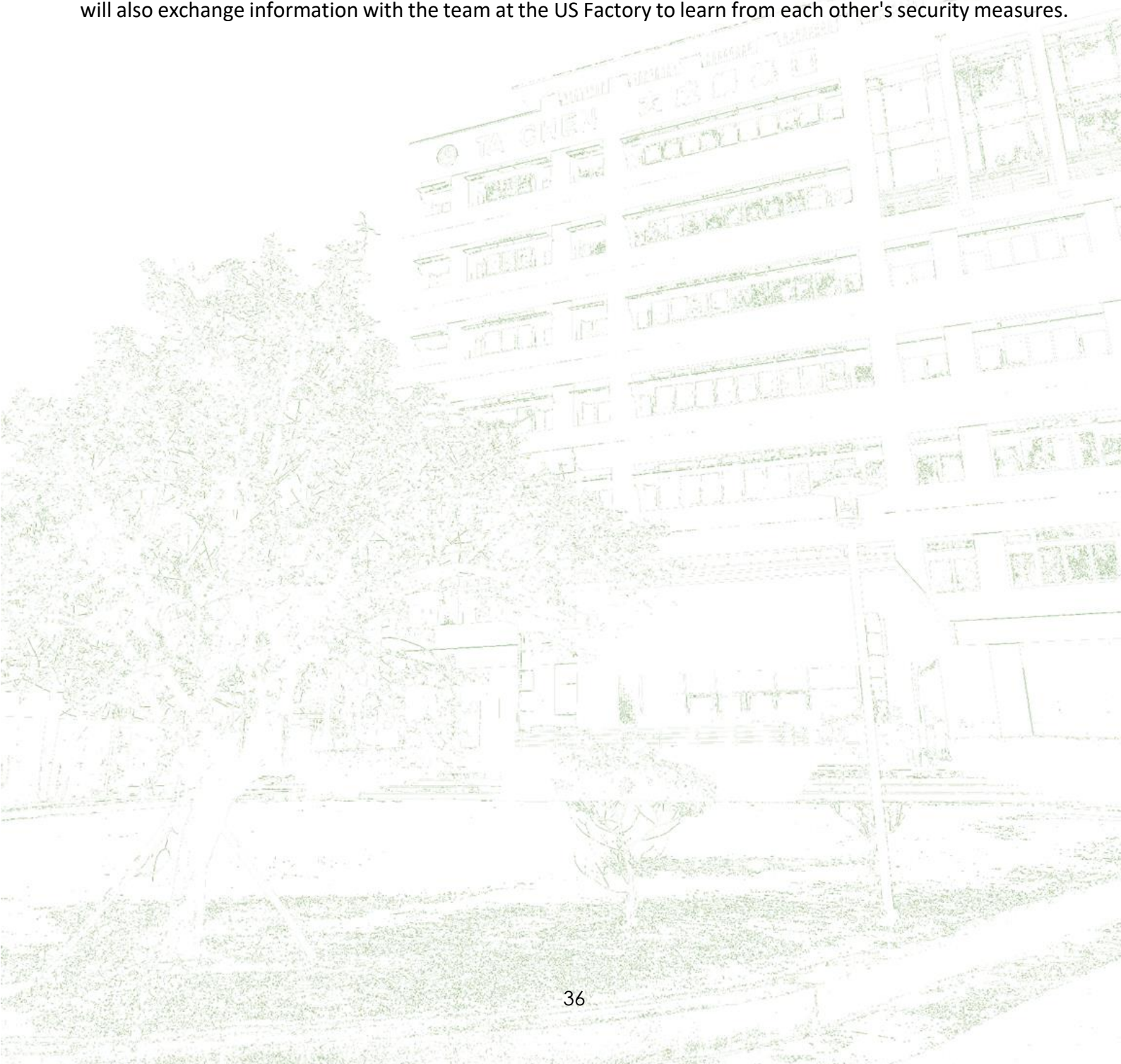
Additionally, Ta Chen Group has formulated the regulations governing "Notification of Material Information Security Incidents" and has implemented specific information security measures to fortify the important line of defense for information security. In terms of "network security," we have implemented a firewall equipped with online monitoring functions to control the data transmission and access to resources between outsiders and the Company's intranet. In terms of "device security," all-important host equipment is placed in the main server room, which is equipped with access control measures. In terms of "network behavior analysis", we have implemented the AI tool, Darktrace, to guard the Company's information security. In addition, we have established the "Regulations Governing Media Scrap Management" to ensure that confidential and sensitive information contained in scrap media will not be leaked out. In terms of "backup equipment", we have backup hosts in the main server room of different buildings in the factory, and backups of essential data and software of the equipment in the main server room are performed regularly. Meanwhile, in order to enable the personnel to be sufficiently competent to respond to any accident

Major Cybersecurity Incident Reporting Procedure



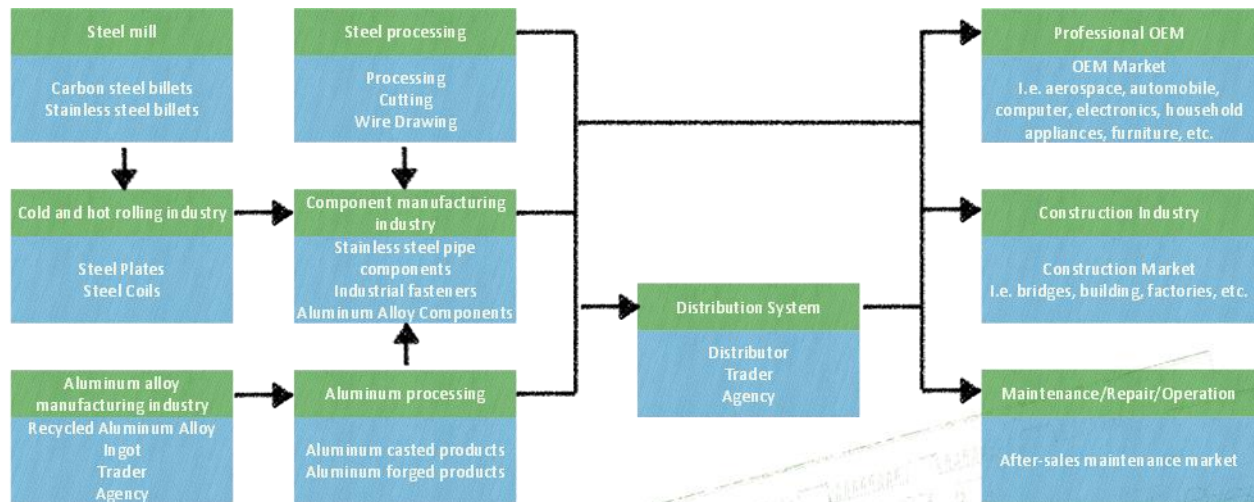
suffered by the Company, the Company has established the “Disaster Recovery Plan” and conducts recovery drills at least once a year, with records and subsequent reviews. As for the “backup environment”, there are two important hosts and firewalls in the Company’s data center. Meanwhile, the HA architectures can serve as the backup for each other. Thanks to everyone's prudent efforts to prevent information security incidents, the Company did not have any information security leakage incidents in 2023, and no losses were incurred by the Company or its customers.

Ta Chen Group's information security team also conducted education and training on information security in 2023, focusing on understanding social engineering cyber security and strengthening awareness in information security, with in-depth discussions on topics such as information security threats, social engineering attack techniques, and prevention methods, especially on emails, phishing letters and websites, as well as fraudulent practices by instant messaging and mobile devices, and emphasizing how to protect oneself in the era of increasing cyber threats. In addition to strong passwords, dual authentication, and regular system and software updates, it is ever more important to foster proper security concepts and knowledge of identifying malicious emails. It is expected that the training on information security will be gradually extended to all employees. From time to time, the information security team at the headquarters will also exchange information with the team at the US Factory to learn from each other's security measures.



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. Therefore, the Company does not own any mines or have any operations to extract minerals. 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 the 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 strings and mesh). The processing companies and component/accessory manufacturers then use these materials to make products that meet the demands of the downstream customers. The main material of plastic curtain boards is Polyvinyl Chloride (PVC). The sources of procurement are reliable due to many domestic suppliers available.

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, being accountable for product quality for products that require no inspection, constructing and managing inventory by request, managing suppliers by request, providing JIT delivery, so as to lower overall cost and achieve the goal of JIT production, sales and delivery.

Under the global operations of Ta Chen Stainless Pipe, we understand that professional wholesalers and distributors are faced with huge inventories and overstock capital. Hence, it is necessary to seek for one-time wholesaler for collaboration support, and forging partnerships to facilitate operations. The one-time wholesalers are moving towards the goals of developing logistics management and electronic business. They also want to effectively lower the inventory cost with business goals of “one-time procurement” and “customer virtual warehouse” to support the inventory needs of professional wholesaler or distributor at any time. Under such circumstances, the one-time wholesaler will integrate the inventory needs of the professional wholesaler or distributor getting hold of more procurement power. This allows them to have more room for negotiations to lower the costs and drive the professional channels to become more competitive and advantageous.

Information Platform

For the objective of making quicker responses to the needs of upstream and downstream customers, Ta Chen Stainless Pipe began to integrate each of its business flow functions. A highly integrated supply chain channel system is formed through joint planning and process and information exchange on operation and

strategy aspects enabling a huge increase in the overall performance of the channels. Product added-value is elevated by introducing information management system. The system conducts big data analysis and uses analytic technologies on customers' past record of use and habits to gradually build information on the habits of our customers. With sufficient understanding of the needs of customers, we can provide customized products and services. 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 US 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"> •Precise inventory control •Versatile delivery 	<ul style="list-style-type: none"> •Differentiated pricing strategy •Real-time distribution monitoring Global online distribution 	<ul style="list-style-type: none"> •Online price inquiry and order placement •Real-time shipping and shipment tracking 	<ul style="list-style-type: none"> •Credit line control •Online order amount control

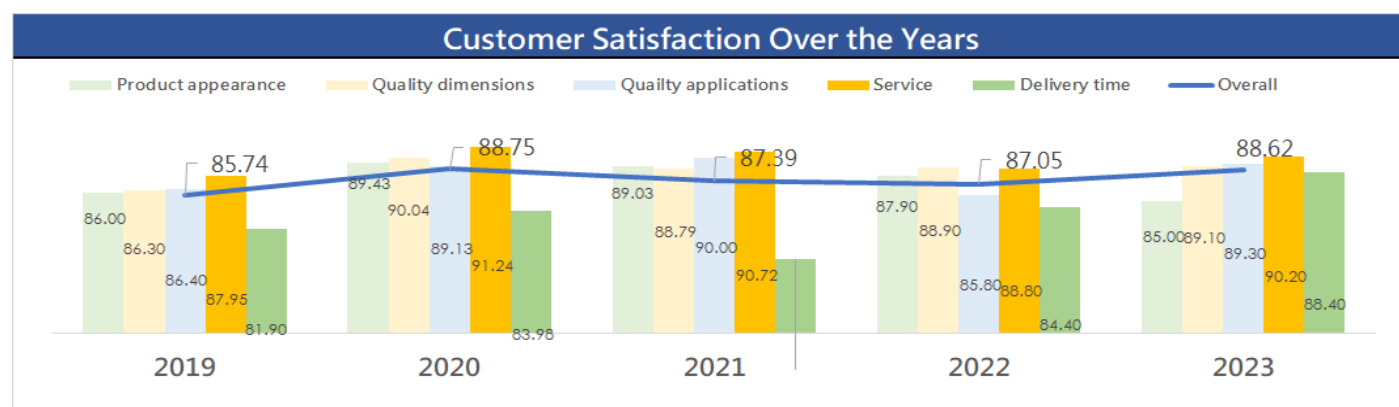
3-2 Customer Service

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. 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 for 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. We have over the course of the past years, successfully communicated on the reduction methods for packaging materials with our customers. In the future, we will continue to think about methods to make packaging more environmental-friendly contributing to waste reduction and enhancement of container stuffing and de-stuffing efficiency. Shipping in 2023 had stabilized compared to previous years, and with smooth delivery schedules, we were able to successfully develop our business. Due to the global trend for inflation, the main business focus for this year was on price negotiations with our customers.

Customer Satisfaction

Starting from 2020, the Company began conducting a customer satisfaction survey yearly. 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 covers five aspects: product appearance, quality dimensions, quality

application, service, and delivery time. If the average result falls below 75 points, if any single aspect scores below 60 points, or if an individual customer's average satisfaction is below 70 points, responsible personnel will complete a Customer Satisfaction Suggestion Handling and Follow-up Form to facilitate continual improvement. In 2023, the customer satisfaction survey result was 88.62 points, which is approximately the same as in 2022 and meets customer requirements and expectations.



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 US 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 are 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 US 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 2023, 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. All pipe fittings and valve products have passed the qualification for UKCA certification and the

labor inspections. All products have passed the inspection and testing certified under the European Union Pressure Equipment Directive (PED).

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 products in five major categories include the US, it is required to obtain the API certificate. In 2023, the products of these five major categories occupied 2.99% of all the valves and nipples we distributed. Not only that, our stainless steel valve product lines 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 2023, the proportion of our products that were certified to the ABS standard accounted for 6.54% of all valves we distributed. In the same year, we have increased inspections for deep well coupling and valve product lines. In response to customer demands for low lead testing NSF372 in drinking water, the results show that no lead is detected. At the same time, we arranged for the steel pipes to undergo the NSF61 test for the precipitation of heavy metals, especially for the precipitation of tetravalent chromium, and the result showed that none was detected. We will continue to undergo other types of NSF tests in the future.

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 US customers are more concerned with the audit of our products and processes, and they have been conducting irregular on-site audits each year.

Intelligent Property Management

In order to enable intellectual property management to achieve the organization's operating objectives, ensure that the operating activities of the Company and its subsidiaries comply with the requirements of laws and regulations related to intellectual properties, and that the intellectual properties required for operations are properly protected to avoid infringing on the intellectual property rights of others, the Company's Intellectual Property Management Plan is implemented as follows.

I. Trademark Management

1. Continue to keep an eye on the future planning and development of the business in the regions where the Company and its subsidiaries carry out product marketing, promotion and services, and apply for new trademark registrations in advance to refine the strategic arrangement for trademarks.
2. When introducing or developing new products, conduct ex-ante trademark searches and investigations to avoid infringing the trademark rights of others.
3. Understand the trademark regulations in Taiwan and overseas markets.
4. Keep a record of registered trademarks and maintain their validity
5. Actively protect the trademark rights of the Company and its subsidiaries in the regions where they carry out marketing, promotion and services, and combat the malicious attachment of trademarks or corporate names to eliminate infringement by others, so as to avoid jeopardizing the rights and interests of the Company's trademarks and to establish and maintain the brand value of the Company.

II. Patent Management

1. Carry out patent searches and registration applications in accordance with the regulations in response to business needs.
2. Keep a record of registered trademarks, make associated payments regularly, and maintain their validity.
3. Understand the patent regulations in Taiwan and overseas markets.

III. Trade Secret Management

1. Through computer system management, conduct regular employee education and training, access control, information security management, and other measures to ensure that the trade secrets the Company needs to protect comply with the requirements of the Trade Secrets Act, and regularly provide promotional education to all employees on trade secret protection.
2. The Company's cooperation contracts with external parties must include confidentiality clauses and penalties for leakage.
3. The Company requires its employees to sign a written non-disclosure agreement to protect the Company's secrets from being leaked.

The Company carried out related affairs in accordance with the Intellectual Property Management Plan, and reported to the Board of Directors on November 9, 2023, on the results of the implementation of the intellectual property-related measures. The list of intellectual properties acquired by the Company and its subsidiaries as well as the results are as follows.

Region	Trademark	Patent
Taiwan	77	4
Overseas	198	105
Total	275	109

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 with the supplier management procedure required by the ISO 9001 management system for the management of new and existing suppliers.

In response to the global trend in supply chain management, Ta Chen Stainless Pipe has formulated the “Supplier Code of Conduct” and selected Ta Chen and Brighton-Best's top 10 key suppliers to sign a social responsibility commitment letter and submit the self-evaluation forms. These key suppliers accounted for approximately 50% of the total procurement amount. The Company aims to create a respectful work environment for all employees that makes them feel safe and worry-free. We strive to achieve environmental protection responsibilities and abide by the Code of Business Conduct and Ethics. At the same time, we expect all of the suppliers and their upstream suppliers to do their best in meeting the requirements of the social, environmental and ethical aspects and to sign the ESG Commitment. Ta Chen Stainless Pipe takes into consideration the supplier risks and has created the supplier rating standard and the supplier self-evaluation mechanism working together on the ESG commitment. 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. This includes reducing the carbon footprint of transporting raw materials, minimizing environmental impact, increasing the supply capacity of local suppliers, and prioritizing the procurement from local suppliers.

The main material of Ta Chen Stainless Pipe's products is stainless steel coils. Therefore, all stainless steel coil suppliers are considered key suppliers, and there are three of them. The management team adjusts the transaction volume based on the market price, Inventory level and overall market demand. Currently, the market is oversupplied and Inventory levels will not remain high. Other than regular transactions, Ta Chen Stainless Pipe has begun communicating with suppliers on carbon inventory requirements, and we have subsequently obtained positive feedbacks from suppliers.

Because of the wars and other international factors, Ta Chen Stainless Pipe anticipates that the risk in raw material procurement and transportation will increase, and will pay special attention to the development of the international situation regarding the source of raw materials, and at the same time, comply with the requirements of customers, and do not purchase raw materials from controversial countries of origin. In addition, in response to international requirements for carbon emissions, Ta Chen has begun to request suppliers of raw materials to provide certified information on their carbon emissions, and also truthfully make a filing of the carbon emissions of products required by CBAM (Carbon Border Adjustment Mechanism) as scheduled.

Management of Chemicals

Since our products are used for the purposes related to food and consumer-related applications, 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 no 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 provided 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

Ta Chen Steel adheres to the principle of avoiding conflict minerals in its raw material procurement. 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 recycled steel has increased continuously during the production of stainless steel plates in recent years to ensure the 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 EU's Critical Raw Materials Act (CRMA), one-third of the cobalt in the world comes from the Democratic Republic of the Congo and nearby countries, where illegal operations remain a risk. The Responsible Minerals Initiative (RMI) classified cobalt as a Category 5 controlled mineral in 2019. Ta Chen Steel's prohibition on conflict minerals includes materials such as tantalum, tin, tungsten, gold, and cobalt. All sources of these materials are 100% procured from qualified smelters, and stainless steel raw materials do not contain these metals. We also encourage suppliers to sign the agreement of avoidance of use of conflict minerals and conduct due diligence every year to ensure the sources of the raw materials and refuse the use of conflict minerals.

4. Human Resource Management

The Company has always been centered on people, and we perceive our employees to be our most important asset. 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 impartial treatment for factors such as gender, religious belief, ethnicity, nationality and political affiliation.

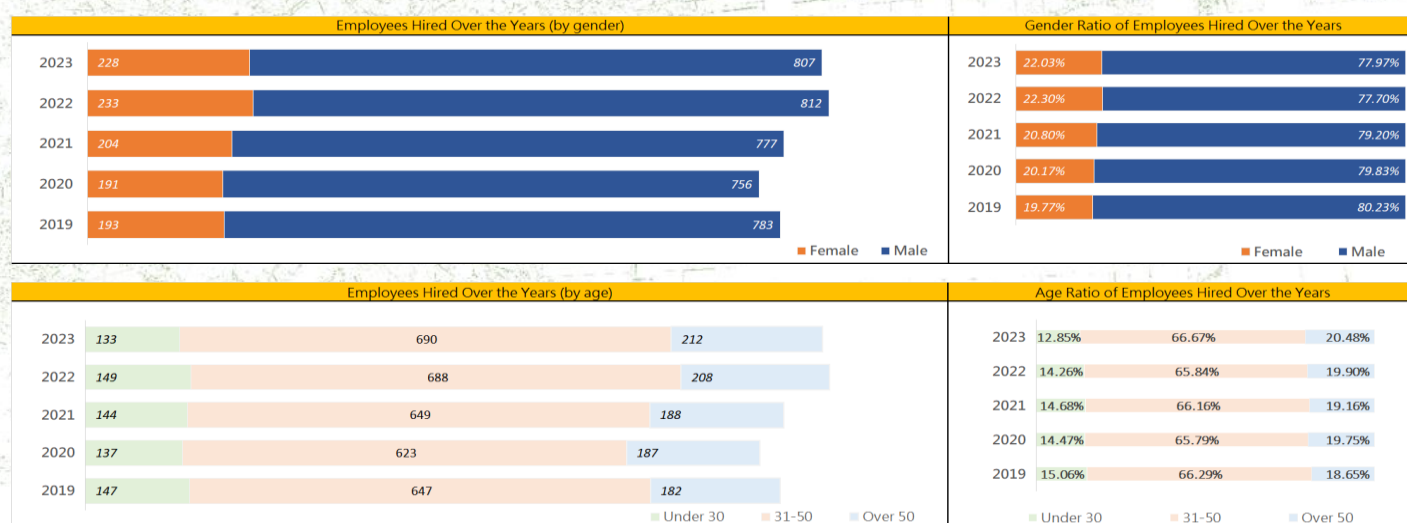
4-1 Talent Attraction and Development

Recruiting

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.

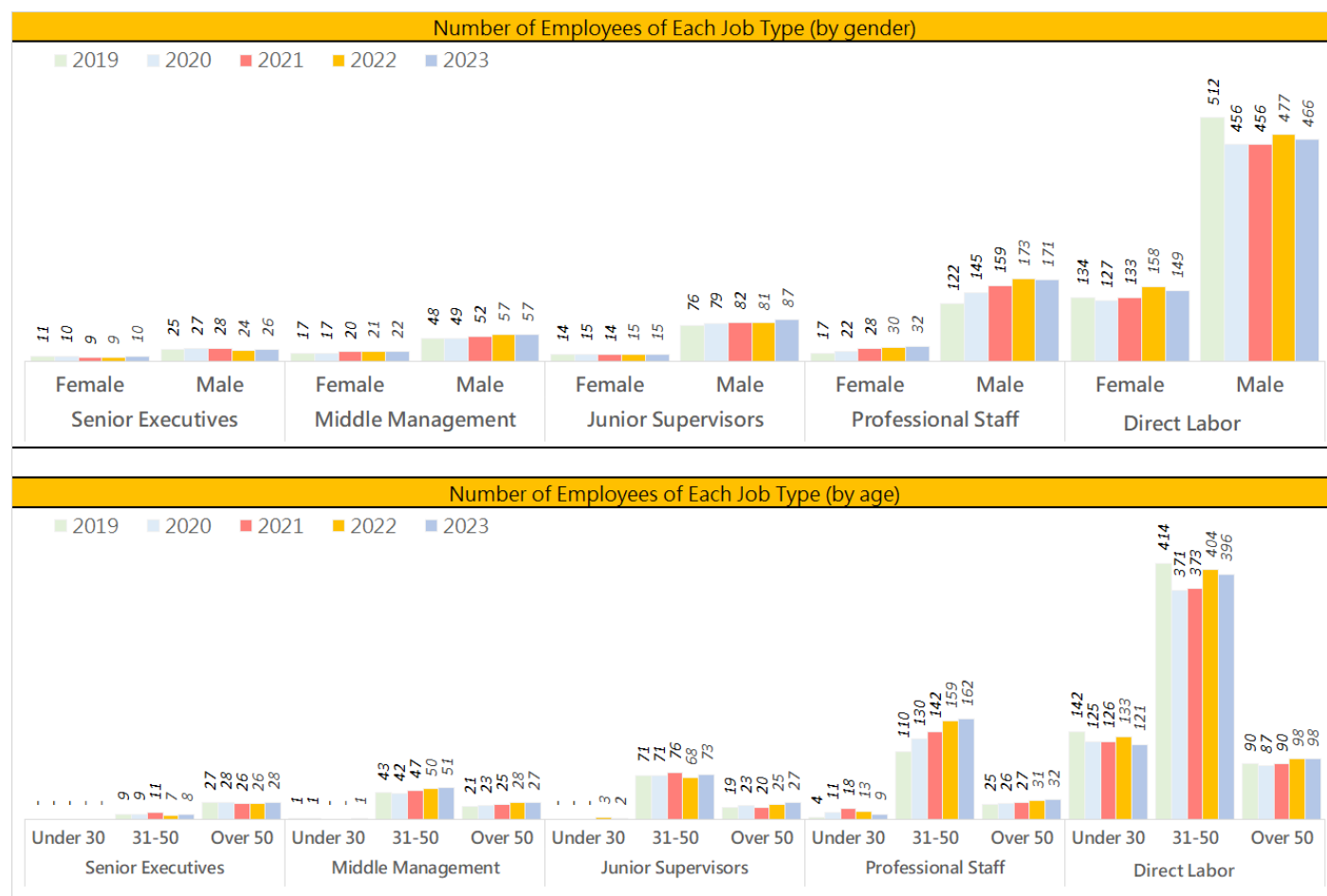
Workforce Profile

As of the end of 2023, we had a total of 1,035 employees with a decrease of 10 employees (down by 0.96%) compared to 2022. Among the employees, 807 (77.97%) were male and 228 (22.03%) were female. Jobs at manufacturing sites are mostly labor-intensive, so there were more male employees, while there was not much difference in the gender ratio in the past 3 years; there were 955 employees on non-fixed term contracts and 80 employees on fixed-term contracts, and there were no part-time (hourly-rate) employees. In terms of employee age, 212 employees are over 51 years of age, (4 employees, or a 1.92% increase in the age group compared to that of 2022). 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 690 employees in 2023, constituting 66.67% of all staff. All the non-managerial employees were classified into engineering (STEM) and non-engineering groups. In 2023, there are 15 female STEM employees, the ratio of which is close to that of previous years.



In 2023, the Company had 217 entry-level and higher-ranking managers, which grew by 10 compared to 2022. Among all the managerial officers, 21.66% were female managers and they were roughly equivalent to the proportion of the female employees in total staff (at 22.03%). In the senior manager category, female managers accounted for 27.78%, and in the middle manager category, female managers accounted for

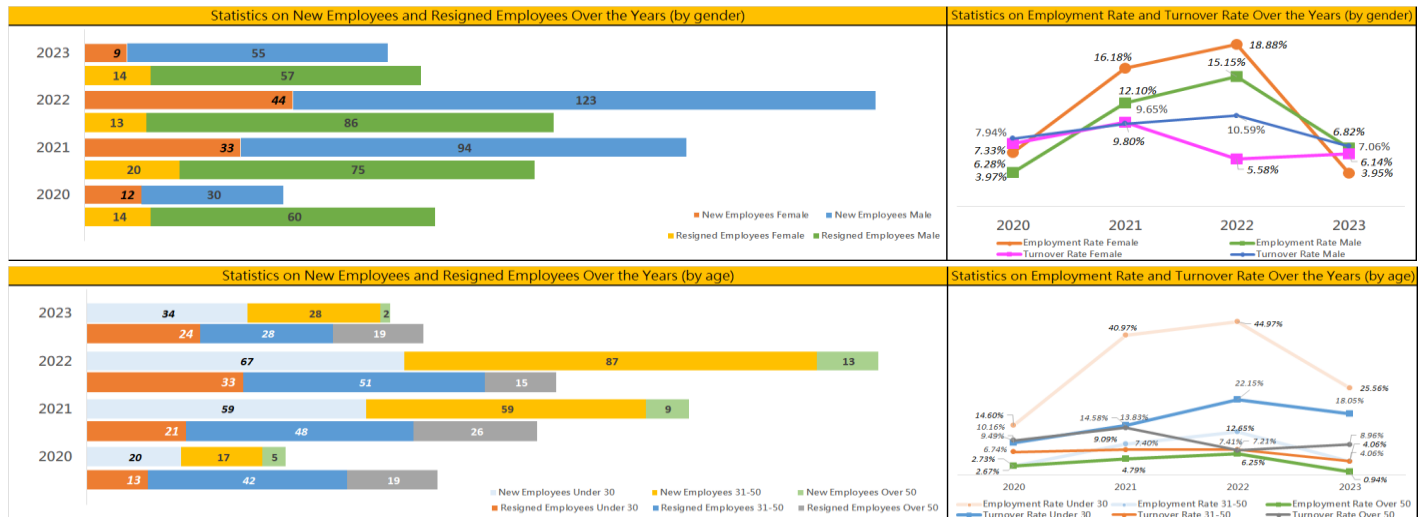
27.85%. As for the middle and senior managerial officers, female managers had a percentage of 27.85%, which was higher than the proportion of the female managers and the female employees in total staff. In addition, as for the current disclosure scope of employees (955 Taiwanese nationals, 78 Thai nationals, and 2 Indonesian nationals), all of our senior managers in the Taiwan headquarters are local residents.



Note: Middle and Senior Management refers to Assistant Section Managers and above; Junior Supervisors refers to Section Chiefs; Professional Staff includes Engineers, Specialists, and Clerks; Direct Labor refers to Technicians.

In 2023, we had a total of 64 new employees, which was a decrease of 103 compared to that of 2022. Among the 64 newcomers, 9 were female (3.95% employment rate) and 55 were male (6.82% employment rate). In terms of employment rate, we had slightly fewer new female employees than new male employees. In terms of age group, we had 34 new employees (25.56% employment rate) under 30 years of age in 2023. This was because the age of most of the existing employees was 31-50 and the new employees recruited in 2023 were mainly less-experienced young engineers.

In 2023, 71 employees left the Company. The number decreased by 28 compared to that of 2022 and among the departing employees, 14 were female (6.14% turnover rate) and 57 were male (8.26% turnover rate). In terms of age groups, 19 employees over 51 years of age resigned (8.96% turnover rate) in 2023; 28 employees aged 31-50 resigned (4.06% turnover rate); while 24 employees under the age of 30 resigned (18.05% turnover rate) during the same period. The overall voluntary turnover rate was 5.6%, with 4.82% for males and 5.82% for females.

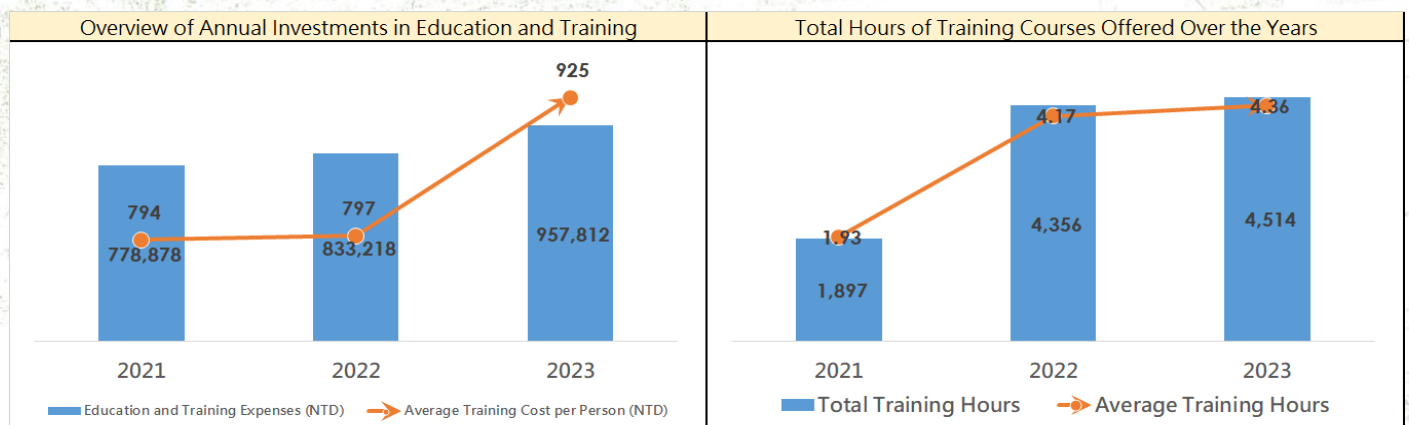


Note: Employment Rate = Number of new employees in the category for the year ÷ Total number of employees in the category for the year.
 Turnover Rate = Number of departing employees in the category for the year ÷ Total number of employees in the category for the year.

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 continuously promoted in 2023. 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 NTD 960 thousand in education and training in 2023, and 695 employees participated in the training (excluding OJT) for a total of 4,514 hours, the average training hours are 4.36 hours. When analyzed based on the grade, senior managers to an average of 2.65 hours, middle managers to an average of 4.92 hours, Junior Supervisors to an average of 8.63 hours, Professional Staff to an average of 9.18 hours, and entry-level employees to an average of 2.09 training hours.



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.

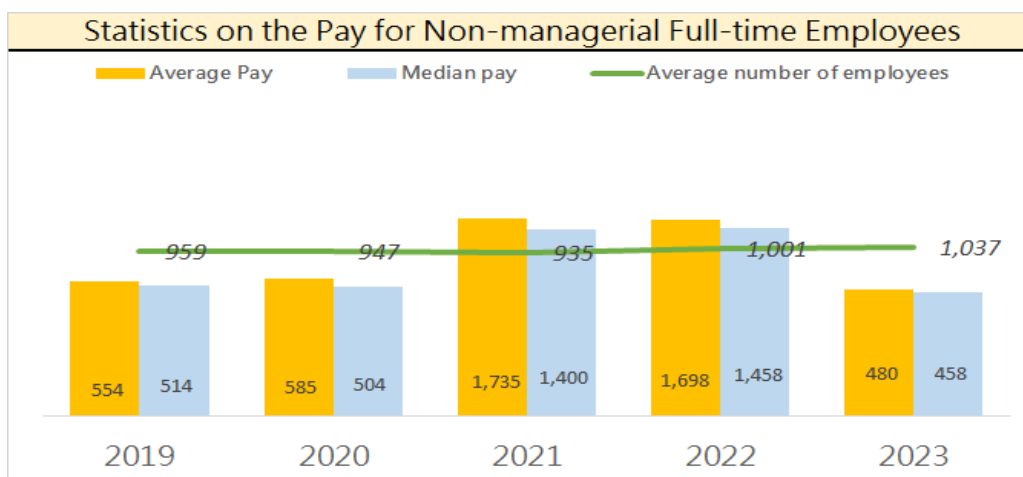
Item	All full-time employees of the Company are entitled to enjoy comprehensive benefits.
Healthcare	Annual health examination/medical care subsidy/birth allowance/monthly onsite consultation with physician/ Provide Nursing Rooms
Life care	Retreat subsidy/employee dormitory/gift for wedding and childbirth/condolence 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 26,400 in 2023, 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 2023, verifying that in 2023, the Company had 1,037 employees (weighted average). The average salary for full-time employees in non-management positions came to NTD 480,000 - a significant decrease of NTD 1,218,000 compared to the average wage in 2022. The median wage for employees came to NTD 458,000 - a significant decrease of NTD 1,000,000 compared to the median wage in 2022. Mainly due to the decrease in the Company's revenue and earnings, which led to the decrease in the estimates of related awards and employee bonuses.



The total annual salary of the President of Ta Chen Stainless Pipe for 2023 versus the median of the total annual salary of employees (excluding the President), was 30.47 times; Analysis for the percentage growth of employee remuneration is conducted by taking the percentage growth of remuneration for the two years for working employees at the Taiwan headquarters between 2022 and 2023, followed by sorting them into a sequence using the median number. The percentage growth of the President's remuneration is 0.24 times to the median of the employee remuneration growth percentage (excluding the President). The aforementioned salary includes basic monthly wage and variable bonus (excluding Employee Stock Ownership Trust, ESOT). To avoid negative value in the employee remuneration growth due to not receiving a full-year remuneration (the new hires in mid-term of 2022 or the departing employees in mid-term of 2023), it is not possible to calculate remuneration growth rate for the new hires of 2023 and excluding employees who did not work for the full year between 2022 and 2023. This is to prevent the difference between the statistical outcomes of the median number and the actual situation.

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 1.12). 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.

Wage Type	Basic Pay		Basic Pay + Wage	
Gender	Female	Male	Female	Male
The average monthly salary ratio of first-level supervisors and above	1.17	1	0.85	1
Average monthly salary ratio of all supervisors (Except first-level supervisor and above)	1.06	1	0.90	1
Non-managerial average monthly salary ratio	1.07	1	0.78	1

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 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

Unit: in NTD 1,000	
Present value of defined benefit obligation	(311,350,882)
Fair value of plan assets	439,889,918
Net defined benefit asset	128,539,036
Net defined benefit liability	0

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, 2023, the value of the defined benefit plan was a net defined benefit asset of NTD 128.54 million; the amount the Company has contributed has already exceeded the fair value of estimated pension.

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 US 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 2023, five employees applied for parental leave. Four of them were expected to be reinstated in 2023 and the employees actually reinstated were two females, and two males; the reinstatement rate was 100%. In 2022, six female, four males employees were actually reinstated. These ten people remained employed after 12 months of reinstatement; the retention rate was 100%.

Year	2019		2020		2021		2022		2023	
Gender	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
No. of employees qualified for unpaid parental leave (A)	12	64	14	55	17	48	18	56	21	48
No. of employees applied for unpaid parental leave (B)	3	2	3	0	2	1	6	5	2	3
No. of people expected to be reinstated in the current year (C)	2	0	3	1	2	0	6	4	2	2
Actual number of reinstated employees (D)	1	0	3	0	2	0	6	4	2	2
Number of reinstated employees who remained employed 12 months later (E)	1	1	1	0	3	0	2	0	6	4
Percentage of employees reinstated from unpaid leave (D/C)	50%	0	100%	0	100%	0	100%	100%	100%	100%
Percentage of Employees Retained for One Year After Reinstatement (E/D of the previous year) *	100%	100%	100%	0	100%	0	100%	0	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 were two female employees actually reinstated in 2018, who 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 2023. 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 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 2023. However, there was an occupational injury incident at Factory 1 where a worker knocked on metal while dismantling a mold, resulting in splashing injury to the arm. After investigation, the Tainan Labor Standards Inspection Office determined that the personal protective equipment was insufficient and imposed a fine of NTD 100,000.

Ta Chen Stainless Pipe has since 2021 introduced ISO 45001 Occupational Health and Safety Management System and began to encourage employees to report on any near misses. Every department is required to fill out the record form for reporting on any near misses that occurred in the work environment. The report will become a basis for subsequent discussions and improvements. In 2023, a total of 26 cases were reported. Many of them were near-miss incidents where forklifts collided with objects around while in motion. Re-education and trainings of such near-miss incidents were carried out for the employees to make sure that such incidents do not occur again.

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. The factory nursing personnel will categorize employees in accordance with the results of their health check-ups after receiving the check-up reports in 2023. 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

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 2023, 12 kinds of training and courses were provided, with a total of 807 people trained. There were many emergency response drills organized in 2023 for specialty chemical products. They included first aid emergency response for injuries to personnel (curtain factory, cutting department, valve factory), chemical treatment (Factory 1 & 2), forklift collision, etc., and enhancement of the ability of employees to respond to emergencies. Each factory has a different theme for the drill, and each factory will send personnel to observe and learn from each other during the drill.

Training Item	Number of participants
Noise prevention training	270
First aider training	61
On-the-job training for managers of hazardous process	3
Organic solvent training	32
Health education for operators of pickling operations (specific chemical substances)	35
Health education for operations involving dust exposure	10
New employee training	48
Training for operators of high pressure gas specific equipment (initial training)	5
Emergency response drill for personnel in electrocution unconsciousness	20
Instructions on basic CPR and use of AED	30
Training for fixed crane operations (refresher training)	223
On-the-job training for operators of forklifts (refresher training)	70
Total Number of Participants	807

Target Program Management

To strengthen employees' daily safety awareness and prevent serious occupational disasters, Ta Chen Stainless Pipe has implemented hazard identification and risk assessment, and each factory has its own safety management theme every month while if a safety risk is found by the on-site unit, a target management program will be proposed, and followed up until the improvement is completed. There were 13 target programs in 2023, and all of them were completed for improvement.

Department	Source of information	Topics	Target management
Factory 1	Statutory requirements	Install hydrofluoric acid detector to record gas leakage.	Install hydrofluoric acid detector
Factory 1	List of internal and external issues and requirements of stakeholders	The water tank in the rapid cooling section of the pipe making machine would overflow onto the floor after welding, causing personnel to slip and fall.	This was dealt with in accordance with the risk and opportunity process by changing the diameter of the drainage pipe to improve the slippery on the floor due to overflow.
Factory 1	List of internal and external issues and requirements of stakeholders	The heat treatment operations would generate fumes that could cause respiratory and lung damage to personnel over a long period of time.	This was dealt with in accordance with the risk and opportunity process by installing additional fume exhaust equipment to improve ventilation of the operating environment and exhaust the hot air.
Factory 1	List of internal and external issues and requirements of stakeholders	Noise level was too high in the operations of rough polishing machine.	This was dealt with in accordance with the risk and opportunity process by continuously improving the noise of this equipment
Factory 1	Hazard Identification Risk Assessment Form	First, remove the related equipment of the old wastewater factory and cleanup, etc.	This was dealt with in accordance with the risk and opportunity process by having on-site personnel to make preliminary arrangements and organization.
Factory 2, molding unit	List of internal and external issues and requirements of stakeholders	An operator falsely pressed the start switch.	The single-activated switch of molding machine was modified to two-hand-activated switch.
Factory 2, pickling printing unit	List of internal and external issues and requirements of stakeholders	Alarm devices should quickly notify personnel of leakage of specific chemical substances.	Install leak detectors in acid storage areas.
Factory 2, the whole area	List of internal and external issues and requirements of stakeholders	The factory building was old and in need of renovation, causing rainwater to flow into the factory building during rainy days.	Replace steel plates on the roof of Factory 2
Production Management Department	Hazard Identification Risk Assessment Form	Enhance worker safety by installing wireless network monitors and tablet PCs	Install wireless network monitors and tablet PCs
Curtain Factory	List of internal and external issues and requirements of stakeholders	Forklift driving issues	Forklift safe driving
Flat Steel Factory	List of internal and external issues and requirements of stakeholders	Install barrier walls	Install barrier walls
Cutting Factory	Statutory requirements	Powerless suction iron plate jigs	Powerless suction iron plate jigs
Cutting Factory	List of internal and external issues and requirements of stakeholders	Dual-track electric trolley Install automatic guarding system	Install automatic guarding system on PH-03 dual-track electric trolley

In addition to the above safety programs, for prevention of fire risk, the Company leveraged the opportunity brought about by the insurance company's visit to the factory to conduct an on-site safety survey. In response to the insurance company's concern about the potential risk of rupture of natural gas pipelines due to earthquakes, the Company conducted a factory-wide assessment and added natural gas seismic shut-off valves at 4 locations.

Employee disabling injuries over the years and improvements

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. There were 2 occupational injury cases in 2023. The Company has performed root cause analysis for it and enhanced the education for employees about the operations to prevent such accidents from occurring again. In 2023, the recordable occupational injury rate of Ta Chen employees (TRIR) was 0.21; the lost time injury rate was 1.37, and the number of employees who suffered occupational injuries in the year as a percentage of the total number of employees was 0.2%. There were 26 near-miss incidents reported in 2023, with the near-miss frequency rate (NMFR) for the year at 2.75, with no occupational disease cases.

The occupational injury incident at Factory 1 involved a worker who cut his arm by splashing metal scraps due to knocking while dismantling a mold; a colleague cut his arm when metal chips were sprayed out of a mold while dismantling the mold. The injury incident at the Curtain Factory involved a finger cut of an employee who was assigned to support the system furniture production department of a subsidiary with a cutting tool during processing. What these two occupational injuries had in common was unsafe operating procedures. After reviewing the situations, we provided jigs to improve safety and personal protective equipment, and we made the cases the subject of safety education and training, and conducted safety lectures for employees to avoid the recurrence of the incidents. In addition, Ta Chen Stainless Pipe continues to promote the ergonomic hazard prevention program. In 2023, we completed the improvement of the pipe polishing operations by replacing the manual moving of steel pipe fittings with labor-saving arm equipment to eliminate pain and discomfort of the personnel caused by bending and prolonged exertion of arms and wrists. Regarding the other issue of noise of the polishing machine, after on-site measurements and analysis, we switched to smaller grinding flap wheels and added soundproofing measures such as sound-absorbing cotton, and re-measured the noise levels in all parts of the polishing machine during grinding of different sizes of pipe fittings. The noise levels decreased by 8 to 21 decibels, and the results of environmental monitoring showed that they were all below the legally permissible exposure thresholds.

Year	Category	Total Work Hours of the Year	Mortality Due to Occupational Injuries	Number of Serious Occupational Injuries	Number of Recordable Occupational Injuries	TRIR	Lost Working Days	Occupational Disaster Rate	Number of Near Misses
2019	Employee	1,938,232	0	0	1	0.1	34	0.11%	0
2020	Employee	1,932,852	0	0	3	0.31	104	0.31%	0
2021	Employee	1,909,048	0	0	1	0.1	1.26	0.09%	14
2022	Employee	1,953,071	0	0	1	0.1	0.19	0.09%	16
2023	Employee	1,891,975	0	0	2	0.21	13	0.19%	26

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 \times 200,000 \div 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 \times 200,000 \div total work hours of the year.

Note 4: Total Recordable Incident Rate (TRIR) = number of recordable occupational injuries \times 200,000 \div 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 \times 200,000 \div 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 regard 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.

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.

5. Environment Management

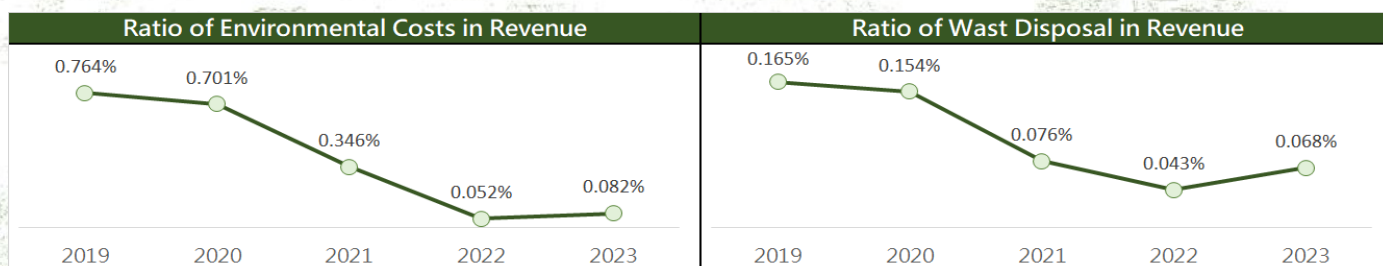
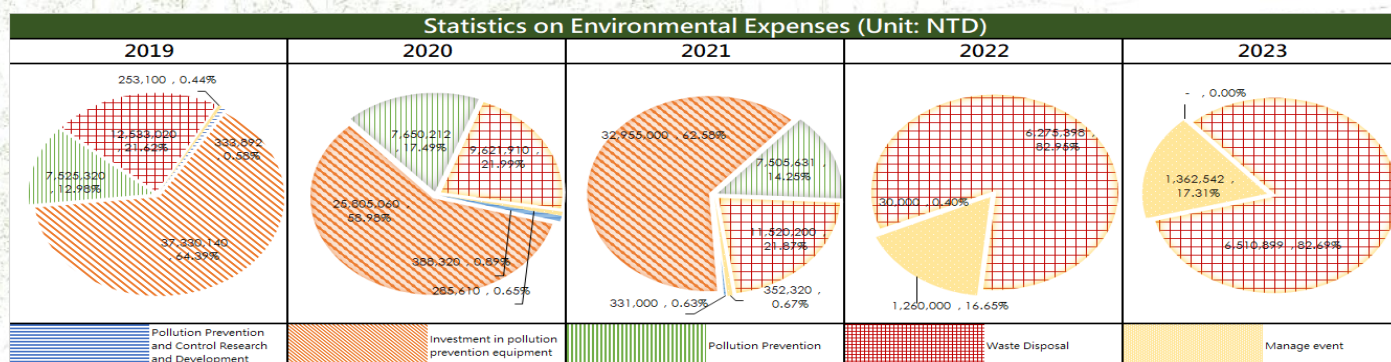
Environment Management

Ta Chen Stainless Pipe is slated to promote the establishment of an ISO14001 management system and address environmental management issues with a more efficient mindset for continuous improvements in order to meet the expectations of stakeholders.

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 2023, Ta Chen Stainless Pipe (standalone) actually invested NTD7,873,000 in pollution prevention equipment, accounting for 0.082% of revenue, of which NTD6,510,000 was spent on waste treatment, accounting for 0.068% of revenue, and NTD1,360,000 was spent on expenses for management activities, accounting for 0.014% of revenue.

The newly established wastewater treatment plant for pollution prevention equipment 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, In 2021, two phases of the wastewater treatment equipment construction were completed. The investment in pollution prevention equipment was relatively high during 2019-2021.

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, 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. First time verification by a third-party certifier, 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.

Reporting Boundary for Greenhouse Gas Inventory

The reporting boundary for this inventory is defined in accordance with ISO 14064-1:2018 as the combination of GHG emissions reported within the organization's boundary and significant indirect sources of emissions from the organization's operations and activities, including the identification of direct and indirect sources of GHG emissions and sources of removals related to the organization's operations, while this inventory does not relate to direct or indirect sources of GHG removals, and therefore, the reporting boundary is summarily described only in terms of sources of GHG emissions, and the related assessment and impacts of GHG are not explored for the time being.

The organizational boundary for the GHG inventories is defined according to ISO 14064-1:2018, using the "Operational Control Approach".

Operational location	Description of operational locations	GHG Inventory	Assurance	Exclusion
Parent Company	Ta Chen Stainless Pipe Co., Ltd.	●	●	
Subsidiaries	Brighton-Best International (Taiwan) Inc.	●	●	
Subsidiaries	Right Way Industrial Co., Ltd.	●	●	
Subsidiaries	Right Way Industrial (Malaysia) Sdn. Bhd	●	●	

GHG Emissions

The GHG emissions within the organization's boundary for Ta Chen Group's 2023 inventory scope were 2,855.3008 metric tons of CO₂e (15.5% of overall emissions) for Scope 1 and 15,524.0048 metric tons of CO₂e (84.5% of overall emissions) for Scope 2, for a total of 18,379.3056 metric tons of CO₂e. The relevant emissions and percentages are shown in the table below.

Greenhouse Gas Emissions	tCO ₂ e					
Organization	Scope 1 emissions		Scope 2 emissions		Total	
Ta Chen Stainless Pipe Co., Ltd.	1,347.1867	7.3%	9,762.2988	53.1%	11,109.4855	60.4%
Brighton-Best International (Taiwan) Inc.	23.2234	0.1%	12.6945	0.1%	35.9179	0.2%
Right Way Industrial Co., Ltd.	577.6181	3.1%	2,256.1968	12.3%	2,833.8149	15.4%
Right Way Industrial (Malaysia) Sdn. Bhd	907.2726	4.9%	3,492.8147	19.0%	4,400.0873	23.9%
Total Emissions	2,855.3008	15.5%	15,524.0048	84.5%	18,379.3056	100%

Note: The GHG emissions were calculated mainly by using the "Emission Factor Approach" or "Mass Balance Approach", which quantifies the GHG emitted by each source of GHG emissions and converts it into units of carbon dioxide equivalents per ton of CO₂ (tCO₂e) through the GWP value.

Based on the identification results of the source of emissions in the GHG inventories, the GHG emissions and intensities of Ta Chen Stainless Pipe (standalone) for 2023 and 2022 were as follows. Scope 1 emissions in 2023 were 1,347.1867 metric tons of CO₂e, with an intensity of 0.1411 metric tons of CO₂e/millions of NTD, Scope 2 emissions in 2023 were 9,762.2988 metric tons of CO₂e, with an intensity of 1.0227 metric tons of CO₂e/millions of NTD, total emissions and intensity were 11,109.4855 metric tons of CO₂e and 1.1639 metric tons of CO₂e/millions of NTD, respectively; Scope 1 emissions in 2022 were 1,287.4397 metric tons of CO₂e, with an intensity of 0.0883 metric tons of CO₂e/millions of NTD, Scope 2 emissions were 11,731.3095 metric tons of CO₂e, with an intensity of 0.8042 metric tons of CO₂e/millions of NTD, total emissions and intensity were 13,018.7492 metric tons of CO₂e and 0.8924 metric tons of CO₂e/millions of NTD, respectively.

Year	Scope 1 emissions (MT CO ₂ e)	Scope 1 Intensity (MT CO ₂ e/ million)	Scope 2 emissions (MT CO ₂ e)	Scope 2 Intensity (MT CO ₂ e/ million)	Total Emissions (MT CO ₂ e)	Total Emissions Intensity (MT CO ₂ e/ million)
2022	1,287.4397	0.0883	11,731.3095	0.8042	13,018.7492	0.8924
2023	1,347.1867	0.1411	9,762.2988	1.0227	11,109.4855	1.1639

Note: The parent company's Scope 1 and 2 emission intensity = Parent company Scope 1 or 2 emissions ÷ Operating Revenue of the standalone financial statement

The GHG categories covered in the GHG Inventories were determined by referring to the latest assessment report by Intergovernmental Panel on Climate Change (IPCC). This includes potential emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃), as well as other relevant greenhouse gas groups (such as HCFCs). Based on the results of this source identification, the Company does not have any GHG emissions of PFCs, SF₆, NF₃, etc., However, other greenhouse gas groups, including HCFCs and CFCs, are identified. The GHG categories in Scope 1 are shown in the table below.

GHG emissions data by type (metric tons CO ₂ e)				
Direct GHG emissions By category (unit: tons)	GHG type	2021	2022	2023
	CO ₂	1,062.4116	1,123.1625	1,089.2828
	CH ₄	78.3045	98.4960	113.7428
	N ₂ O	7.9564	9.6007	7.7532
	HFCs	57.9290	56.1805	70.7398
	PFCs	-	-	-
	SF ₆	-	-	-
	Others	-	-	65.6681
Total		1,206.6015	1,287.4397	1,347.1867

Base Year

Ta Chen Stainless Pipe chose the year in which the "ISO 14064-1:2018" standard was first used for GHG inventories, and external verification was performed by an independent third-party organization as the base year for the inventory and will review the principle for choosing the base year in the future if it is affected by the national or group policies. The GHG emissions within the organizational boundary totaled 18,379.3056 metric tons of CO₂e in 2023 and were used as the emissions of the base year accordingly. In the future, if the base year remains unchanged, the emissions will be compared with the base year on a yearly basis for the Company to understand the trend of changes in the Company's emissions. Based on the results of the annual inventory, the Company will discuss possible ways to set targets. The company is now aiming for a 7% reduction by 2030 for Scope 2 at all operating locations of Ta Chen Stainless Pipe (standalone).

Measures for GHG reduction and tracking of internal performance

In the future, Ta Chen Stainless Pipe will plan management measures to appropriately reduce or prevent GHG emissions based on the results of the annual inventory and targets set.

GHG Emission Reduction and Removal Incremental Plan

Ta Chen does not currently purchase or participate in a GHG emission reduction or removal offset programs.

External Verification

The results of GHG inventories of Ta Chen Group (Ta Chen Stainless Pipe, Brighton-Best, Right Way Taiwan, Right Way Malaysia) in 2023 were externally verified from April 15, 2024 to May 06, 2024 by a third-party certifier, SGS Taiwan. The assurance levels agreed upon were reasonable assurance for Category 1 and Category 2 at Taiwan Factory, and limited assurance for Category 1 and Category 2 at Malaysia Factory, with a materiality threshold of 5%.

Other indirect sources of emissions for Categories 3 to 6 covered by the external verification contract with SGS were at a limited assurance level. However, the GHG inventories did not identify other significant indirect emission categories than Category 2, and therefore, the GHG emissions for Categories 3 to 6 were not calculated.

Ta Chen Stainless Pipe's subsidiaries have expanded the scope of inventories by three stages starting in 2023. The internal audit process for the scope of the 2023 emission inventories has been completed but has not yet been verified by an external party. Please refer to Appendix V for the detailed GHG inventory data.

5-2 Energy Management

Energy Strategic Arrangement

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. Regarding the energy-saving strategy for equipment procurement, energy efficiency will be checked at the time of purchase of new machines, mainly on variable-frequency and DC motors, while monitoring facilities are designed to track the status of energy consumption. The old equipment in the factory will be gradually replaced with more energy-efficient models, such as variable-frequency motors, to improve the efficiency of energy use. We are actively promoting the construction of green energy for factory buildings. The newly built factories are mainly built with steel structures, which are a type of recyclable material. New factories will have three layers of design on their rooftops, which can prevent heat conduction and increase the comfort of the personnel. To be in line with the trend for energy saving and carbon reduction, it is expected that fuel vehicles will be replaced by electric vehicles in the future. Therefore, Ta Chen Stainless Pipe is considering purchasing electric vehicles when purchasing company cars in the future so as to minimize the carbon emissions from business trips. Forklifts in the factory have been gradually replaced with electric forklifts.

Green Power Installation

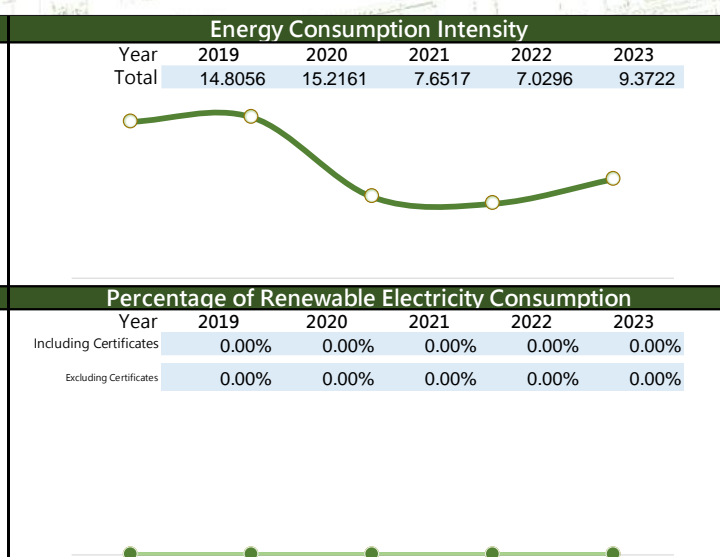
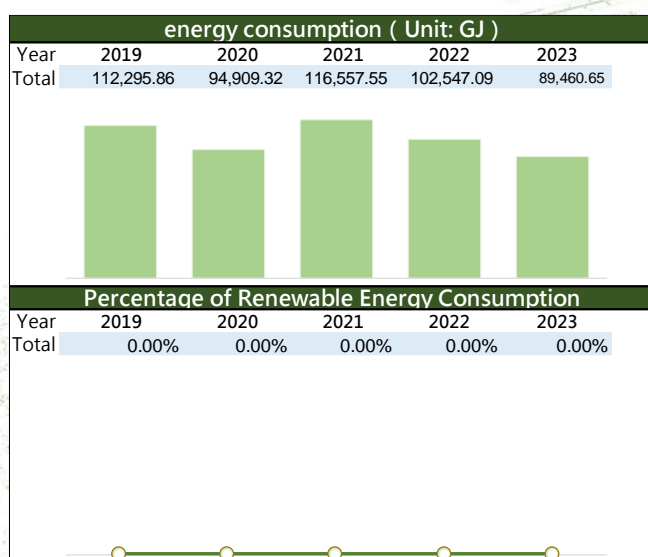
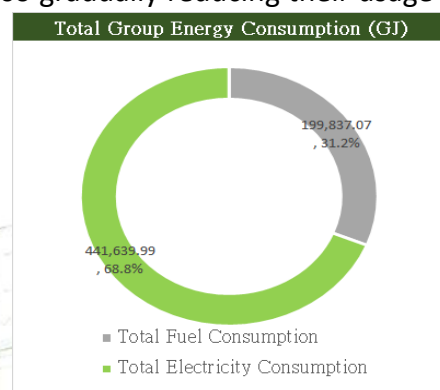
In 2017, the Company pushed its PV power installation project by setting up solar panel boards on the rooftops of various factories. The project was planned to span over three phases, with a combined installation capacity of 1.5MW. The construction started in February 2018 and completed in April. Actual electricity generation in 2023 was about 2.03 million kWh, all of which were sold to external parties. Currently, the newly built curtain factory plans to install solar panels to provide electricity for its own consumption; there will be 714KW in the future, with an annual generating capacity of 1,017,000 kWh, and also plans to install power storage cabinets. During the day, solar power will be generated for charging, and during the off-peak hours at night, the city's electricity will be used for charging. It is expected to replace the use of diesel generator. Similar solar power generation facilities will be applied to the refurbishment of old factories and rain-shelter facilities in parking lots in the future. By that time, all factories will have solar panels installed, thus meeting the goals of the national net zero carbon emissions and green power policies.

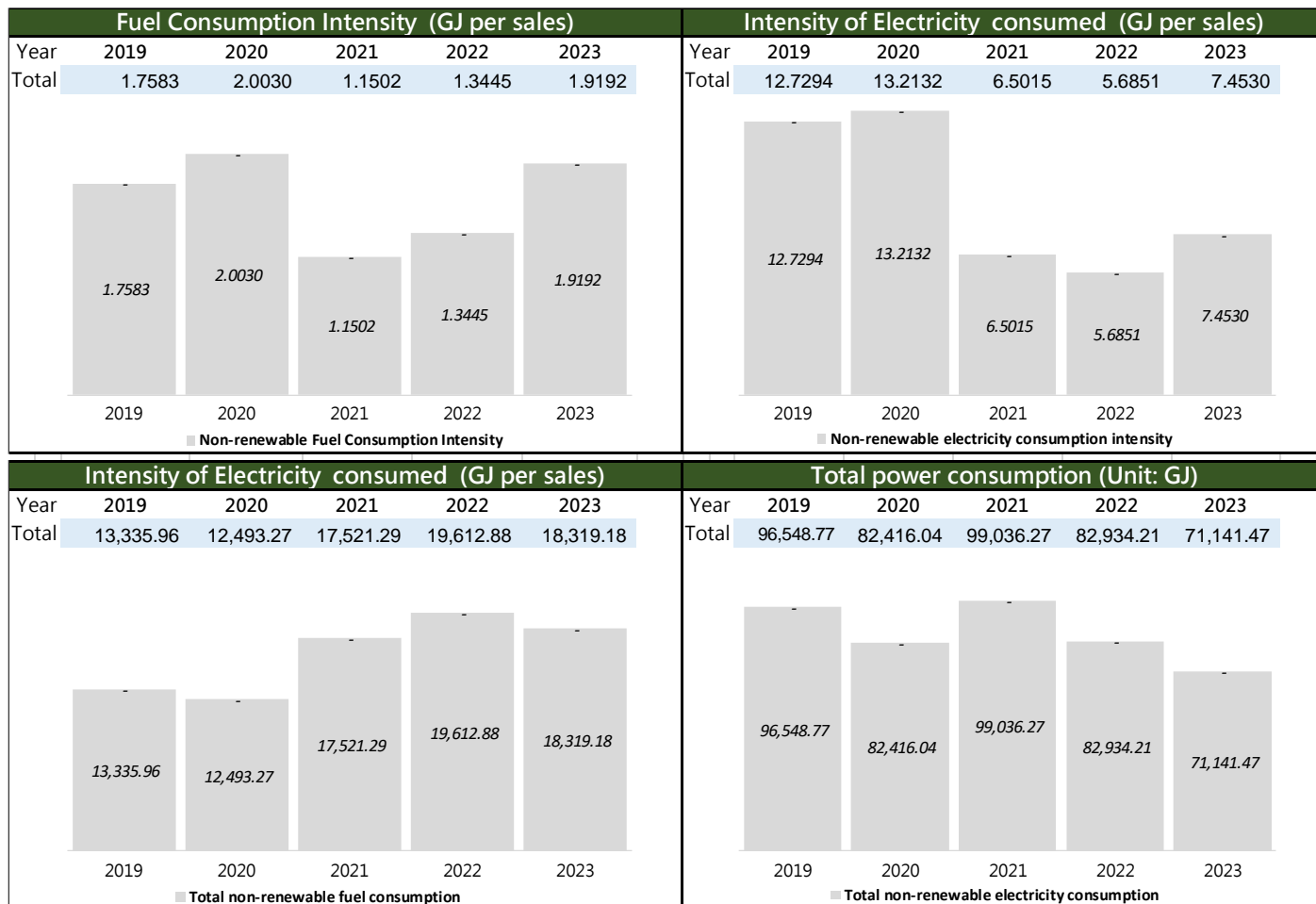
Year	Location	Capacity (kWp)	Annual Power Generation (kWh)
2023	Hsin-Tien Factory	714.47	1,017,048
2023	Zhongshan Factory	687.75	979,012
2024	Yilin Factory front parking lot	250	355,875

Energy Consumption

The profile of our energy consumption includes purchased power, natural gas, gasoline, and diesel fuel. After conversion, our energy consumption in 2023 came to 89,460.65 GJ. Compared to that of 2022, 102,547.09 GJ our energy consumption decreased by 13,086.44 GJ. This is mainly due to the replacement of diesel oil-powered forklifts and promoting improvements for energy-saving equipment in 2023. The amount of use for diesel oil and electricity is significantly lower. Due to the decline in the annual revenue, the standalone energy intensity in 2023 was 9.3722 GJ/millions of NTD, with a difference of 2.3426 GJ/million of NTD from 7.0296 GJ/million of NTD in 2022. In conjunction with national policies for environmental protection, the Company decommissioned all boiler equipment that use low-sulfur fuel in 2020 and reduced the use of boiler fueled by diesel. Boilers previously fueled by diesel are also gradually reducing their usage and being converted to natural gas. Therefore, as of 2020, low-sulfur fuel oil is no longer used.

Group-wide energy consumption statistics had been collected starting from 2023, and the total energy consumption was 641,477.06 GJ, of which fuel consumption was 199,837.07 GJ, accounting for 31% of the total consumption, and electricity consumption was 441,639.99 GJ, accounting for 69% of the overall consumption; the consumption of renewable energy was 0. Energy intensity was 6.33 GJ/millions of NTD, electricity consumption intensity was 4.36 GJ/millions of NTD, and fuel consumption intensity was 1.97 GJ/millions of NTD.





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 m³ natural gas = 9,000 kcal.

Note 3: 1 kcal = 4,186 J.

Note 4: The source of energy statistics is Ta Chen Stainless Pipe (standalone) annual usage over the years, and energy intensity was calculated using the revenue of Ta Chen (standalone) as the denominator. See the information and data disclosure of annual reports of the past years for the data of the sources.

Note 5:

Sustainability Disclosure Indicators of Energy Management		Quantitative information in 2023 (individual)	Quantitative information in 2023 (group)
Energy	(1)Total energy consumption	(1) 89,460.65 GJ	(1) 641,477.06 GJ
	(2)Percentage of externally purchased electricity	(2) 79.5%	(2) 69%
	(3)Rate of renewable energy	(3) 0%	(3) 0%
	(4)Total self-developed and self-use energy	(4) 0 GJ	(4) 0 GJ
Fuel	(1)Total fuel consumption	(1) 18,319.18 GJ	(1) 199,837.07 GJ
	(2)Percentage of coal	(2) 0%	(2) 0%
	(3)Percentage of natural gas	(3) 74.2%	(3) 72.8%
	(4)Percentage of renewable energy	(4) 0%	(4) 0%

Energy Saving Measures

Following the policy direction of energy saving, the Construction Department and each factory implement energy saving measures every year, from the retirement and replacement of machines to the planning of energy monitoring facilities, etc., to continuously address the bottleneck of energy consumption, and gradually move along the direction of constructing a green energy enterprise.

Energy Saving Measures	Energy savings (kWh/year)	Calculation basis
The used polishing machine at the square tube factory had a useful life of over 50 years, with poor operating efficiency, frequent maintenance, and an average operating current of 165A. After replacing the whole set of polishing machines with the servo-positioning control system, the average running current is reduced to 80A when there is no feeding.	116,598	It operates 12 hours per day, 300 days per year.
Two 50HP fixed-frequency air compressors were installed in the pickling factory, with an average operating current of 110A per set, for a total of 220A for the two sets. They were replaced with 1 set of 50HP permanent magnet variable-frequency high-efficiency screw-type air compressor, with adjustment to the process drying time, and the average operating current was reduced from 220A to 99A.	182,580	It operates 12 hours per day, 330 days per year.
The curtain factory reduced the operating pressure of the 5 air compressors AC-01 to AC-05 by 1~1.5 kg/cm ² on average.	172,840	The average load rate is about 80%.
Factory 2 re-examined the light bulbs and brightness of the production site and warehouse area, replaced all light bulbs with LED energy-saving light bulbs, and reduced the number of unnecessary light bulbs by a total of 20 PCS of traditional 400W light bulbs and 16 PCS of 100W LED light bulbs.	30,840	It operates 16 hours per day, 21 days per month.
The Factory also replaced 35 PCS of T8 fluorescent tubes (20W × 4 = 80W each) and 40 PCS of T5 fluorescent tubes (14W × 4 = 56W each) with 50 LED flat panel lamps (38W each) in the kitchen.	11,304	They are used 12 hours per day, 300 days per month.

In addition to replacing the old air compressors, a flow meter was installed to monitor the air flow and to determine the condition of the air compressors. When their performance deteriorates, they can be replaced early on to maintain high efficiency. This practice has been extended to monitor the power consumption of various types of machines and by connecting to the Internet, it becomes possible to capture real-time values of power consumption and production capacity, and this is currently being tested in Factory 1.

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. Ta Chen uses the Aqueduct Water Risk Atlas 4.0, a water resource risk assessment tool published by the World Resources Institute (WRI) in 2023, to regularly assess the level of water risk indicators for the areas in which our production locations reside. Currently, the Company only has a production location, which is in Tainan, and according to the assessment results in the fourth quarter of 2023, Tainan is not a water stress area.

Ta Chen Stainless Pipe, a specialized 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. We also engage certified testing agencies recognized by the Environmental Protection Administration (EPA) for periodic inspections. With these comprehensive pollution control measures, the Company has been fully compliant with the emission/discharge standards of the EPA.

The wastewater treatment plant, which began construction in 2019, was completed in 2022 and has obtained the necessary operating permits. Biological wastewater treatment plants (WWTPs) are increased to treat nitrite nitrogen in wastewater which is to be lowered to the legal limit of 50ppm. Currently, the average controls are within tolerance, and we utilize the production downtime to carry out equipment improvement. There are further plans to recycle the wastewater for reuse at the production line, with 70% of the wastewater volume expected to be recycled to provide about 70 tons of water daily. In addition, the pickling processes in the Factory 2 are equipped with a water recycling system, which recycles RO water from the warm water treatment machine and the flushing water for reuse. The warm water treatment machine's cladding iron plate was raised, and another recycling sink has been installed to collect the flushing water. The centralized water collection is sufficient to meet the water requirements of the rinsing tank for 16 hours of operation, reducing water usage by approximately 38.8% every 16 hours, saving around 3.57 tons of water.

The water withdrawal in 2023 was 95.83 Million Liters, down by 14 Million Liters from 109.8 Million Liters in 2022. The percentage of water withdrawn from water resource stress areas (high and extremely high level) was 0%. The amount of water discharged to the outside of the plant in 2023 and 2022 was 27.48 Million Liters and 28.14 Million Liters, respectively. With the approval of the competent authority, the destination of our wastewater discharge is a surface water body (Erren River). Our wastewater must meet the applicable discharge standards, before it can be discharged, and the Bureau of Environmental Protection regularly dispatches designated personnel to check the wastewater quality at the outfall.

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 2023, the water withdrawal intensity was 0.01 (Million Liters/NTD 1 million), the water discharge intensity was 0.0029, and the water consumption intensity was 0.0072. In 2022, the water withdrawal intensity was 0.0075 (Million Liters/NTD 1 million), the water discharge intensity was 0.0019, and the water consumption intensity was 0.0056.

Water Resources Management Summary Information (Unit: Million Liters)					
Nature	2019	2020	2021	2022	2023
Water Discharge	80.05	66.51	87.28	109.80	95.83
Water Withdrawal	21.19	21.19	22.03	28.14	27.48
Water Consumption	58.85	45.31	65.25	81.66	68.35
Water Withdrawal in Water-Stressed Areas	0	0	0	0	0
Proportion of Water Withdrawal in Non-Water-Stressed Areas	100.00%	100.00%	100.00%	100.00%	100.00%
Proportion of Water Withdrawal in Water-Stressed Areas	0.00%	0.00%	0.00%	0.00%	0.00%
	2019	2020	2021	2022	2023
Water Withdrawal Intensity(Unit: ML/NTD\$ millions)	80.05	0.0107	0.0057	0.0075	0.0100
Water Discharge Intensity(Unit: ML/NTD\$ millions)	21.19	0.0034	0.0014	0.0019	0.0029
Water Consumption Intensity(Unit: ML/NTD\$ millions)	58.85	0.0073	0.0043	0.0056	0.0072

Water consumption in 2023 and 2022 was 68.35 Million Liters and 81.66 Million Liters respectively. There are three main factors that led to water consumption. The most important factors were the evaporation of steam generated during cooling and the dissipation of water used for air-conditioning system. A smaller proportion of water loss is attributed to domestic wastewater generated by the employees, which was discharged into the septic tanks and then to 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 2023 has been collectively estimated to be less than 5 Million Liters. 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 has 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).

Effluents are required by law to be tested twice a year, and the results of the last three tests were all in compliance with the standards for effluents.

Item	Discharge Water Standards	Dec-22	Jun-23	Dec-23
Chemical Oxygen Demand (COD)(mg/L)	100	21.8	49.6	19
Suspended Solids (SS)(mg/L)	30	N.D.	N.D.	11.2
Total Chromium(mg/L)	2.0	N.D.	N.D.	N.D.
Hexavalent Chromium(mg/L)	0.5	N.D.		< 0.01
Copper(mg/L)	1.2	N.D.	0.06	N.D.
Nickel(mg/L)	1.0	N.D.	N.D.	0.07
Zinc(mg/L)	5.0	N.D.	0.01	0.06
Dissolved Iron(mg/L)	10	N.D.	N.D.	0.10
Water temperature(°C)	< 35 ; < 38	32.0	34.6	23.7
pH Index (pH)	6.0~9.0	8.4	8.6	8.4
Total Mercury(mg/L)	0.005	N.D.	N.D.	N.D.
Arsenic(mg/L)	0.5	N.D.	N.D.	N.D.
Cadmium(mg/L)	0.03	N.D.	0.007	N.D.
Lead(mg/L)	1.0	N.D.	N.D.	0.06
Grease(mg/L)	10.0	7.9	6.7	N.D.
Nitrate nitrogen(mg/L)	50	0.62	10.3	0.69
Fluoride salt(mg/L)	15	2.96	3.77	3.21
Boron(mg/L)	12	0.28		0.34
Molybdenum(mg/L)	0.6	0.136		0.363

Note 1. Measured values below the method detection limit are expressed in N.D.

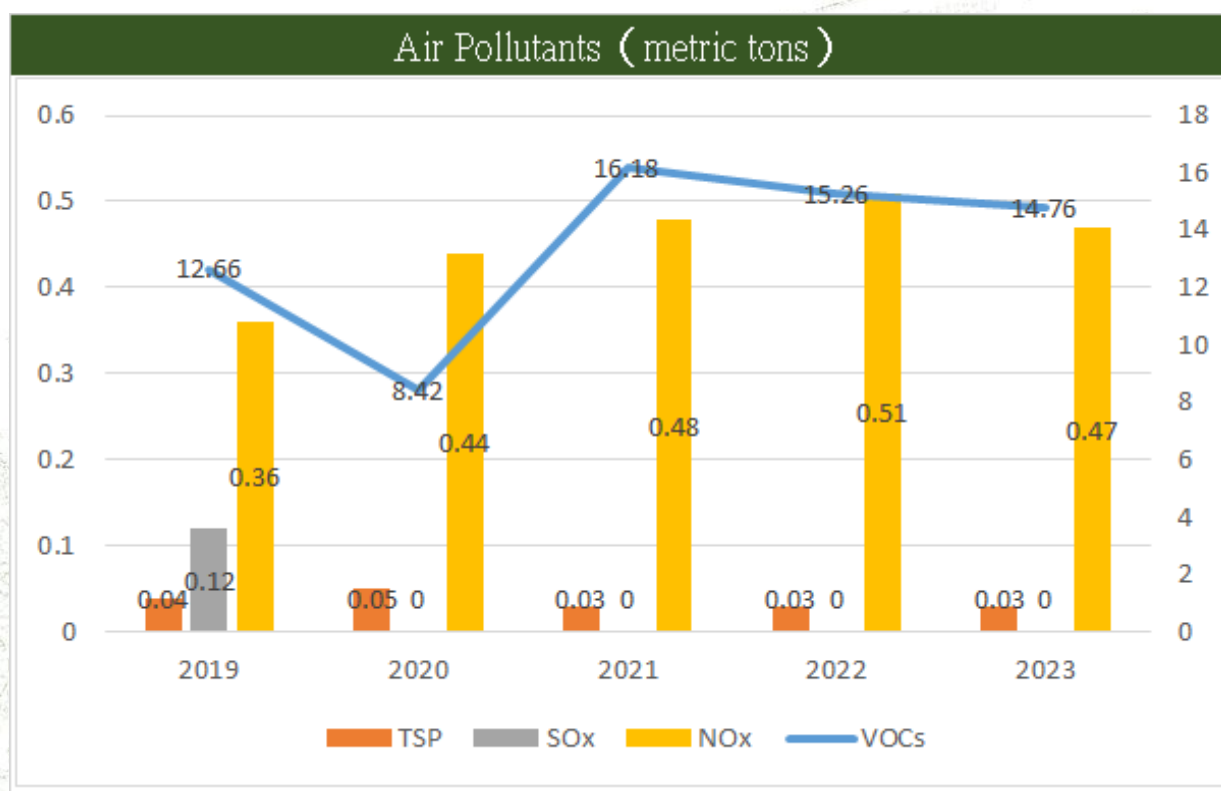
Note 2. The standard for the temperature of effluents: 1. Below 38°C (applicable from May to September).2. Below 35°C (applicable from October to April of the following year).

Note 3. The frequency of tests for tetravalent chromium, boron and molybdenum is once a year.

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 2023 Volatile Organic Compounds(VOCs) accounted for the largest proportion with 14.76 tons of emissions. The total suspended particulates (TSP) were 0.03 tons, and the nitrogen oxides (NOx) were 0.47 tons, with a cumulative total of 15.26 tons. Emissions of sulfur oxides (SOx) have been recorded as zero from 2020. As for the other emissions that shall be disclosed pursuant to the SASB Standards(like PM10, CO, MnO, Pb, PAHs), the Company had no related emissions or leaks of those pollutants during the manufacturing processes. Improvements were made to 6-Meter Line Air Pollution Control Equipment in 2023. First by strengthening the air-tightness of the pickling tank to prevent acid gas leakage and refurbishing the scrubbing towers to improve their efficiency. According to requirements for production capacity, we are planning to improve the pickling tank of the 10-meter line next year.



Air Pollutants (metric tons)					
	2019	2020	2021	2022	2023
VOCs	12.66	8.42	16.18	15.26	14.76
TSP	0.04	0.05	0.03	0.03	0.03
SOx	0.12	0	0	0	0
NOx	0.36	0.44	0.48	0.51	0.47
Other (metric tons)	0	0	0	0	0

5-5 Waste 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 is entrusted to EPA-approved disposal service providers. In 2023, none of our factory operations 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 2023, the recycling and reuse rate was 67.9%.

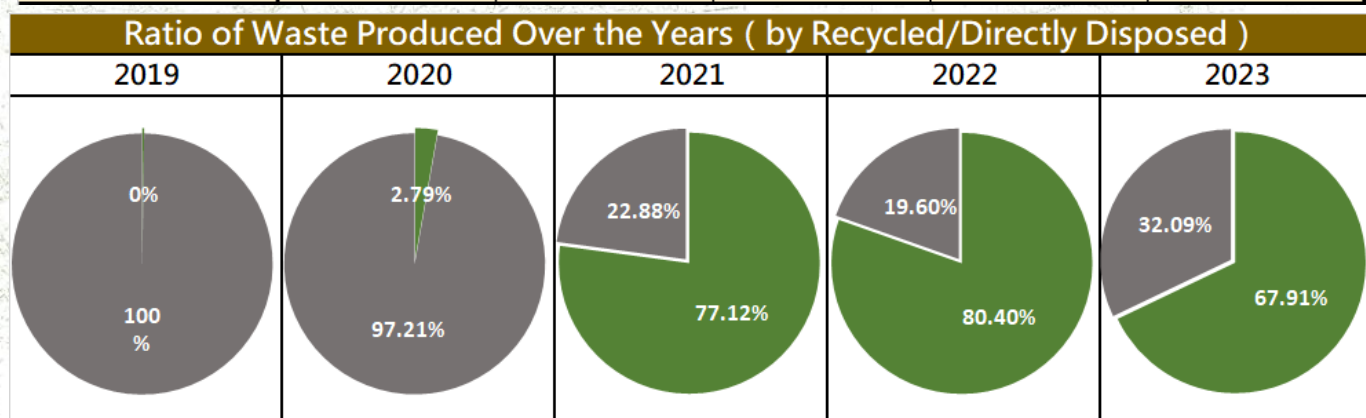
Total waste of Ta Chen Stainless Pipe (standalone) in 2023 was 746.24 tons, up by 30.71 tons from 715.53 tons in 2022. The primary waste was sludge, with 498.04 tons in 2023 and 575.29 tons in 2022, respectively. All sludge was categorized as recyclable waste and sent to sludge treatment facilities, where it was processed through thermal treatment to be converted into raw materials for concrete or bricks. The calculation of waste intensity was based on the Company's production volume in 2023. The hazardous waste intensity was 0 and the non-hazardous waste intensity was 0.0127 (tons of non-hazardous waste/tons of the Company's production volume). Compared to the non-hazardous waste intensity in 2022, which was 0.0172, the intensity has fallen by 26%.

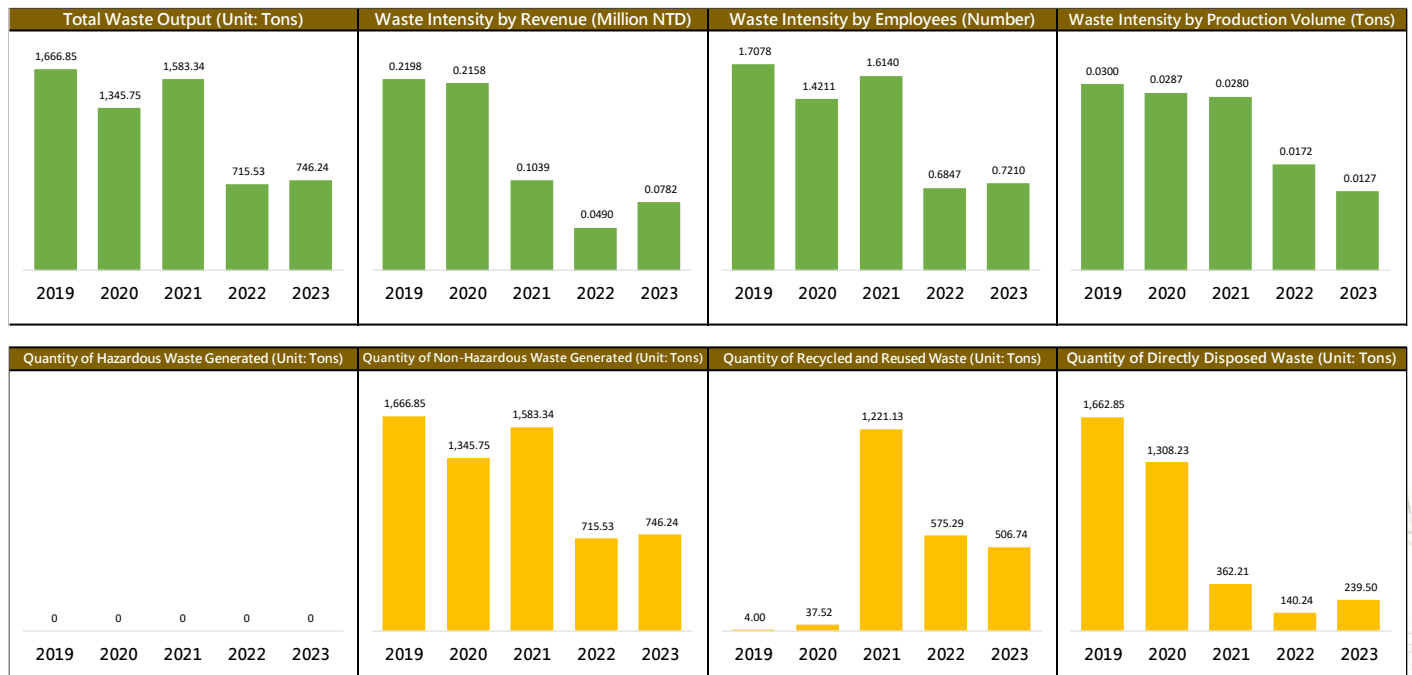
We keep promoting shipment reduction measures. To reduce the weight loaded by the containers, packing boxes were changed from iron boxes to wooden ones and further changed to simplified packaging. After tests, Currently, steel boxes are used only for a few customer's requests due to their special needs, while simple packaging is used for more than 90% of customers, which reduces the cost of packaging materials by about 80%. 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 secure the products in containers with wood materials to replace other materials while reducing the use of wood. Due to the many types of sizes of the products, the fixed method still has room for improvement. This year, we refined and tested the use of iron nets and strapping bands to further reducing the consumption of fixed materials. For the future, we estimate that it can be applied to more than 100 containers to reduce the amount of wood used by 15%, and increase the efficiency for disassembly of containers. We also plan to use industrial plastics for stacking partitions in containers to enhance recycling and reuse. Apart from the allocating method of container for the shipments to the US warehouse, we will also coordinate the delivery date with the customers. We also plan the standard volume for orders. This standard volume enables the filling of one full container. It raises the proportion of full containers and reduces the waste of space. Only a few iron boxes remain for transportation and will be recycled for reuse. There are plans for recycling the nylon ropes of the packaging used for piping materials. The wooden pallets and the iron butterfly baskets used for the outsourced products delivered by the suppliers will also be reused. The use of plastic sheaths has been reduced by eliminating the use of header sheaths due to a change in the method of hoisting. In the future, we also aim to reuse the curtain waste from Ta Chen Lung Mei as cushioning material, so that both parties can further reduce waste and save packaging costs.

Ta Chen Stainless Pipe continues to promote waste reduction projects, with the curtain factory to implement the reduction of water content in the waste paint residue, re-evaluate the contents of the operations of the waste paint drying process, improve the drying processing procedures, and increase the efficiency of the operations of the drying equipment, so as to reduce the water content. In addition, the waste paint residue after treatment is properly stored, and moisture-proof and humidity-proof equipment is added to the storage area to prevent the increase in the water content of the paint residue. The recovery rate of spray paint increased by 3.73% compared with last year. The paint spraying equipment in the old plant is filtered with fiber cotton, and the filtering function of the paint spraying equipment in the new plant will be better designed to increase the use of recycled paint and reduce the production of paint residue. As for the business waste from curtain production, the waste generated in the production process is sifted using a sieve to sort out aluminum scraps and business waste and separate recyclable aluminum and business waste (PVC).

The main subjects we continue to promote waste reduction project are improvements to the wastes of cutting oil and lubricating oil. The testing during regular work can ensure the quality of the oils and filter them for reuse if dirt is discovered. The recycling of cutting oil in Factory 1 is still under continuous improvement, and the recycling rate can reach 80%, with the floor being paved with exposy. The cutting department has improved the oil-stop gasket of the machine and added the oil-holding tray to reduce the risk of contaminating the ground. The semi-synthetic cutting oils for the pipe cutter and processing machine were replaced with fully-synthetic oils, and the benefits of the placement of the pipe cutter were reflected in a 37% reduction in monthly usage and monthly costs compared to the previous year. The benefits of the replacement of the processing machine were reflected in a 27% reduction in monthly usage and monthly costs compared to the previous year. The oil leakage issue of the shaping machine and the reuse of hydraulic oil after filtering are also under continuous improvement. The hydraulic oil tank of the machine will use the static oil of the filtering machine, and the amount of hydraulic oil added to the shaping machine can be significantly reduced by more than 70%. The continuous improvement in waste oil reduction, in the filtering of cutting for reuse, the elimination of oil leakage of machines, and waste oil are divided into wastewater oil and waste pure oil for cleaning and transportation as the recycling value of waste pure oil is big while the recycling cost is low. The total amount of waste oil was down by 57% compared to the previous year and the cleaning and transportation cost of waste oil could be reduced by 63.3% in 2023 after the waste oil was sorted out. The duration for the addition of slideway oil in the valve factory has been extended from half a year to a year.

Tachen Individual Waste Generation Weight (Unit: Tons)					
	2019	2020	2021	2022	2023
Total Waste	1,666.85	1,345.75	1,583.34	715.53	746.24
Hazardous Waste	0	0	0	0	0
Non-Hazardous Waste	1,666.85	1,345.75	1,583.34	715.53	746.24
Recycled	4	37.52	1,221.13	575.29	506.74
Recycling Rate	0.24%	2.79%	77.12%	80.40%	67.91%
Directly Disposed	1,662.85	1,308.23	362.21	140.24	239.50
Incineration	165.43	168.20	93.06	71.32	137.18
Landfill	279.14	75.07	68.01	68.92	102.32
Other Disposal	1,218.28	1,064.96	201.14	0	0





Appendix I : GRI Standard Index

5-6-1 Statement of use GRI

Statement of use	For the period between 2023/1/1 to 2023/12/31, Ta Chen Stainless Pipe Co., Ltd. has already referenced the information in the GRI Index of the GRI Reporting Standard.
GRI 1	GRI 1 : General Disclosures 2021

5-6-2 GRI 2: General Disclosures 2021

Standard	Disclosure Item	Corresponding chapter		Page no.	Description
The organization and its reporting practices					
2-1	Organizational details	2	About Ta Chen Stainless Pipe Co., Ltd.	13	
2-2	Entities included in the organizational sustainability report	1-4	Disclosure Scope of this Report	12	
2-3	Reporting period, frequency and contact person		About this Report	2	
2-4	Restatement of information				No reinstatement of information has been made for the Report
2-5	External assurance	Appendix	Auditor's Limited Assurance Report	89	
Activities and workers					
2-6	Activities, value chain and other business relations	3	Value Chain Management	37	
2-7	Employees	4-1	Talent Attraction and Development	45	
2-8	Workers who are not employees	4-1	Talent Attraction and Development	45	
Governance					
2-9	Governance structure and composition	2-4	Corporate Governance	21	
2-10	Nomination and selection of the highest governance unit	2-4	Corporate Governance	21	
2-11	Chair of the highest governance body	2-4	Corporate Governance	21	
2-12	Role of the highest governance body in overseeing the management of impacts	2-4	Corporate Governance	21	
2-13	Delegation of responsibility for managing impacts	2-4	Corporate Governance	21	
2-14	The role of the highest governance unit in sustainability reporting	1-3 2-4	Analysis of Material Issues Corporate Governance	8 21	
2-15	Conflicts of interests	2-4	Corporate Governance	21	
2-16	Communication of critical concerns	2-4	Corporate Governance	21	
2-17	Collective knowledge of the highest governance body	2-4	Corporate Governance	21	
2-18	Evaluation of the performance of the highest governance body	2-4	Corporate Governance	21	
2-19	Remuneration policy	2-4	Corporate Governance	21	
2-20	Process to determine remuneration	2-4 4-2	Corporate Governance Wage and Benefits	21 48	
2-21	Annual total compensation ratio	4-2	Wage and Benefits	48	

Standard	Disclosure Item	Corresponding chapter		Page no.	Description
Strategy, policies and practices					
2-22	Statement on sustainable development strategy	1	A word from the President Management of Sustainability Issues	5 5	
2-23	Policy commitment (Responsible business conduct, respecting human rights)	1 3-4	Management of Sustainability Issues Supply Chain Management	5 43	
2-24	Embedding policy commitments	1	Management of Sustainability Issues	5	
2-25	Processes to remediate negative impacts	2-6	Legal Compliance and Grievance Mechanism	33	
2-26	Mechanisms for seeking advice and raising concerns	1-2	Stakeholder Engagement	6	
2-27	Compliance with laws and regulations	2-6	Legal Compliance and Grievance Mechanism	33	
2-28	Membership of associations	2-1	Company Overview	12	
Stakeholder engagement					
2-29	Approach to stakeholder engagement	1-2	Stakeholder Engagement	6	
2-30	Collective bargaining agreements				The Company has not entered into any collective bargaining agreement with labor unions

5-6-3 GRI 3: Material issue 2021

Standard	Disclosure Item	Corresponding chapter		Page no.	Description
3-1	Process to determine material topics	1-1	Management of Sustainability Issues Process	5	
3-2	List of material topics	1-3	Analysis of Material Issues	6	
Material issue 1 : Financial Performance					
3-3	Management of material topics	1-3	Analysis of Material Issues	8	
GRI 201 : Economic Performance 2016					
201-1	Direct economic value generated and distributed	2-3	Management Strategy and Current Standing	19	
201-2	Financial implications and other risks and opportunities due to climate change	2-5	Risk Management	28	
201-3	Defined benefit plan obligations and other retirement plans	4-2	Wage and Benefits	48	
201-4	Financial assistance received from government				No financial subsidies
Topic2 : Ethical Management					
3-3	Management of material topics	1-3	Analysis of Material Issues	8	
GRI 205 : Anti-Corruption 2016					
205-1	Operations assessed for risks related to corruption	2-6	Legal Compliance and Grievance Mechanism	33	
205-2	Communication and training about anti-corruption policies and procedures	2-6	Legal Compliance and Grievance Mechanism	33	

Standard	Disclosure Item	Corresponding chapter		Page no.	Description
205-3	Confirmed incidents of corruption and actions taken	2-6	Legal Compliance and Grievance Mechanism		No incidents of corruption
2-27	Compliance with laws and regulations	2-6	Legal Compliance and Grievance Mechanism	33	
Topic3 : Response to Climate Change					
3-3	Management of material topics	1-3	Analysis of Material Issues	8	
GRI 305 : Emissions 2016					
305-1	Direct (Scope 1) GHG Emissions	5-1	Greenhouse Gas Management	58	
305-2	Energy Indirect (Scope 2) GHG Emissions	5-1	Greenhouse Gas Management	58	
305-4	GHG Emissions Intensity	5-1	Greenhouse Gas Management	58	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant emissions	5-4	Air Quality Management	69	
Topic4 : Energy Management					
3-3	Management of material topics	1-3	Analysis of Material Issues	8	
GRI 302 : Energy 2016					
302-1	Total energy consumption within the organization	5-2	Energy Management	61	
302-2	Energy consumption outside the organization	5-2	Energy Management	61	
302-3	Energy Intensity	5-2	Energy Management	61	
302-4	Reducing energy consumption	5-2	Energy Management	61	
302-5	Reductions in energy requirements of products and services	5-2	Energy Management	61	
Topic5 : Talent Attraction and Retention					
3-3	Management of material topics	1-3	Analysis of Material Issues	8	
GRI 202 : Market Presence 2016					
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	Talent Attraction and Development	45	
GRI 401 : Employment 2016					
401-1	New employee hires and employee turnover	4-1	Talent Attraction and Development	45	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-2	Wage and Benefits	48	
401-3	Parental leave	4-2	Wage and Benefits	48	
Topic6 : Occupational Health and Safety					
3-3	Management of material topics	1-3	Analysis of Material Issues	6	
GRI 403 : Occupational Health and Safety 2018					
403-1	Occupational Health and Safety Management System	4-3	Safety and Health	52	
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	4-3	Safety and Health	52	
403-3	Occupational Health Services	4-3	Safety and Health	52	

Standard	Disclosure Item	Corresponding chapter		Page no.	Description
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	4-3	Safety and Health	52	
403-5	Worker Training on Occupational Health and Safety	4-3	Safety and Health	52	
403-6	Promotion of Worker Health	4-3	Safety and Health	52	
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	4-3	Safety and Health	52	
403-8	Workers Covered by an Occupational Health and Safety Management System	4-3	Safety and Health	52	
403-9	Work-related Injuries	4-3	Safety and Health	52	
403-10	Work-related ill health	4-3	Safety and Health	52	

5-6-4 GRI Standard Index of all Disclosure Item

Standard	Disclosure Item	Corresponding chapter		Page no.	Description
GRI 201 : Economic Performance 2016					
201-1	Direct economic value generated and distributed	2-3	Management Strategy and Current Standing	19	
201-2	Financial implications and other risks and opportunities due to climate change	2-5	Risk Management	28	
201-3	Defined benefit plan obligations and other retirement plans	4-2	Wage and Benefits	48	
201-4	Financial assistance received from government				No financial subsidies
GRI 202 : Market Presence 2016					
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	Talent Attraction and Development	45	
GRI 204 : Procurement Practices 2016					
204-1	Proportion of spending on local suppliers	3-4	Supply Chain Management	43	
GRI 205 : Anti-Corruption 2016					
205-1	Operations assessed for risks related to corruption	2-6	Legal Compliance and Grievance Mechanism	33	
205-2	Communication and training about anti-corruption policies and procedures	2-6	Legal Compliance and Grievance Mechanism	33	
205-3	Confirmed incidents of corruption and actions taken	2-6	Legal Compliance and Grievance Mechanism		No incidents of corruption
GRI 206 : Anti-competitive Behavior 2016					
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices				None
GRI 302 : Energy 2016					
302-1	Total energy consumption within the organization	5-2	Energy Management	61	
302-2	Energy consumption outside the organization	5-2	Energy Management	61	
302-3	Energy Intensity	5-2	Energy Management	61	
302-4	Reducing energy consumption	5-2	Energy Management	61	
302-5	Reductions in energy requirements of products and services	5-2	Energy Management	61	

Standard	Disclosure Item		Corresponding chapter	Page no.	Description
GRI 303 : Water and Effluents 2018					
303-1	Interactions With Water as a Shared Resource	5-3	Water Resource Management	65	
303-2	Management of Water Discharge-related Impacts	5-3	Water Resource Management	65	
303-3	Water Withdrawal	5-3	Water Resource Management	65	
303-4	Water Discharge	5-3	Water Resource Management	65	
303-5	Water Consumption	5-3	Water Resource Management	65	
GRI 304 : Biodiversity 2016					
304-1	Operation sites owned, leased, manage in, or adjacent to, protect areas and areas of high biodiversity value outside protected areas				None is located at the protected areas.
304-2	Significant impacts of the activities, products and services on biodiversity				No impacts.
304-3	Habitats protected or restored.				Not a protected area.
304-4	The IUCN Red List species and national conservation list species with habitats in areas affected by operations				None of such type of species
GRI 305 : Emissions 2016					
305-1	Direct (Scope 1) GHG Emissions	5-1	Greenhouse Gas Management	58	
305-2	Energy Indirect (Scope 2) GHG Emissions	5-1	Greenhouse Gas Management	58	
305-4	GHG Emissions Intensity	5-1	Greenhouse Gas Management	58	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant emissions	5-4	Air Quality Management	69	
GRI 306 : Waste 2020					
306-1	Waste generation and significant waste-related impacts	5-5	Waste Management	69	
306-2	Management of significant impacts related to waste	5-5	Waste Management	69	
306-3	Waste generated	5-5	Waste Management	69	
306-4	Waste diverted from disposal	5-5	Waste Management	69	
306-5	Waste directed to disposal	5-5	Waste Management	69	
GRI 308 : Evaluation of supplier's environment 2016					
308-1	New suppliers that were screened using environmental criteria	3-4	Supply Chain Management	43	
308-2	Negative environmental impacts in the supply chain and actions taken	3-4	Supply Chain Management	43	
GRI 401 : Employment 2016					
401-1	New employee hires and employee turnover	4-1	Talent Attraction and Development	45	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-2	Wage and Benefits	48	
401-3	Parental leave	4-2	Wage and Benefits	48	
GRI 402 : Labor/Management Relations 2016					
402-1	Minimum notice periods regarding operational changes	4-1	Talent Attraction and Development	45	

Standard	Disclosure Item	Corresponding chapter		Page no.	Description
GRI 403 : Occupational Health and Safety 2018					
403-1	Occupational Health and Safety Management System	4-3	Safety and Health	52	
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	4-3	Safety and Health	52	
403-3	Occupational Health Services	4-3	Safety and Health	52	
403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety	4-3	Safety and Health	52	
403-5	Worker Training on Occupational Health and Safety	4-3	Safety and Health	52	
403-6	Promotion of Worker Health	4-3	Safety and Health	52	
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	4-3	Safety and Health	52	
403-8	Workers Covered by an Occupational Health and Safety Management System	4-3	Safety and Health	52	
403-9	Work-related Injuries	4-3	Safety and Health	52	
403-10	Work-related ill health	4-3	Safety and Health	52	
GRI 405 : Diversity and Equal Opportunity 2016					
405-1	Diversity of governance bodies and employees	2-4	Corporate Governance	21	
		4-1	Talent Attraction and Development	45	
405-2	Ratio of basic salary and remuneration of women to men	4-2	Wage and Benefits	48	
GRI 406 : Non-discrimination 2016					
406-1	Incidents of discrimination and corrective actions taken				There are no discriminatory incidents.
GRI 407 : Freedom of association and collective bargaining 2016					
407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk.				No such risk.
GRI 408 : Child labor 2016					
408-1	Operations and suppliers at significant risk for incidents of child labor				No such risk.
GRI 409 : Forced or compulsory labor 2016					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor				No such risk.
GRI 410 : Security Practices 2016					
410-1	Security personnel trained in human rights policies or procedures	2-6	Legal Compliance and Grievance Mechanism	33	
GRI 411 : Rights of indigenous peoples 2016					
411-1	Incidents of violations involving rights of indigenous peoples				None
GRI 412 : Human Rights Assessment 2016					
412-1	Operations which were subject to human rights reviews or impact assessments	2-6	Legal Compliance and Grievance Mechanism	33	
412-2	Employee training on human rights policies or procedures	2-6	Legal Compliance and Grievance Mechanism	33	

Standard	Disclosure Item	Corresponding chapter		Page no.	Description
412-3	Significant investment agreements and contracts which include human rights clauses or that underwent human rights screening	3-4	Supply Chain Management	43	
GRI 413 : Local communities 2016					
413-1	Operations with local community engagement, impact assessments, and development programs	2-1	Company Overview	13	
413-2	Operations with significant actual and potential negative impact on local communities				There are no negative impacts.
GRI 414 : Supplier Social Assessment 2016					
414-1	New suppliers that were screened using social criteria.	3-4	Supply Chain Management	43	
414-2	Negative social impact on the supply chain and actions taken				None
GRI 415 : Public policy 2016					
415-1	Political contributions				There have been no political contributions.
GRI 416 : Customer Health and Safety 2016					
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				None
GRI 417 : Marketing and Labeling 2016					
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				None
417-3	Incidents of non-compliance concerning marketing communications				None
GRI 418 : Customer Privacy 2016					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data				None

Appendix II: SASB Standards Index

Industry type	Extractives and Minerals Processing (EM)		
Industry	Iron Steel Producers (IS)		
Metric Code	Accounting Metric	Metric Code	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.	58
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.	5-1 Greenhouse Gas Management	58
EM-IS-120a.1	Disclosure of the weight of the following air pollutants discharged: (1) CO, (2) NOx (excluding N ₂ O). (3) SOx, (4) PM10. (5) MnO, (6) Pb. (7) VOCs. (8) PAHs.	(1) 5-4 Air Quality Management (2) There were no PM10, CO, MnO, Pb, PAHs, and related air pollutants discharged in 2023	68
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.	<ul style="list-style-type: none"> ● Individual (1) 89,460.65 GJ (2) 79.5% (3) 0% ● Group (1) 641,477.06 GJ (2) 69% (3) 0% 	61
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.	<ul style="list-style-type: none"> ● Individual (1) 18,319.18 GJ (2) 0% (3) 74.2% (4) 0% ● Group (1) 199,837.07 GJ (2) 0% (3) 72.8% (4) 0% 	61
EM-IS-140a.1	Disclosure of the following information on water resource withdrawal: (1) Water withdrawal. (2) Percentage of water withdrawn from regions with (high and extremely high) baseline water stress.	(1) 95.83 Million Liters (2) 0%	65
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.	(1) 746.24 metric tons (2) 0% (3) 67.9%	69

Industry type	Extractives and Minerals Processing (EM)		
Industry	Iron Steel Producers (IS)		
Metric Code	Accounting Metric	Metric Code	Page no.
EM-IS-320a.1	Disclosure of the following information on occupational injuries for (a) full-time employees and (b) contract employees: (1) Total recordable incident rate (TRIR). (2) Occupational death rate. (3) Near miss frequency rate (NMFR).	(a) full-time (1) TRIR = 0.21 (2) Occupational death rate = 0 (3) NMFR = 2.75 (b) contract employees (1) TRIR = 0 (2) Occupational death rate = 0 (3) NMFR = 0	45
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.	

Note: The energy and fuel consumption information is the total group statistics for 2023.

Appendix III: Sustainability Disclosure Indicators of Steel and Iron Industry

Number	Indicator	Type of indicator	Status of disclosure in the year	Unit	Notes
I	Total energy consumption, percentage of externally purchased electricity, use rate of renewable energy, Total self-developed and self-use energy (Note 1)	Quantification	<ul style="list-style-type: none"> ● Standalone Total energy consumption 89,460.65 GJ Percentage of purchased electricity 79.5% Renewable energy utilization rate 0% Total self-generated energy for its own use 0 GJ ● Group Total energy consumption 641,477.06 GJ Percentage of purchased electricity 69% Renewable energy utilization rate 0% Total self-generated energy for its own use 0 GJ 	Billion joules, percentage (%)	
II	Total fuel consumption, percentage of coal, percentage of natural gas and renewable energy	Quantification	<ul style="list-style-type: none"> ● Standalone Total energy consumption 18,319.18 GJ Percentage of coal 0% Percentage of natural gas 74.2% Percentage of renewable fuel 0% ● Group Total energy consumption 199,837.07 GJ Percentage of coal 0% Percentage of natural gas 72.8% Percentage of renewable fuel 0% 	Billion joules, percentage (%)	
III	Total Water Withdrawal and Total Water Consumption	Quantification	Total water withdrawal 95.83 ML Total water consumption 68.35 ML	Million Liters (ML)	
IV	Weight of waste generated, percentage of hazardous wastes and recycling percentage	Quantification	The weight of waste generated 746.24 metric tons. Percentage of hazardous waste 0% Percentage of recycling 67.9%	Metric tons (t), percentage (%)	
V	Explanation on number of people and percentage for occupational disasters	Quantification	Number of people suffering from occupational disasters 2 people Occupational disaster rate= 0.19%	Number of person, Percentage (%)	
VI	Production capacity of main products based on product category	Quantification	Stainless steel products 184,143 tons Screw nuts 165,964 tons Aluminum products 210,398 tons Window ornaments 12,841 sq. ft. System furniture 399 pieces Other products 1,964 tons	Vary from product category	

Note 1: Self-developed and self-used total energy volume is defined based on the Renewable Energy Development Act, Implementation Regulations Governing Renewable Energy Certificates or related delegated regulations.

Appendix IV: Climate-related information of TWSE/TPEX listed companies

1. Climate-related information implementation

Item	Status of implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	<p>(1) The highest decision-making unit for the Company's risk management is the Board of Directors. The Board is responsible for approving risk management policy and important risk management system and to monitor the system's execution. This is to ensure the effectiveness of risk management. Climate risks and opportunities-related topics will be incorporated into the regular reporting items.</p> <p>(2) The chief corporate governance officer is the person in charge of promoting issues related to sustainability and climate change, and continues to identify the risks and opportunities of climate change every year, and manages response plan and progress tracking.</p>
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, mid-, and long-term).	<p>The Company conducts the climate change risk (laws & regulations, technology, market, goodwill, immediate physical risk and long-term physical risk) and opportunity assessments each year, in order to understand the potential operational and financial impacts posed by significant climate-related risks and opportunities to the Company. Assess the part of the value chain where risk and opportunity factors are occurring (own operations, upstream suppliers or downstream customers), time interval (1~3 years for the short term, 3~5 years for the medium term, and over 5 years for the long term), possibility and level of impact; after that, select three significant risks upon discussion, as the risks to be addressed by the Company, and assess the possible opportunities. As detailed in the table below:</p>

	Risk factor	Period of occurrence	Financial impact	Responsive strategy
Transition risk	Laws & regulations: Carbon pricing mechanism	Mid-term (within 3-5 years)	<ul style="list-style-type: none"> Increased operating cos 	<ul style="list-style-type: none"> Continue to promote manufacturing process for reduced carbon, and replacement of old equipment for new ones Incorporated energy-saving and carbon reduction requirements into procurement policy Continue to pay attention to policy and law changes and related requirements in the country of the transaction party
	Market: Increase in raw material costs	Mid-term (within 3-5 years)	<ul style="list-style-type: none"> Increased direct cost 	<ul style="list-style-type: none"> Strengthen local supply chain, continue to manage raw material warehouse stock level, and incorporate climate factors into management considerations Enhance negotiations with suppliers, evaluate and promote supplier carbon inventory
	Laws & regulations: Compulsory use of renewable energy	Mid-term (within 3-5 years)	<ul style="list-style-type: none"> Increased operating cost Increase in capital investments 	<ul style="list-style-type: none"> Continue to promote solar energy power generation installation plan.

Item			Status of implementation	
Physical risk	Short-term: Increase in the frequency and intensity of extreme weather events	Short-term (within 1-3 years)	● Increased operating cost	● Enhance the evaluation on the system and drills for the emergency response capability of factory premises and offices
				● Continue to maintain operations responding to climate hazard mechanisms
Opportunity				
Opportunity	Financial impact		Strategy for realizing opportunities	
Adopting low carbon energy	● Decreased operating cost	● Change in fuel for the use of boiler ● New system development and reduced power usage ● Gradual switch to self-use for renewable energy ● Continue to evaluate low-carbon energy sources		
Adopt incentive policy	● Decreased operating cost	● Evaluate solar power installation and matching level to government reward policy		
Establishment of supplier sustainability management mechanism	● Decreased direct cost	● Collaborate with suppliers to mitigate the effects posed by climate impacts on the Company. ● Suppliers with climate change response capabilities shall be selected as the first priority.		
3. Describe the financial impact of extreme climate events and transformation actions.			Financial impact of extreme climate events: Extreme weather and climate events might affect the supply of raw materials, including increase in raw material costs and operating costs (logistics and transportation). It might affect factory operations, including factory operation and personnel safety, etc., thus resulting in increase in operating costs.	
			Financial impact of transformation actions: In response to climate change, and in consideration of the Company's characteristics, the Company has planned two major transformation directions: Supplier sustainability management: Strengthen the frequency, and diversity of issues, of the communication with suppliers, understand the current market situation, establish the supply chain flexibility, seek second suppliers, local suppliers, etc., and provide customers with diversified products and alternative products as options, which might increase operating costs in the short term, but may reduce direct costs and operating costs in the long run. Business location planning: For the new business locations, the consideration is given to areas with low climate sensitivity, and the adjustment of business activities during the renovation period to meet the low-carbon demand, which might result in decrease in operating costs.	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.			The Company has established the climate change risk management process. By identifying the climate-related risks and opportunities regularly, the Company has various responsible departments that control risks and formulate responsive measures against the risk management status and disclosure in	

Item	Status of implementation
	accordance with the Company's "Risk Management Regulations," to produce internal and external reports on a regular basis. The Company has incorporated the climate change risk management procedure into the Company's existing risk management procedures.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained.	The Company is engaged in the industry other than those with high carbon intensity and total carbon emissions. In order to verify the impact posed by the climate change on operations, the Company assesses climate risks and opportunities through scenario analysis. The transformation risk primarily takes the net zero emission in 2050 into consideration when setting the scenario, while the physical risk primarily takes into account the SSP-8.5 scenario.
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	By 2025, Ta Chen Group will complete the GHG inventory of all of its business locations, and continue to identify risks and opportunities based on the area and nature of each business location and to improve the countermeasures. Accordingly, the Group's future climate-related indicators and target items are set as a basis for demonstrating the performance of active mitigation and adaptation of climate impacts of Ta Chen Stainless Pipe.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	The Company has not yet adopted an internal carbon pricing policy.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>In response to international trends and the national targets for Net Zero by 2050, Ta Chen Stainless Pipe identifies the climate change risks and opportunities and develops the carbon management reduction plan year by year, in order to combine the sustainability goals promoted currently.</p> <p>Considering the characteristics of the industry and the Group's existing inspection plan, 2023 is tentatively set as the base year, and the Scope 2 operating activities of all entities within Ta Chen Stainless Pipe are reduced by 7% by 2030.</p> <p>Greenhouse gas reduction strategy and specific action plan in 2023:</p> <ol style="list-style-type: none"> 1. Replace fixed frequency air compressor with variable frequency air compressor. 2. Energy-saving improvement of lighting equipment in central kitchen: Replace 75 fluorescent tubes with 50 LED flat lights. 3. Replace a complete set of polishing equipment to reduce the amount of operating current. 4. Reduce the outlet pressure of the operating air compressor and improve the average operating current. <p>Achievement status in 2023:</p> <p>The company takes 2023 as the baseline year for emissions reduction, the reduction measures implemented in 2023 have saved 483.322 kilowatt-hours of electricity consumption. Since 2023 is the base year for reduction, the reduction target has not yet been achieved.</p>

Item	Status of implementation
9. GHG inventories, assurance status, and reduction goals, strategies, and concrete action plans (to be specified in 1-1 and 1-2 separately).	Please refer to Tables 1-1 and 1-2 below.

1-1 The Company's GHG Inventory and Assurance in the Recent Two Years

1-1-1 GHG inventory information

Describe the GHG emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NTD million), and data coverage for the most recent two years.

Item/Year	2022		2023	
	Total Emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e / Millions of NTD)	Total Emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e / Millions of NTD)
Data coverage - Scope 1	1,287.4397	0.0883	1,347.1867	0.1411
Data coverage - Scope 2	11,731.3095	0.8042	9,762.2988	1.0227

Note: The Company's Scope 1 or 2 emission intensity = the Company's Scope 1 or 2 emissions ÷ Operating Revenue of the parent company only financial statement

1-1-2 GHG assurance information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance

Item/Year	2022	2023
Scope of assurance	Have not yet undertaken assurance	Scope 1 and Scope 2
Assurance organization	Have not yet undertaken assurance	SGS Taiwan Limited (SGS)
Assurance criteria	Not applicable	ISO14064-3:2019
Assurance opinion	Not applicable	The Information Contents of Modified Unqualified Audit Opinions

Note: The parent company's Scope 1 and 2 emission intensity = Parent company Scope 1 or 2 emissions ÷ Operating Revenue of the standalone financial statement

1-2 GHG reduction goals, strategies and concrete action plans

Describe the GHG reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

In response to international trends and the national targets for Net Zero by 2050, Ta Chen Stainless Pipe identifies the climate change risks and opportunities and develops the carbon management reduction plan year by year, in order to combine the sustainability goals promoted currently. By 2025, Ta Chen Group will complete the GHG inventory of all of its business locations, and continue to identify risks and opportunities based on the area and nature of each business location and to improve the countermeasures. Accordingly, the Group's future climate-related indicators and target items are set as a basis for demonstrating the performance of active mitigation and adaptation of climate impacts of Ta Chen Stainless Pipe. The

company takes 2023 as the baseline year for emissions reduction. Please refer to Table 1-1-1 for a comprehensive inventory of total emissions. Additionally, emissions are compared annually to those of the baseline year to understand the company's emission trends, serving as a basis for future review and improvement efforts. For the time being, the scope of business locations of entities within Ta Chen Stainless Pipe shall apply: Goal: Reduction by 7% for Scope 2 by 2030.

GHG reduction strategies and specific action plans:

1. Replace the fixed frequency air compressor with a variable frequency air compressor
2. Energy-saving improvement of lighting equipment in the central kitchen: Replacement of 75 fluorescent tubes with 50 LED panel lights
3. Replace the complete set of polishing equipment and reduce the operating current
4. Reduce the air outlet pressure of the operating air compressor to improve the average operating current

Achievement status in 2023:

The reduction measures implemented in 2023 saved 483.322 kWh of electricity. Since 2023 is the base year for reduction, the reduction target has not yet been achieved.

2. TCFD Disclosure Index

Aspect	Recommended Disclosure Items	Page
I 、Governance	1. How the BOD Oversees Climate-Related Issues.	29-30 、82
	2. How Management Assesses and Manages Climate-Related Issues.	29-30 、82
II 、Strategy	1. Company-Identified Short-, Medium-, and Long-Term Climate-Related Risks and Opportunities.	31-32 、83
	2. Impacts of Climate-Related Issues on the Company's Business Model, Strategy, and Financial Planning.	31-32 、83
	3. Scenario Analysis (including 2°C or more stringent scenarios).	31-32 、83
III 、Risk Management	1. Identification and Assessment Process for Climate-Related Risks.	83
	2. Climate-Related Risk Management Process.	83
	3. Explain how the above-mentioned risk identification and management processes are integrated into the company's overall risk management system.	83
IV 、Indicator and goals	1. Assess whether the indicators are aligned with the company's strategy and risk management.	83
	2. Disclose Scope 1, Scope 2, and Scope 3 (if applicable) greenhouse gas emissions and related risks.	84
	3 Management Objectives and Related Performance.	85

Appendix V: Greenhouse Gas Inventory:

No.	Organization	Category 1	Category 2	Total (t CO ₂ e)	Note on reference for electricity factor:	Note on reference for calorific value factor:
1	Ta Chen Stainless Pipe (standalone)	1,347.1867	9,762.2988	11,109.4855	Taiwan electricity	Taiwan calorific value
2	Ta Chen Lung Mei	1,692.8881	563.0938	2,255.9819	Taiwan electricity	Taiwan calorific value
3	Wei Mei Hsin Shu	33.8160	41.1796	74.9956	Taiwan electricity	Taiwan calorific value
4	TCI(US)	2,382.8086	1,390.4266	3,773.2352	Electricity: Using US national average	Natural gas: Using US national calorific value Mobile source: Referring to Taiwan version
5	TKA	2,744.7761	20,724.0747	23,468.8508	Electricity: Using TX power grid	Natural gas: Using US national calorific value Mobile source: Referring to Taiwan version
6	PPT	971.7063	2,483.8508	3,455.5571	Electricity: Using FL power grid	Natural gas: Using US national calorific value Mobile source: Referring to Taiwan version
7	ERI US	0.1530	39.1020	39.2550	Electricity: Using NJ power grid	Calorific value: Not used.
8	ERI AU	0.0000	6.6670	6.6670	Electricity: Using QLD power grid	Calorific value: Not used.
9	BE	68.7620	0.7410	69.5030	Electricity: Using BE national average	Calorific value: Referring to Taiwan version
10	Ta Chen Jitai	2,051.6520	7,459.7890	9,511.4410	Electricity: Using the factor of Hebei Province, China	Calorific value: Referring to Taiwan version
11	Ta Chen (Boye)	511.3140	7,721.6800	8,232.9940	Electricity: Using the factor of Hebei Province, China	Calorific value: Referring to Taiwan version
12	Brighton-Best (standalone)	23.2234	12.6945	35.9179	Taiwan electricity	Taiwan calorific value
13	Ta Chen Empire	1.1383	0.0000	1.1383	Taiwan electricity, office electricity expenses are covered by the landlord, hence no Scope 2 data is presented	Calorific value: Not used.
14	BBI-US	3,641.2117	1,379.4117	5,020.6234	Electricity: Using US national average	Natural gas: Using US national calorific value Mobile source: Referring to Taiwan version
15	BBI-CA	238.7500	84.5612	323.3112	Electricity: Using CA national average	Natural gas: Using CA national calorific value Mobile source: Referring to Taiwan version
16	BBI-BZ	3.6738	0.6872	4.3610	Electricity: Using BZ national average	Calorific value: Not used.
17	BBI-AU	247.3312	237.0535	484.3847	Electricity: Using AU national average	Natural gas: Using AU national calorific value Mobile source: Referring to Taiwan version
18	BBI-NZ	26.2411	5.0272	31.2683	Electricity: Using NZ national average	Natural gas: Using NZ national calorific value Mobile source: Referring to Taiwan version

19	BBI-UK	31.8562	36.4528	68.3090	Electricity: Using UK national average	Natural gas: Using UK national calorific value Mobile source: Referring to Taiwan version
20	NOEI GEENG	0	0.1179	0.1179	Taiwan electricity	Calorific value: Not used.
21	Hu Pao	0	0.4347	0.4347	Taiwan electricity	Calorific value: Not used.
22	Shie Shin	0	0.2297	0.2297	Taiwan electricity	Calorific value: Not used.
23	Right Way (standalone)	577.6181	2,256.1968	2,833.8149	Taiwan electricity	Taiwan calorific value
24	Right Way Malaysia	907.2726	3,492.8147	4,400.0873	Electricity: Using MYS national average	Calorific value gas: Using MYS national calorific value

Appendix VI: Auditor's Limited Assurance Report



INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

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

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

Subject Matter Information and Applicable Criteria

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

Responsibilities of Management

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

Auditors' Responsibilities

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

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

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

- 1 -

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傳承 / 堅定 / 當責

Legendary & Steadfast Accountancy

Inherent Limitations

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

Independence and Quality Control

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

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

Conclusion

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

Other Matters

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

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

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

Notice to Readers

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

APPENDIX 1

SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information		Corresponding Section	Applicable Criteria
1.	Ta Chen Stainless Pipe	2023	5-2 Energy Management	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 3, Table 1-6, No. 1
	Total energy consumption	89,460.65 GJ		
	Percentage of purchased electricity	79.5%		
	Utilization rate (renewable energy/total energy)	0%		
	Total self-generated and self-use energy	0 GJ		
2.	Ta Chen Stainless Pipe	2023	5-2 Energy Management	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 3, Table 1-6, No. 2
	Total fuel consumption	18,319.18 GJ		
	Percentage of coal	0%		
	Percentage of natural gas	74.2%		
	Percentage of renewable fuels	0%		
3.	Ta Chen Stainless Pipe	2023	5-3 Water Resource Management	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 3, Table 1-6, No. 3
	Total water withdrawn	95.83 ML		
	Total water consumption	68.35 ML		
4.	Ta Chen Stainless Pipe	2023	5-5 Waste Management	SASB EM-IS-150a.1 Amount of waste generated, percentage hazardous, and percentage recycled
	Amount of waste generated	746.24 tones		
	Percentage of hazardous waste	0%		
	Percentage of recycling	67.9%		

(Continued)

#	Subject Matter Information			Corresponding Section	Applicable Criteria
5.	Ta Chen Stainless Pipe		2023	4-3 Safety and Health	SASB EM-IS-320a.1 Total recordable incident rate (TRIR), fatality rate, and near miss frequency rate (NMFR) for full-time employees and contract employees
	Full-time employees	Total recordable incident rate (TRIR)	0.21		
		Fatality rate	0		
		Near miss frequency rate (NMFR)	2.75		
	Contract employees	Total recordable incident rate (TRIR)	0		
		Fatality rate	0		
		Near miss frequency rate (NMFR)	0		

(Concluded)