

**Wei Chih Steel Industrial Co., Ltd.**  
**2021 Sustainability (ESG) Report**

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# About this report

## Principles of Editing and Publication Period

Upon the resolution of the board of directors (Board), Wei Chih Steel Industrial Co., Ltd. (WCS or the “Company”) published the sustainability (ESG) report for the first time in 2022. In the future, the Company will publish the sustainability report on an annual basis. This report is divided into five main aspects: sustainable operations, value chain management, environment sustainability, LOHAS workplace, and social welfare. For the public to understand that apart from improving the quality of products and services, the Company also cares about the rights and interests of shareholders, customers, suppliers, and employees and enforces the sustainable development of the environment, endeavoring to promote the common progress of the whole society.

This report has been prepared in accordance with the Core option of the GRI Sustainability Reporting Standards (GRI Standards) published by Global Reporting Initiative (GRI) and edited with reference to the SASB Standards published by the Sustainability Accounting Standards Board (SASB), the Recommendations of Task Force on Climate-related Financial Disclosures (TCFD Recommendations) published by the Financial Stability Board, and the *Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies* published by the Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX). As this is the first sustainability report of the Company, no restatements of information are available. All data contained in this report is extracted from the Company’s investigation results and statistics and expressed in commonly used numerical description. Data requiring conversion is also indicated in the report. The New Taiwan dollar is the currency used in the report. Although no external verification was conducted, this report has been strictly reviewed by all WCS departments and resolved by the Board prior to publication.

## Reporting Scope and Period

This report presents the information on the Taiwan locations of WCS during January 1–December 31 of 2021, and no significant change to operations was reported during the reporting period.

## Contact Information

If you have any suggestions or doubts regarding the contents contained in this report, welcome to contact us.

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## Message from the Chairman

As global economic development was hindered again by the continuous spread of COVID-19 and the energy crisis from the Russo-Ukrainian War in 2021, we became aware that economic, environmental, and social uncertainties will become a new norm that challenges the resilience of business operations in the future.

Despite the operational challenges caused by these uncertainties, as a global corporate citizen, we still assume our corporate social responsibility (CSR). Particularly when energy conservation and carbon reduction are listed as the priority goals of the steel industry by the parties of the United Nations Climate Change Conference, as a steelmaker we thus actively follow this global trend and support UN's call for energy conservation and carbon reduction and sustainability development goals (SDGs).

In 2021 we established the "ESG Promotion Team" to integrate the Company's production and administration departments, review the carbon emission per metric ton, and propose the methods to enhance energy efficiency through equipment modification, manufacturing process improvement, and technology upgrading. Additionally, the administration department also implements office energy conservation. Through multifaceted energy conservation and carbon reduction, we aim to practice green manufacturing to achieve the scheduled goals for energy conservation and carbon reduction by 2030.

In corporate governance, we enhance the Company's overall core competitiveness, actively recruit young and outstanding talents, and develop excellent talents to achieve the goal of green manufacturing through organizational reengineering and talents development. In sales development, we actively cultivate the market for green steel products and provide customers with the best options to meet the Company's management goals.

Looking out into the future, we will actively engage in environmental protection, social welfare, and corporate governance while pursuing business development and profit at the same time, hoping to enhance core business strengths and making substantial social and environmental contributions towards sustainable development.

Su-Huei Kuo, President





# ESG Highlights

## Environmental

Electricity consumption of steel billets reduced by 3.7kWh/MT over 2020. The 2021 steel billet output was 710,027.86MT, saving electricity by 2,627,103.08kWh.

Unit product GMG emission intensity reduced by 5% over 2018.

Steel refining recovery rate increased by 0.66% over 2020.

Carbon consumption reduced by 0.5kg/MT over 2020.

Lime consumption reduced by 2.34kg/MT over 2020.

Magnesium oxide consumption reduced by 2.1kg/MT over 2020.

## Social

Satisfaction score of rebar, round bar, and steel billet averaged over 8 marks. Total satisfaction score over 48 marks, reaching the satisfaction target.

Occupational accidents reduced by 5 cases over 2020.

Disabling frequency rate (FR) reduced by 7.84 over 2020.

No information security incident.

## Governance

Board performance evaluation, director performance self-evaluation, and functional committee performance evaluation were all completed, and the operational result was good.

By capturing the turning point of business cycle, profit increased significantly by 176%.

No corruption, bribery, or extortion was reported in employees or suppliers.

In 2021 no sanction by law or no offence of the internal control system, major nonconformity, or nonconformity improvement was reported.

In 2021 no offence relating to the *Labor Standards Act* was reported.

In 2021 no discrimination or forced labor was reported.

# Promotion of Sustainable Development

## Stakeholder identification

With respect to the five attributes of stakeholders as stated in AA1000 Stakeholder Engagement Standards (SES) published by AccountAbility, a non-profit organization, i.e. dependency, responsibility, tension, influence, and diverse perspectives and through the discussion between the departments and the editing team, six stakeholder groups were identified: employee, shareholder, government agency, customer, bank, and supplier/contractor.

## Stakeholder communication channel

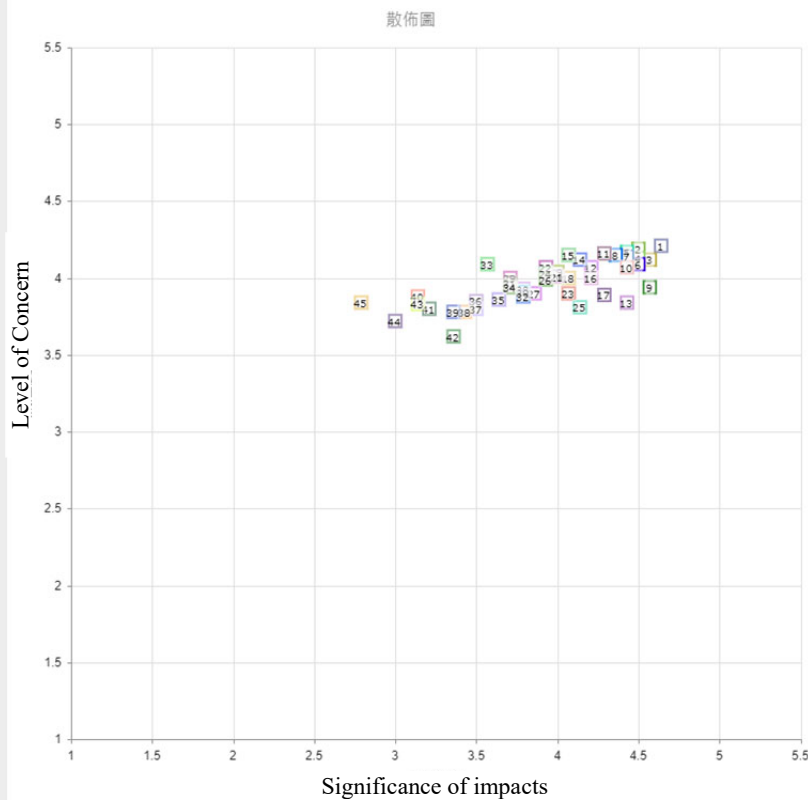
The topics that concern stakeholders and the channels for stakeholder communication are as follows:

Stakeholder	Concerned Topic	Communication Channel	Communication Frequency
Employees	OH&S Economic Performance Product and technology innovation Product and Service Labeling Environmental compliance	Questionnaire	Annually
Shareholders	Economic Performance Labor-management relations Risk Management Anti-corruption. Information security.	Questionnaire	Annually
Government agencies	Air pollution GHG emissions Customer health and safety OH&S Environmental compliance	Physical meeting Video conference	Irregularly Irregularly
Customers	Customer privacy Customer service and management Product and Service Labeling Product and technology innovation Information security.	Questionnaire Call Communication software Visit	Annually Real-time Real-time Real-time
Bank	Governance GHG emissions Anti-corruption. Water and effluents Customer service and management	Questionnaire	Annually
Suppliers/Contractors	Procurement practices Materials Product and technology innovation Risk Management Tax	Call Communication software Visit	Real-time Real-time Real-time

## Identification of material topics

A questionnaire survey was conducted to understand the topics that concern stakeholders. A total of 190 responses were collected, including 176 responses on tension and 14 responses on impact. After analyzing the survey results, a total of 15 material topics were identified.

### Visual representation of material topics



#### Material Topics

1. Economic performance
2. GHG emissions
3. Ethical corporate management
4. Corporate governance
5. Energy
6. Customer service and management
7. Air pollution
8. Waste
9. Environmental compliance
10. Information security
11. Product and technology innovation
12. OH&S
13. Materials management
14. Materials
15. Socioeconomic compliance

#### Secondary topics

16. Risk management	17. Customer health ty	18. Climate-related financial impacts	19. Training and education	20. Anti-corruption	21. Renewables
22. Water and effluents	23. Marketing and labeling	24. Market presence	25. Employment Relations	26. Labor-management relations	27. Anti-competitive behavior
28. Procurement practices	29. Tax	30. Forced and compulsory labor	31. Supplier environmental assessment	32. Child labor	33. Customer privacy
34. Local communities	35. Diversity and Equal Opportunity	36. Non-discrimination	37. Indirect economic impacts	38. Supplier assessment for impacts on society	39. Freedom of association and collective bargaining
40. Placement	41. Security practices	42. Human rights assessment	43. Rights of indigenous peoples	44. Small-scale mining	45. Ending job plan

## Value Chain Boundaries of Material Topics

Material Topics	Corresponding GRI Standards/Self-defined topics	DMA Section	Boundaries of Value Chain Impact			
			Within Organization	Outside of Organization		
			WCS	Suppliers	Customers	General Public
Economic Performance	GRI 201	I. Sustainable Development	■	-	-	□
GHG emissions	GRI 305	III. Environmental Sustainability	■	-	-	□
Ethical Corporate Management	Self-Defined Topics	I. Sustainable Development	■	●	●	□
Governance	Self-Defined Topics	I. Sustainable Development	■	-	-	□
Energy	GRI 302	III. Environmental Sustainability	■	-	-	□
Customer service and management	Self-Defined Topics	II. Value Chain Management	■	-	●	-
Air pollution	Self-Defined Topics	III. Environmental Sustainability	■	-	-	□
Waste	GRI 306	III. Environmental Sustainability	■	-	-	□
Environmental compliance	GRI 307	III. Environmental Sustainability	■	-	-	□
Information security.	Self-Defined Topics	II. Value Chain Management	■	●	●	-
Product and technology innovation	Self-Defined Topics	II. Value Chain Management	■	●	●	-
OH&S	GRI 403	IV. LOHAS Workplace and Social Welfare	■	-	-	-
Materials management	Self-Defined Topics	III. Environmental Sustainability	■	●	-	-
Materials	GRI 301	III. Environmental Sustainability	■	●	-	-
Socioeconomic compliance	GRI 419	I. Sustainable Development	■	-	●	□

■: Direct impact ●: Impact on business practices □: Directly linked impacts

# I. Sustainable Development

<b>Management approaches</b>	
<b>Material topics: Ethical corporate management, corporate governance</b>	
Rationale	<ul style="list-style-type: none"> <li>● Robust ethical corporate management and corporate governance are key to sustainable corporate development.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Sound corporate governance shall be the means that enables the Board and management to achieve the goal of maximizing interest for the Company and shareholders, facilitates corporate management and operations, and provides a mechanism for effective supervision so as to encourage businesses to make good use of resources and enhance efficiency and thereby competitiveness to pursue sustainable development, profit, and growth.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Based on the business philosophy featuring ethical corporate management, steady growth, active innovation, and pursuit of excellence, we have established sound corporate governance and risk control mechanisms to enhance management efficiency and prevent corruption.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>● Employee education and training, notices, and publicity</li> <li>● Director education and training</li> <li>● Audit department</li> </ul>
Grievance Mechanism	<ul style="list-style-type: none"> <li>● Both internal and external grievance channels are established for stakeholders to give feedback over the phone, by email, and through the grievance receiving unit.</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● The “Work Rules” and relevant management regulations have been established.</li> <li>● Internal codes and regulations such as the “Rules of Procedures for Meetings of Board of Directors,” “Insider Trading Prevention Management Procedures,” and “Code of Ethical Conduct” have been established.</li> <li>● Consultation, grievance, and reporting hotlines and emails have been established.</li> <li>● Donations or sponsorship are made in accordance with the relevant laws and regulations and internal regulations to prevent giving and taking bribes and illegal political financing.</li> <li>● Corruption and risks relating to corporate governance are controlled through internal audit.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● An audit department has been established to ensure that all units comply with the relevant laws and regulations, such as the <i>Company Act</i>, <i>Securities and Exchange Act</i>, laws and regulations governing listed and OTC companies, or other relevant laws and regulations, in business operations to set a foundation for implementing ethical corporate management.</li> <li>● Board meetings are held regularly to supervise the Company’s operational performance and legal compliance.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● In 2021 no corruption, bribery, or extortion was reported in employees or suppliers.</li> <li>● In 2021 no sanction by law or no offence of the internal control system, major nonconformity, or nonconformity improvement was reported.</li> <li>● Most director education and training activities in 2021 complied with the legal requirements.</li> <li>● In 2021 Board performance evaluation, director performance self-evaluation, and functional committee performance evaluation were all completed, and the operational result was good and the corporate governance requirements were met to effectively enhance the Board competency and maintain the rights and interests of shareholders.</li> </ul>

<b>Management approaches</b>	
<b>Material Topic: Economic Performance</b>	
Rationale	<ul style="list-style-type: none"> <li>● As economic performance is one of the key factors affecting sustainable business operations, continuous poor economic performance will bring threats to the sustainable operations in the future. Hence, how to enhance corporate competitiveness to maximize benefits and facilitate the pursuit of long-term operations is one of the Company’s important issues.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Effective management of the Company’s operational performance and operational risks.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Actively increase rebar market share.</li> <li>● Continue to develop steel products with high added value.</li> <li>● Continue to cultivate international markets with higher unit prices.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Hold management review meetings periodically.</li> <li>● Hold Board meetings periodically to report operational performance to directors.</li> <li>● Hold the annual performance discussion meeting.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● In 2021, the revenue was NT\$13,571,013 thousand, gross profit was NT\$2,271,268 thousand, and net income was NT\$1,663,050 thousand, increasing by NT\$1,060,503 thousand, or 176%, from NT\$602,547 thousand in 2020. By capturing the turning point of business cycle, profit increased significantly.</li> </ul>

## Management approaches

### Material Topic: Socioeconomic Compliance

Rationale	<ul style="list-style-type: none"> <li>● Legal compliance is the principle of corporate governance. Violation of the relevant laws and regulations may affect the Company's market presence and operations. Comply with the relevant legal and regulatory requirements and follow the global trends are the major foundation of sustainable corporate development.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● To ensure compliance with the requirements of the government of Taiwan and the relevant supervisory units in business operations, we follow the <i>Company Act</i>, <i>Securities and Exchange Act</i>, and relevant corporate regulations, hoping to protect the rights of shareholders and the relevant stakeholders, build an effective corporate governance framework, and enhance the transparency of corporate information.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Legal compliance.</li> <li>● Energy conservation and carbon reduction.</li> <li>● Continual improvement.</li> <li>● Sustainable development.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Exact compliance with the <i>Labor Standards Act</i> and the relevant regulations.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● The Industrial Safety and Environmental Protection Office takes charge of the compliance with environmental protection and industrial safety laws and regulations.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>● Under this project, we have arranged awareness education to introduce the legal compliance concept to the seed staff of all units and urge all employees to comply with the law.</li> </ul>
Grievance Mechanism	<ul style="list-style-type: none"> <li>● Grievance can be filed to the Company's relevant departments through communication channels including the phone, fax, or email. Monthly interviews with local communities are also conducted to understand if there is air pollution.</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● The industrial safety and environmental protection office department and audit office take charge of legal compliance matters.</li> <li>● Implementation of the ISO 14001 Environmental Management System (EMS) and ISO 45001 Occupational Health and Safety (OH&amp;S) Management Systems.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Each year the audit office audits the legal compliance to verify if all units comply with the legal and regulatory requirements to reduce the risk of violation of the law.</li> <li>● Based on the relevant referenced items announced by the Securities and Futures Bureau (SFB), effectiveness assessment is performed on the internal control system.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● In 2021 no offence relating to the <i>Labor Standards Act</i> was reported.</li> <li>● In 2021 no discrimination or forced labor was reported.</li> </ul>

## 1.1 Who we are and what we do

Established in 1982, WCS started operations with black metal wire processing and wire rod trading. In 1991 we built large steel and rolling integrated mills in Guantian, Tainan. By introducing advanced steel production technology into Taiwan and through the combined effort of employees, we have set out a well-established foundation for the steel industry in southern Taiwan. The new age of our production started following the completion and commissioning of the rolling and steel mills in 1994 and 1996 respectively. In December 1996 we listed on TWSE. Currently, we have facilities occupying an area of about 140,000m<sup>2</sup> and about 370 employees. Our major product ranges include high-quality steel products such as steel billets, rebar, straight round bars, bars in coil, and specialty alloy steel.

In terms of production, through stringent production process control and powerful microscopic technology, we have turned WCS into a leader of the steel industry and a Taiwan rebar supplier earning the most export certifications from foreign countries. We also produce and bars in coil, specialty alloy steel wire, and straight round bars distributed at home and abroad. The accuracy and strength of our MIT (made in Taiwan) steel products have become the quality guarantee for global distribution.

Additionally, with a group of employees dedicating their life to core steelmaking technology, we have produced "forever safer" seismic rebar. Through the president's leadership, we demonstrate teamwork with confidence and determination integrate technology with artisanship, turning WCS into the trustworthy partner for long-term cooperation and a reliable technology provider. We also uphold our guidelines for management to make continual technology improvement, demonstrate collective creativity, and build an excellent team for sustainable operations.

### Company Profile

<b>Name of Company</b>	Wei Chih Steel Industrial Co., Ltd.
<b>Date of establishment:</b>	1982.10.27
<b>Industry</b>	Steel industry
<b>Ownership and Legal Form</b>	Listed company
<b>Stock Code</b>	2028
<b>Date of Listing</b>	1996.12.13
<b>Major Scope of Services</b>	Processing and trading of steel products including steel billets, rebar, straight round bars, and bars in coil.
<b>Chairman</b>	Jui-Hsi, Kuo
<b>Location of Headquarters</b>	No. 123 Nanbu, Nanbu Village, Guantian District, Tainan City.
<b>Numbers of employees</b>	372 persons
<b>Capital</b>	NT\$3,257,148 thousand
<b>Revenue</b>	NT\$13,571,013 thousand

### Company Appearance





### Corporate History

1994	<ul style="list-style-type: none"> <li>● Rolling mill completed and mass production started.</li> <li>● Total implementation of the quality management system and approval for CNS Mark use by the Bureau of Standards, Metrology and Inspection, MOE.</li> </ul>
1996	<ul style="list-style-type: none"> <li>● The steel mill was built and officially operated.</li> <li>● Public offering of stocks.</li> </ul>
1998	<ul style="list-style-type: none"> <li>● Passed ISO 9002 quality certification by Bureau of Standards, Metrology and Inspection, MOE.</li> </ul>
2000	<ul style="list-style-type: none"> <li>● Accredited supplier of reliable materials for nuclear power plants by Taiwan Power Company.</li> </ul>
2001	<ul style="list-style-type: none"> <li>● Qualified supplier of the Department of Rapid Transit Systems, Taipei City Government.</li> </ul>
2002	<ul style="list-style-type: none"> <li>● Passed ISO 9001:2000 quality management system certification</li> </ul>
2004	<ul style="list-style-type: none"> <li>● Accredited supplier of safe materials for nuclear power plants by Taiwan Power Company.</li> </ul>
2006	<ul style="list-style-type: none"> <li>● Passed the ASTM A615/A615M certification by the Metal Industries Research &amp; Development Centre.</li> <li>● Passed the BS 4449 certification of the Buildings Department, Hong Kong SAR Government.</li> </ul>
2009	<ul style="list-style-type: none"> <li>● Developed the Australian market. AS/NZS rebar smoothly passed the examination of the Australian National Testing Laboratories.</li> <li>● Passed version transition certification for the ISO 9001:2008 quality management system.</li> <li>● Started round bar production.</li> </ul>
2010	<ul style="list-style-type: none"> <li>● Passed the KS D 3504:2009 SD300 and SD400 KC Certification.</li> <li>● Passed the KS D 3504:2009 SD500 KC Certification.</li> </ul>
2011	<ul style="list-style-type: none"> <li>● Passed the ISO/IEC 17025 — Testing and calibration laboratories of Taiwan Accreditation Foundation (TAF).</li> <li>● Passed the CNS certification for rolled steels for general structure (2473) and carbon steels for machine structural use (3828).</li> <li>● Taiwan's first steelmaker to pass the AS/NZS 4671:2001 500N certification.</li> <li>● Passed the certification for ISO/IEC 17025:2005 Testing and calibration laboratories.</li> </ul>
2013	<ul style="list-style-type: none"> <li>● Developed coil products for product diversification.</li> </ul>
2014	<ul style="list-style-type: none"> <li>● Started mass production of bars in coil.</li> </ul>
2016	<ul style="list-style-type: none"> <li>● Passed the version transition certification for the. ISO 9001: 2015 quality management system</li> </ul>
2017	<ul style="list-style-type: none"> <li>● Passed the KS D 3504:2016 SD400/SD500/SD600 KC Certification.</li> </ul>
2018	<ul style="list-style-type: none"> <li>● Passed MS 146:2014 B500B certification.</li> <li>● Passed CS2:2012 500B certification.</li> </ul>
2020	<ul style="list-style-type: none"> <li>● Passed the version transition certification for ISO/IEC 17025:2017 Testing and calibration laboratories.</li> <li>● Passed the certification for CNS 560:2018 SD550W and SD690.</li> </ul>
2021	<ul style="list-style-type: none"> <li>● Passed the version transition for KS D 3504:2019 SD400/SD500/SD600.</li> <li>● Passed the version transition certification for AS/NZS 4671:2019 500N.</li> </ul>

Base date: April 22, 2022.

Composition of Shareholders Volume	Government agencies	Financial institutions	Other institutions	Foreign institutions and foreigners	Individual investors	Total
Numbers of person	0	2	138	43	27,318	27,501
Stake	0	69,143	199,675,233	3,092,743	122,877,681	325,714,800
Shareholding Ratio %	0.00%	0.02%	61.30%	0.95%	37.73%	100.00%



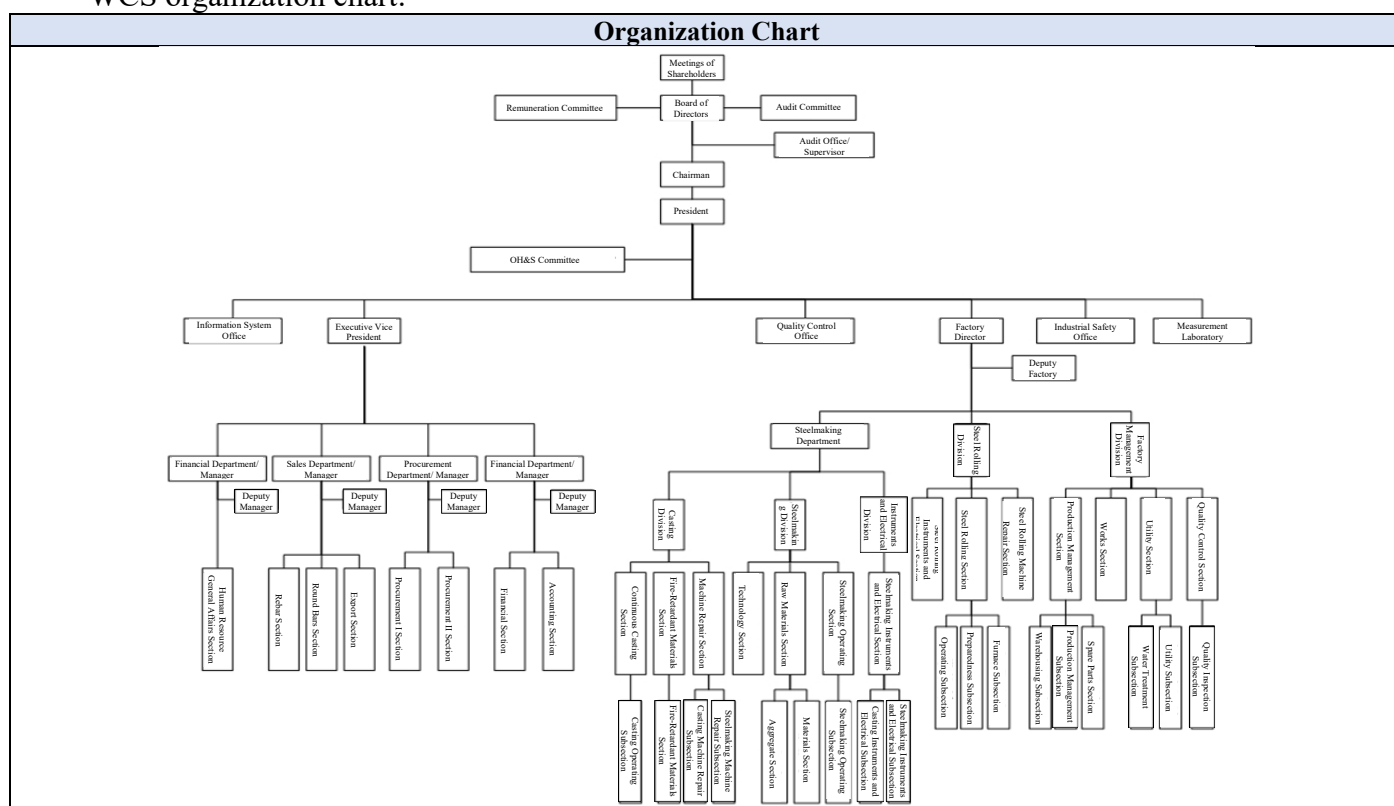
Through continuous participations in industrial associations, we exchange our business experience with other companies in the same sector. In 2021 we were a member of the following 10 industrial associations:

Industrial Association	Job Position
Taiwan Steel and Iron Industries Association	Member
Chinese National Association of Industry and Commerce, Taiwan	Member
Taiwan Hand Tool Manufacturers' Association	Member
Taiwan Industrial Fasteners Institute	Member
Taiwan Forging Association	Member
Tainan Industry Association	Member
Friends of the Police Association, Madou Precinct, Tainan City Police Department.	Special Assistant Hua-Chang Lin as the deputy director
Second Office, Friends of the Firemen Association, Tainan City Government Fire Bureau.	Director Hung-Che Shen as the consultant
Friends of the Police Association, Criminal Investigation Brigade, Madou Precinct, Tainan City Police Department.	Section Chief Cheng-Wei Hsang as the consultant
Guantian Branch, Tainan City Volunteer Firemen Brigade.	Section Chief Cheng-Wei Hsang as the consultant

## 1.2 Ethical corporate management

In recent years the competent authorities have spared no efforts in helping investors and businesses understand the comparison results of corporate governance in the overall market and effectiveness of implementation of corporate governance through “Corporate Governance Evaluation” so as to guide the virtuous competition among businesses and thereby enhance the standard of corporate governance. Recognizing the increasing importance of corporate governance, we thus actively meet various evaluation indicators and thereby improve market presence. Upholding the business philosophy of “ethical corporate management, steady growth, active innovation, and pursuit of excellence,” we implement the management system and build a robust management team. We also continue to pursue the steady and sustainable growth in the scale of operations and profit, fulfill our CSR, and maximize profit for the Company and shareholders.

WCS organization chart:



## Board of Directors

The Company adopts the nomination system for board member selection. Based on the Company’s scale of operations and development needs, board members should hold expertise relating to industry,

management, legal, finance and accounting to ensure board member diversity. Each director enjoys a term of three years and is eligible for a second term. Currently, the Board is seated by seven directors (including three independent directors).

The qualifications and election process of directors are as follows:

Qualifications for independent directors	<p>Independent directors shall meet one of the following professional qualification requirements, together with at least five years' work experience:</p> <ol style="list-style-type: none"> <li>1. An instructor or higher position at a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university.</li> <li>2. A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.</li> <li>3. with work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.</li> </ol>
Board election process	<p>The Company adopts the nomination system for directorial selection in accordance with Article 129-1 of the <i>Company Act</i>. Candidates are nominated by either one percent of shareholders or the Board. This rule shall also apply to the election of independent directors. To ensure if the qualifications, education background, and work experience of directorial candidates are rejected under any one of the circumstances as stipulated in Article 30 of the <i>Company Act</i>, no certification of additional qualifications shall be included. Additional, shareholders shall be informed of review results for the reference of election.</p> <p>Both the independent directors and directors of the Company shall be elected from the list of directorial candidates in accordance with the Company's articles of incorporation and quota as stated in the relevance notices. Based on the results of electronic votes and ballots, including the final tally, candidates with votes representing more shares shall be elected as the independent directors or directors. When there are two or more candidates have votes representing the same number of shares and the number of successful candidates has exceeded the quota, lots shall be drawn by the chair to determine the final director elect.</p>

The data of board members is tabulated below:

Title	Name	Gender	Date first elected	Major education and work experience	Concurrent duties at the Company and other companies
Chairman	Jui-Hsi, Kuo	Male	1982/10/27	<ul style="list-style-type: none"> <li>Elementary school</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of the Company</li> <li>Chairman, Chien Yao Technology Co., Ltd.</li> </ul>
Director	En Hui Investment Co., Ltd. Representative: Su-Hui Kuo	Female	2002/06/26	<ul style="list-style-type: none"> <li>Department of French, Chinese Culture University</li> </ul>	<ul style="list-style-type: none"> <li>President of the Company</li> <li>President, Uni-Soleil Enterprise Co., Ltd.</li> </ul>
Director	Kuo, Shih-Hsien	Male	1994/07/18	<ul style="list-style-type: none"> <li>Tatung Junior College of Commerce</li> </ul>	<ul style="list-style-type: none"> <li>Director, Chien Yao Technology Co., Ltd.</li> </ul>
Director	En Hui Investment Co., Ltd. Representative: Ching-Wen Kuo	Male	2017/06/28	<ul style="list-style-type: none"> <li>Department of Financial Management, Kun Shan University</li> <li>Manager, Tainan City Credit Union</li> </ul>	NA
Independent Director	Liu, Chi-Hsiung	Male	2018/06/29	<ul style="list-style-type: none"> <li>Graduate School of Accounting, National Chengchi University.</li> <li>Director of Horwath Chien Hsing CPAs</li> <li>Chairman, ThinFlex Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director, Janhusun Fancyworld</li> </ul>
Independent Director	Sha, Hsu-Sheng	Female	2017/06/28	<ul style="list-style-type: none"> <li>Department of Finance, Southern Taiwan University of Science and Technology</li> <li>Director of Finance Department, Nang Kuang Pharmaceutical Co., Ltd.</li> <li>Assistant General Manager of Management Department, BUENO TECHNOLOGY CO., LTD.</li> </ul>	<ul style="list-style-type: none"> <li>Accounting Supervisor of TM Technology Inc.</li> </ul>

Title	Name	Gender	Date first elected	Major education and work experience	Concurrent duties at the Company and other companies
Independent Director	Ting, Chia-Huei	Male	2020/06/23	<ul style="list-style-type: none"> <li>▪ Department of Banking and Insurance, Feng Chia University</li> <li>▪ Branch Manager, Hua Nan Commercial Bank</li> <li>▪ Specialist of the Business Management Department, Hua Nan Commercial Bank</li> </ul>	NA

Note: Board members are aged over 50 years on average.

### Mechanism for avoidance of conflicts of interest

If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

In accordance with Article 206, paragraph 4, *Company Act*, Article 180, paragraph 2, *Company Act*, shall apply *mutatis mutandis* to directors restricted from exercising their voting rights over the resolutions made in a Board meeting.

Term	Date	Name of Directors	Proposal	Reasons for Avoidance	Participation of the voting
	2021/03/26 1 <sup>st</sup> meeting of 2021	Jui-Hsi Kuo, Su-Hui Kuo, and Shih-Hsien Kuo	Distribution of year-end bonuses to the Company's officers	Personal Interests and Relative Relationships	Excused from discussion and voting in accordance with the laws.
	2021/08/11 3 <sup>rd</sup> meeting of 2021	Jui-Hsi Kuo, Su-Hui Kuo, and Shih-Hsien Kuo	Salary adjustment for Managers of the company	Personal Interests and Relative Relationships	Excused from discussion and voting in accordance with the laws.

### Board education and training

In accordance with the *Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies*, to guide directors to enhance experience exchange, mutual learning, and interaction among directors and thereby improve the professional competency and legal literacy of the Company's directors and develop their excellent qualities and judgement power for them to actively and effectively implement the corporate governance system.

Title	Name	Date	Host By	Training/Speech Title	Duration
Independent Director	Liu, Chi-Hsiung	2021/11/16	Internal audit system:	Items to pay attention to and practical analysis of "Shareholders' Meeting" and "Company Act"	6
Independent Director	Sha, Hsu-Sheng	2021/09/07	Internal audit system:	A New Positioning of Internal Audit from a Case Study - The Encounter of Ethics and Law	6
		2021/11/09	Taiwan Corporate Governance Association	2021 Outlook of Industry Trends in Taiwan and the Impact of the COVID-19 Pandemic	3
Independent Director	Ting, Chia-Huei	2021/09/07	Internal audit system:	A New Positioning of Internal Audit from a Case Study - The Encounter of Ethics and Law	6
Director	Kuo, Shih-Hsien	2021/09/28	Internal audit system:	How Auditors Detect Fraud in Financial Statements	6
Director	Ching-Wen Kuo	2021/09/28	Internal audit system:	How Auditors Detect Fraud in Financial Statements	6

<b>Title</b>	<b>Name</b>	<b>Date</b>	<b>Host By</b>	<b>Training/Speech Title</b>	<b>Duration</b>
Independent Director	Liu, Chi-Hsiung	2021/11/16	Internal audit system:	Items to pay attention to and practical analysis of "Shareholders' Meeting" and "Company Act"	6
Independent Director	Sha, Hsu-Sheng	2021/09/07	Internal audit system:	A New Positioning of Internal Audit from a Case Study - The Encounter of Ethics and Law	6
		2021/11/09	Taiwan Corporate Governance Association	2021 Outlook of Industry Trends in Taiwan and the Impact of the COVID-19 Pandemic	3
Independent Director	Ting, Chia-Huei	2021/09/07	Internal audit system:	A New Positioning of Internal Audit from a Case Study - The Encounter of Ethics and Law	6
Director	Kuo, Shih-Hsien	2021/09/28	Internal audit system:	How Auditors Detect Fraud in Financial Statements	6
<p>Note: Although Chairman Jui-Hsi Kuo and President Su-Hui Kuo were unable to take any continuing education courses because of the heavy workload, they were remedied through channels such as information exchange among directors, club participation for information exchange, internal reports, and newspaper and media reports.</p>					

## Board performance evaluation

To enforce corporate governance and improve Board functions, key performance indicators (KPIs) are established to enhance Board operational efficiency. Hence, we established the “Board Performance Evaluation Regulations” on November 12, 2019 in accordance with Article 37 of the *Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies*.

Board Performance Evaluation Regulations	
<b>Cycle and period of evaluation</b>	At least once a year to be completed by Q1 in the next accounting year.
<b>Scope of assessment</b>	The performance evaluation of the entire Board, individual directors, and various functional committees. Functional committees include the Audit Committee and Remuneration Committee.
<b>Method of assessment</b>	<ol style="list-style-type: none"> <li>1. Board self-assessment.</li> <li>2. Director self-assessment.</li> <li>3. Functional committee self-assessment.</li> <li>4. Performance evaluation commissioned to external professional institutions, experts, or other appropriate methods.</li> </ol>
<b>Evaluation indicator</b>	The items for Board performance evaluation shall cover at least the following five aspects: <ol style="list-style-type: none"> <li>1. Involvement in corporate operations.</li> <li>2. Improvement of the Board’s decision-making quality.</li> <li>3. Board composition and structure.</li> <li>4. Election and professional development of directors.</li> <li>5. Internal control.</li> </ol>
	The items for self-assessment or peer assessment of directors shall cover at least the following six aspects: <ol style="list-style-type: none"> <li>1. Alignment with the corporate goals and missions.</li> <li>2. Awareness of the directorial duties.</li> <li>3. Involvement in corporate operations.</li> <li>4. Internal relationship development and communication</li> <li>5. The expertise and continuing professional development of directors.</li> <li>6. Internal control.</li> </ol>
	The items for the performance evaluation of functional committees shall cover at least the following five aspects: <ol style="list-style-type: none"> <li>1. Involvement in corporate operations.</li> <li>2. Awareness of committee duties.</li> <li>3. Improvement of the committee’s decision-making quality.</li> <li>4. The composition of functional committees and member selection.</li> <li>5. Internal control.</li> </ol>

The score of performance evaluation of the Board, directors, and the functional committees in 2021 was between 5 “Strongly Agree” and 4 “Agree,” and the evaluation result was “Excellent.” Most directors strongly agreed with various evaluation indicators and the overall operation of the Board and various functional committees was good, complying with the requirements for corporate governance, effectively strengthening Board functions, and maintaining the rights and interests of shareholders. The agenda working group of Board meeting reported the results of Board performance evaluation on March 25, 2022 to the Board and Remuneration Committee. Additionally, in accordance with the Board Performance Evaluation Regulations, the results of Board performance evaluation shall be the reference for director selection or nomination, and the results of performance evaluation of individual directors shall be the reference for determining the pay and remuneration for each director.

2021 evaluation results		
Board performance evaluation	Performance evaluation of directors	Performance evaluation of the functional committees
Average score: 4.61 marks	Average score: 4.66 marks	Average score of Audit Committee: 4.91 marks Average score of Remuneration Committee: 4.82 marks

## Remuneration Committee

To ensure sound corporate governance and optimize remuneration system of directors and officers, we have set up the Remuneration Committee and established the articles of organization of the Remuneration Committee in accordance with the *Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange* to provide a dependable reference. Additionally, we have specifically established the Regulations for Distribution of Remuneration of Directors and Functional Committees to provide dependable reference for the distribution of remuneration for directors and functional committees.

<b>Remuneration Committee</b>		
<b>Member</b>	The Remuneration Committee shall be seated by at least three members appointed by the Board. Over half of the seats shall be taken by independent directors. One convener and meeting chair shall be elected by all committee members.	
<b>Duty</b>	<ol style="list-style-type: none"> <li>1. Establish and periodically review the policy, system, standard, and structure of the performance evaluation and remuneration of directors and officers.</li> <li>2. Periodically evaluate and determine the remuneration of directors and officers.</li> </ol>	
<b>Principle</b>	<ol style="list-style-type: none"> <li>1. Apart from the common standards in the industry, the performance evaluation and remuneration of directors and officers shall also consider the personal performance of directors and officers, the performance of business operations, and the reasonable connection with future risks.</li> <li>2. Misleading directors and officers to overstep the Company's risk appetite for the pursuit of remuneration shall be avoided.</li> <li>3. The proportion of bonuses and partial remuneration for the short-term performance of directors and senior officers shall consider the industry's characteristics and the Company's nature of operations.</li> </ol>	
<b>Distribution of remuneration</b>	Remuneration of directors	Within two percent after retaining the annual earnings and compensating for the loss.
	Pay of directors	NT\$30,000/month/director
	Honorarium of directors	The honorarium for Board meeting attendance shall be NT\$5,000/director/time.
	Functional committees	Members of the Company's functional committees shall be remunerated NT\$120,000/year/person from the date of appointment. The remuneration for committee members appointed for less than one year shall be remunerated according to the proportion of term in the year. All members of the Company's committee members shall sign the appointment contract and non-disclosure agreement.
	Pay of directors	The Board is authorized to remunerate business-conducting directors according to their involvement with the Company's operations and contribution, as well as the standards in the industry.
Note:		
<ol style="list-style-type: none"> <li>1. Remuneration includes cash rewards, stock options, stock bonus, pension or termination pay, allowances, and other substantial rewards.</li> <li>2. Independent directors will not receive remuneration distribution.</li> <li>3. Pay of directors includes salary, duty allowance, termination pay, and various bonuses.</li> </ol>		

## Ethical corporate management

To guide directors and officers (including the president and officers of equivalent levels and vice presidents (VPs) and officers of equivalent levels, assistant vice presidents (AVPs) and officers of equivalent levels, chief financial officer (CFO), chief accounting officer (CAO), and other managerial officers with authorization authority) to comply with the Company's code of ethics, and to facilitate stakeholders to understand the Company's ethical standards, we have established the code of ethical conduct in accordance with the Codes of Ethical Conduct for TWSE/GTSM Listed Companies and the relevant regulations.



Business ethics and integrity	Set the pursuit of overall corporate interest as the goal; uphold the principles of protection of the rights and interests of shareholders, respect for the rights and interests of stakeholders, and enhancement of information transparency; avoid damage of the Company's rights and interests for specific persons or groups. Emphasize the principle of integrity and equality, uphold high degree of self-discipline and legal compliance and the Company's articles of incorporation and shareholder resolutions.
Prevention of conflicts of interest	Directors and officers of the Company shall carry out their duties faithfully, handle business objectively and efficiently, avoid obtaining undue advantage with own duty or authority.
Avoidance of opportunity to pursue personal gain	When the Company encounters the opportunity to seek profit, directors and officers shall maintain or increase the legal gains which the Company may gain.
Non-disclosure obligation	Except for authorized or legal disclosures, directors or officers shall uphold the non-disclosure obligation to keep confidential the Company's own information and the undisclosed purchase (sales) information of customers. Such information includes any undisclosed information that may cause harm to the Company or customers after being used or leaked to competitors.
Fair trade	Instead of illegal or unethical behavior, we engage in market competition through outstanding operations and excellent products and services.
Protection and fair use of corporate assets	All corporate assets shall be protected and only be used for legal business operations only. It is the responsibility for directors and officers to protect corporate assets and ensure their effective and legal use for business purposes. Directors and officers shall also prevent the theft, negligence in care, or waste of corporate assets, which may directly impact the Company's profitability.
Legal compliance	The Company shall publicize and enhance the compliance with the <i>Securities and Exchange Act</i> and other laws and regulations of directors and officers. Directors and officers shall not willfully break the law, attempt to mislead, manipulate, or unfairly gain profit from customers, or misrepresent the Company's products or services.
Encouragement of report on illegal or unethical behavior against the Company's code of ethical conduct	Apart from enhancing the publicity of business ethics and integrity, employees are encouraged to report suspected or discovered unethical behavior to independent directors, officers, the chief internal auditor, or other appropriate roles.
Disciplinary action	Apart from reporting to the Board, directors or officers violating the code of ethical conduct in a serious manner shall be disciplined according to Chapter 7 of the Company's Work Rules.

### 1.3 Business performance

We are committed to proving economic performance through steady operations and making continual product R&D and innovation to improve the quality and increase the added value of products. We also seek to reduce production cost and improve employee stability and earn trust from customers and partners so as to face challenges and threats in the macro environment together.

Thanks to the progressive expansion of electronics plants and the acceleration of infrastructure construction of the government, the overall rebar demand continue to thrive, boosting the price to a high level. In terms of export, both the orders from Australia and South Korea with prices better than those of the domestic sales and the steady sales growth of specialty steel products contributed to the business performance and profit in 2021. Hence, the 2021 revenue was NT\$13,571,013 thousand, gross profit was NT\$2,271,268 thousand, net income was NT\$1,663,050 thousand, increasing by 176% of NT\$1,060,503 thousand over NT\$602,547 thousand of 2020.

The financial information and employee salary information are as follows:

Item/Year	2019	2020	2021
Revenues (NT\$ thousands)	9,677,237	8,690,155	13,571,013
Gross profit (NT\$ thousands)	349,643	725,055	2,271,268
Operating income and loss (NT\$ thousands)	181,829	597,389	1,962,264
Non-operating income and expense (NT\$ thousands)	9,733	5,140	-13,681
Net income before tax (NT\$ thousands)	191,562	602,529	1,948,583
Net income after tax (NT\$ thousands)	195,189	602,547	1,663,050
Total comprehensive income	189,143	574,250	1,669,381

(NT\$ thousands)			
EPS (NT\$)	0.60	1.85	5.11
Amount of employee benefit (NT\$ thousands)	256,820	300,604	404,469
Dividend (NT\$ thousands)	0	0	0
Employee wage (NT\$ thousands)	193,095	227,058	311,368
Payments to providers of capital (NT\$ thousands)	75,375	61,171	45,998
Payments to government (NT\$ thousands)	53,942	55,530	4,693
Community investments (NT\$ thousands)	527	308	518
Remarks			
<ol style="list-style-type: none"> <li>1. Payments to providers of capital refer to capital as dividends to all shareholders, plus interest payments made to providers of loans (including interest on all forms of debt and borrowings) and arrears of dividends due to preferred shareholders.</li> <li>2. Payments to government refer to all of the Company's taxes (including business tax, income tax, and legacy tax) plus related penalties.</li> <li>3. Community investments refer to monetary and in-kind donations.</li> </ol>			

Major Products			
Product	Sales Region	Sales Amount (NT\$ thousands)	Sales Volume (MT)
Rebar	Domestic 78.78%	9,180,573	453,165
	Export 21.22%		
Bar steel	Domestic 99.88%	1,989,762	74,346
	Export 0.12%		
Steel wire rod	Domestic 100.00%	857,116	32,341
Steel billet	Domestic 100.00%	1,526,259	84,600
Other	Domestic 100.00%	17,303	1,011

## 1.4 Risk management

To ensure the proper operation of the risk management mechanism during system planning and seek appropriate opportunities during risk handling, we have established the risk and opportunity management procedures as shown below:

Responsible Unit	Workflow	Foci of Process Control
Top management	1. Scope of risk assessment	<ol style="list-style-type: none"> <li>1. Based on the actual needs, the scope of risk assessment may cover: <ol style="list-style-type: none"> <li>A. Strategic items established in consideration of the internal and external issues.</li> <li>B. QMS-related workflows.</li> <li>C. EMS.</li> <li>D. OHSAS.</li> <li>E. Others.</li> </ol> </li> </ol>
Top management and all departments	2. Collection of risk issues	<ol style="list-style-type: none"> <li>2.1 The President's Office determines the issues for risk analysis based on the strategy initiated in accordance with the SWOT analysis in strategic planning.</li> <li>2.2 Each department determine the issues for risk analysis of individual processes based on its responsible processes.</li> <li>2.3 Based on the needs and expectations of interested groups.</li> </ol>
Top management all departments	3. Risk Analysis	<ol style="list-style-type: none"> <li>3.1 Set the standard for risk assessment.</li> <li>3.2 Determine the criteria for risk level determination.</li> <li>3.3 Analyze and assess risks of the existing control mechanisms of each risk issue and seek opportunities to avoid, disperse, eliminate, and change the likelihood and severity of risk.</li> <li>3.4 Risk acceptance: Low and medium risks.</li> </ol>



Top management all departments	4. Counteraction	4. Take counteraction for high-level risks and assess risks and opportunities.
Top management all departments	5. Effectiveness assessment	5. Assess the effectiveness of counteraction and report assess residual risks according to section three.
Top management all departments	6. Management review	6. Discuss at the management review meeting.

## Economic risks

### Impact and counteraction of risks

Risk	Impact and Counteraction
Interest rate risk	If the average borrowing rate increases (decreases) by 1%, it will decrease (increase) the Company's pre-tax income by NT\$16,190 thousand. The Company periodically evaluates the bank borrowing rates and maintains close relationships with banks to obtain more favorable borrowing rates.
Exchange rate change	The Company has well-defined strategies and control procedures for foreign exchange operations. The Company engages in derivative transactions for hedging purposes only to avoid exchange risks in operations and capital allocation in order to minimize foreign exchange losses. At the same time, the Company has import and export transactions, so it can use the USD sales proceeds received to pay for the USD raw material imports to effectively reduce the amount in exchange losses.
Engagement in high-risk, high-leveraged investments, loans for others, endorsements/guarantees, and derivatives trading.	<p>The Company did not engage in high-risk, high-leveraged investments, loans for others, or endorsements/guarantees.</p> <p>The Company engaged in derivatives trading for hedging purposes and only hedged the exchange rate risk in operations and capital allocation. All transactions have been controlled and audited in accordance with the Company's "Procedures for Acquisition or Disposal of Assets" and therefore have no material adverse effect on the Company.</p>

## Climate Change Risk

To adapt to the impacts of climate change, we disclose the climate-related risks we face and their counteractions according to the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) formed by the Financial Stability Board (FSB). With such, we aim to effectively manage climate-related risks and contribute to environmental protection.

Climate Change Risk			
<b>Governance</b>	<ul style="list-style-type: none"> <li>The President's Office, Plant Manager Office, and Industrial Safety and Environmental Protection Office shall manage the climate-related risks and opportunities.</li> </ul>		
<b>Strategy</b>	<b>Climate-Related Risk</b>	<b>Potential Financial Risk</b>	<b>Counteraction</b>
	<ul style="list-style-type: none"> <li>GHG emission control</li> <li>Energy conservation target of heavy energy users</li> <li>Carbon fee levy</li> </ul>	<ul style="list-style-type: none"> <li>Increased costs</li> </ul>	<ul style="list-style-type: none"> <li>Implement GHG inventory according to ISO 14064-1</li> <li>Improve equipment and enhance efficiency to reduce GHG emissions</li> <li>Build renewable equipment to reduce energy consumption</li> <li>Use renewables</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Plan the change of fuel types, e.g. from fuel oil into LNG.</li> </ul>		

<b>Management</b>	<ul style="list-style-type: none"> <li>● Make continual process improvement and optimize stock management to minimize the waste of energy and materials.</li> <li>● Minimize waste production and maximize waste recycling and reuse through the waste recycling and reuse plan.</li> </ul>
<b>Indicators and Objectives</b>	<ul style="list-style-type: none"> <li>● Plan management according to the government's carbon reduction pathway.</li> <li>● Identify emission sources through GHG inventory and assess how to reduce carbon emissions.</li> <li>● Complete natural gas pipelines in 2022.</li> <li>● Start using natural gas in 2023.</li> <li>● Publish the sustainability (ESG) report in 2023.</li> </ul>

## Legal risk management

Through effective management of the social, economic, and environmental legal risks, we ensure legal compliance and enforce the basic CSR requirements. Additionally, we made no tax avoidance planning but paid tax legally. Hence, no legal action involving anti-competitive behavior was reported during the reporting period. Other noncompliance and improvements are as follows:

<b>Offence</b>	<b>Amount of Fine</b>	<b>Improvement</b>
Fugitive dust was detected due to the damage of the dust-proof net at the indoor scrapyard.	NT\$255,000	<ul style="list-style-type: none"> <li>● Replacement of the dust-proof net in the indoor scrapyard.</li> <li>● Use of timer control on the misting system to inhibit dust.</li> </ul>
Inconsistency between site operating temperature and permit registered temperature of the electric arc furnace (EAF) at the steelmaking site.	NT\$100,000	<ul style="list-style-type: none"> <li>● EAF operation permit change.</li> </ul>
Inconsistency between the actual and planned location of onsite iron scrap yards.	NT\$12,000	<ul style="list-style-type: none"> <li>● Change of the Industrial Waste Disposal Plan.</li> </ul>
Failure to report iron oxide in the Industrial Waste Disposal Plan and sign the waste disposal contract according to the regulatory requirements.	NT\$60,000	<ul style="list-style-type: none"> <li>● Registration of iron oxide R-1301 in the Industrial Waste Disposal Plan.</li> <li>● Signing a waste disposal contract for iron oxide transportation and disposal.</li> </ul>
Inconsistency between the actual and planned location of onsite iron scrap yards and failure to change the industrial waste disposal plan.	NT\$12,000	<ul style="list-style-type: none"> <li>● Change of the Industrial Waste Disposal Plan.</li> </ul>

## II. Value Chain Management

Management approaches	
Material Topic: Product and Technology Innovation	
Rationale	<ul style="list-style-type: none"> <li>● After communicating the significance of concern with stakeholders and analyzing the significance of impact, we found that product and technology innovation is an important topic to the Company. The improvement of manufacturing process can reduce the cost of risk and enhance production efficiency.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Reduce the cost of risk and enhance production efficiency.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Pursue reasonable profit through the concert effort of all employees.</li> <li>● Make continual quality improvement to earn customer satisfaction.</li> <li>● Adopt the PDCA cycle through total participation.</li> <li>● Improve management performance through management response.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Compliance with the ISO 9001 Standard.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Short-term goal (1–3 years): Replace manual temperature detection and sampling with automatic temperature detection and sampling.</li> <li>● Medium-term goal (3–5 years): Enhance temperature uniformity through furnace shell and furnace shape modifications.</li> <li>● Long-term goal (over 5 years): Shorten POT time.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● The Steelmaking Division shall plan and manage product and technology innovation.</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● New automatic temperature detection and sampling equipment.</li> <li>● Re-design the furnace shell.</li> <li>● Improve the furnace shape.</li> <li>● Improve steelmaking technology.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Assess effectiveness through the internal audit, management review, and ISO 9001 external audit each year.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● Compared to 2018, the 2021 electricity consumption reduced by 4% to meet the Company's short-term goal due to technological improvement of the manufacturing process. In the future, we will continue with technology management.</li> </ul>

Management approaches	
Material Topic: Customer Service and Management	
Rationale	<ul style="list-style-type: none"> <li>● After communicating the significance of concern with stakeholders and analyzing the significance of impact, we found that customer service management is an important topic to the Company.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Validate the customer's perceived product and service satisfaction and collect product-related feedback for the reference of continual improvement.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Pursue reasonable profit through the concert effort of all employees.</li> <li>● Make continual quality improvement to earn customer satisfaction.</li> <li>● Adopt the PDCA cycle through total participation.</li> <li>● Improve management performance through management response.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Compliance with the ISO 9001 Standard.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● The satisfaction survey contains six items. The target average score of each item was over 8 marks, i.e. over 48 marks on average for all six items. Maintain customer satisfaction at and above the "satisfied" level in product quality, cooperation, administrative service, sales service, communication, and information provision.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● The Sales Department shall plan customer service and management.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>● The Sales Department shall conduct the customer satisfaction survey, and the Sales Department and QC unit shall address the problems and demands of customers.</li> </ul>
Grievance Mechanism	<ul style="list-style-type: none"> <li>● Grievances can be made to the Sales Department through communication channels such as the phone, fax, and email. Phone: (06) 579-0213 ext. 162; Fax: (06) 579-0441; Email: sales@weichih.com.tw</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● Assess effectiveness through ISO 9001 external audits.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Assess effectiveness through the internal audit, management review, and ISO 9001 external audit each year.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● The 2021 rebar satisfaction score averaged over 8 marks, and 57.4 marks in total.</li> <li>● The 2021 round bar satisfaction score averaged over 8 marks, and 54.5 marks in total.</li> <li>● The 2021 steel billet satisfaction score averaged over 8 marks, and 58.6 marks in total.</li> </ul>

**Management approaches**

**Material Topic: Information Security**

Rationale	<ul style="list-style-type: none"> <li>● Nowadays, many information and data are digitally stored in different media, such as the file server or storage devices. While the theft, damage, or loss of data will cause loss to both individuals and the Company, information security prevention has become very important. Information security plays just a small role in production and manufacturing. Take steelmaking for example, as the data of product chemical properties is stored in the spectrometer, negligence of information security will result in the non-provision of product chemical properties to deprive data comparison and production improvement, causing operational risk to the Company and accentuating the importance of information security.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Prevent the damage of the files and documents required for business operations and the breach of sensitive data caused by cyberattacks via illegal intrusion of the Company’s intranet, given the frequent reports on cyberattacks.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Compliance with the information security management standard.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Short-term goal: Enhance protection awareness and prevent cyberattacks.</li> <li>● Medium-term goal: Improve the integrity of data backup and optimize equipment operation.</li> <li>● Long-term goal: Ensure the confidentiality, integrity, and availability of corporate data.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● Information security administrator CHAO Chi-Hua manages the Company’s information security.</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● Install the firewall system to monitor inflow and outflow traffic.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Implement information security management according to the information security management standard.</li> </ul>
Performance and adjustment	<ul style="list-style-type: none"> <li>● Information security is communicated to employees through announcements. Information security personnel will be immediately notified of any anomalies. Employees will be requested not to install software of unknown origins, visit unknown websites through hyperlinks, or open emails from unknown senders.</li> <li>● No information security incident was reported in 2021.</li> </ul>

## 2.1 Product quality control

By operating the ISO 9001 quality management system (QMS) and ISO 17025 laboratory management system (LMS), we handle the risks and opportunities in relation to the organizational background and objectives, undertake to make continual QMS improvement, fulfill the demands of customers and interested parties (stakeholders), and comply with the legal and regulatory requirements. Additionally, we have passed the certification for product registration, CNS Mark, KS D 3504 of South Korea, ASNZS 4671 of Australia, and MS 146 of Malaysia to provide products meeting domestic and foreign standards.

In employee management, we enhance education and training, implement safety awareness education, improve the safety awareness and responsiveness of employees, and encourage total participation in safety management. Through continual management review and improvement, we ensure the suitability and effectiveness of safety management. With such, we aim to promote continuous corporate growth and encourage employee engagement, awareness, and implementation to maintain QMS effectiveness and thereby enhance customer satisfaction. Additionally, all employees endeavor to ensure product quality, and no non-compliance concerning product and service health and safety, product and service information and labeling, and marketing communications was reported during the reporting period.

The external certifications of CWS are as follows:

<p><b>ISO 9001 Quality Management System</b></p>	<p><b>ISO/IEC 17025 Laboratory Quality Management System</b></p>	
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**Malaysia MS 146**

<p><b>LESEN PENSIJILAN BARANGAN</b> Product Certification Licence</p>	<p><b>SCHEDULE</b></p>
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**South Korea KS D 3504**

**Australia AS/NZS 4671**

<p><b>KS CERTIFICATE</b></p>	<p><b>2022 VALID TO 31 DEC</b></p>	<p><b>2022 VALID TO 31 DEC</b></p>
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Our hot rolled steel complies with the EU Restriction of Hazardous Substances Directive (RoHS), i.e. the content of ten substances, including lead, mercury, cadmium, hexavalent chromium, polybrominated

biphenyls, polybrominated diphenyl ethers, and four plasticizers, comply with the restriction. We also comply with the EU Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) for the management of chemicals contained in products distributed to the EU.

Products or Services Passing Safety Certification		
Product or Service	Safety Certification	Proportion of Products or Services Provided for Customer Assessment
Bar steel and bar in coils	EU RoHS (directive on specific hazardous substances used in electronic and electrical products)	100%
Bar steel and bar in coils	EU REACH (mechanism for registration, evaluation, and authorization of chemicals)	
Process/transportation/warehousing	ISO 9001 Quality Management System	
Rebar, bar steel, and bars in coils	Regulations Governing the CNS Mark	
Rebar	Regulations Governing Registration of Product Certification	
Tensile testing/hardness testing	ISO 17025 Laboratory Quality Management System	
Note: Please refer to Annex 4 for the RoHS Report, REACH Report, Certificates of the CNS Mark, and Certificates of the Registration for Product Certification.		

## 2.2 Customer service

### Customer satisfaction

To provide customers with higher-quality products and services, we have established a customer satisfaction monitoring procedure to survey the customer’s quality satisfaction with our products and services each year with questionnaire. Then, we produce a customer satisfaction report based on the survey results, draw up counteractions for customer feedback and demands, and make continual quality improvement of products and services seriously.

There are six items in our customer survey, each has 10 marks, and the total score is 60 marks. In 2021, the average satisfaction score of rebar, round bar, and steel billet products was over 48 marks, reaching the satisfaction target.

The items, scoring criteria, and results of the satisfaction survey are as follows:

Satisfaction Survey Scoring Item	Scoring Criteria
1. Quality satisfaction with CWS products. 2. Satisfaction with CWS cooperation. 3. Service satisfaction with CWS administrative staff. 4. Service satisfaction with CWS sales staff. 5. Satisfaction with the communication between CWS and your company. 6. Satisfaction with information provided by CWS.	0 marks: Highly unsatisfied. 3 marks: Unsatisfied. 5 marks: Neither unsatisfied nor satisfied. 8 marks: Satisfied. 10 marks: Highly satisfied.
Survey results	
The 2021 rebar satisfaction score averaged over 8 marks, and 57.4 marks in total. The 2021 round bar satisfaction score averaged over 8 marks, and 54.5 marks in total. The 2021 steel billet satisfaction score averaged over 8 marks, and 58.6 marks in total.	

### Customer privacy

To ensure the privacy and security of customer data, when signing outsourcing contracts, we establish the relevant security and confidentiality terms in these contracts in consideration of the security of service outsourcing and importance level of information in accordance with the Information Security Management SOP. We also request the employees of contractors to sign the non-disclosure agreement (NDA) as necessary to enhance security protection. Under this SOP, no complaint regarding privacy infringement or data loss of customers was reported during the reporting period.



## 2.3 Supply chain system

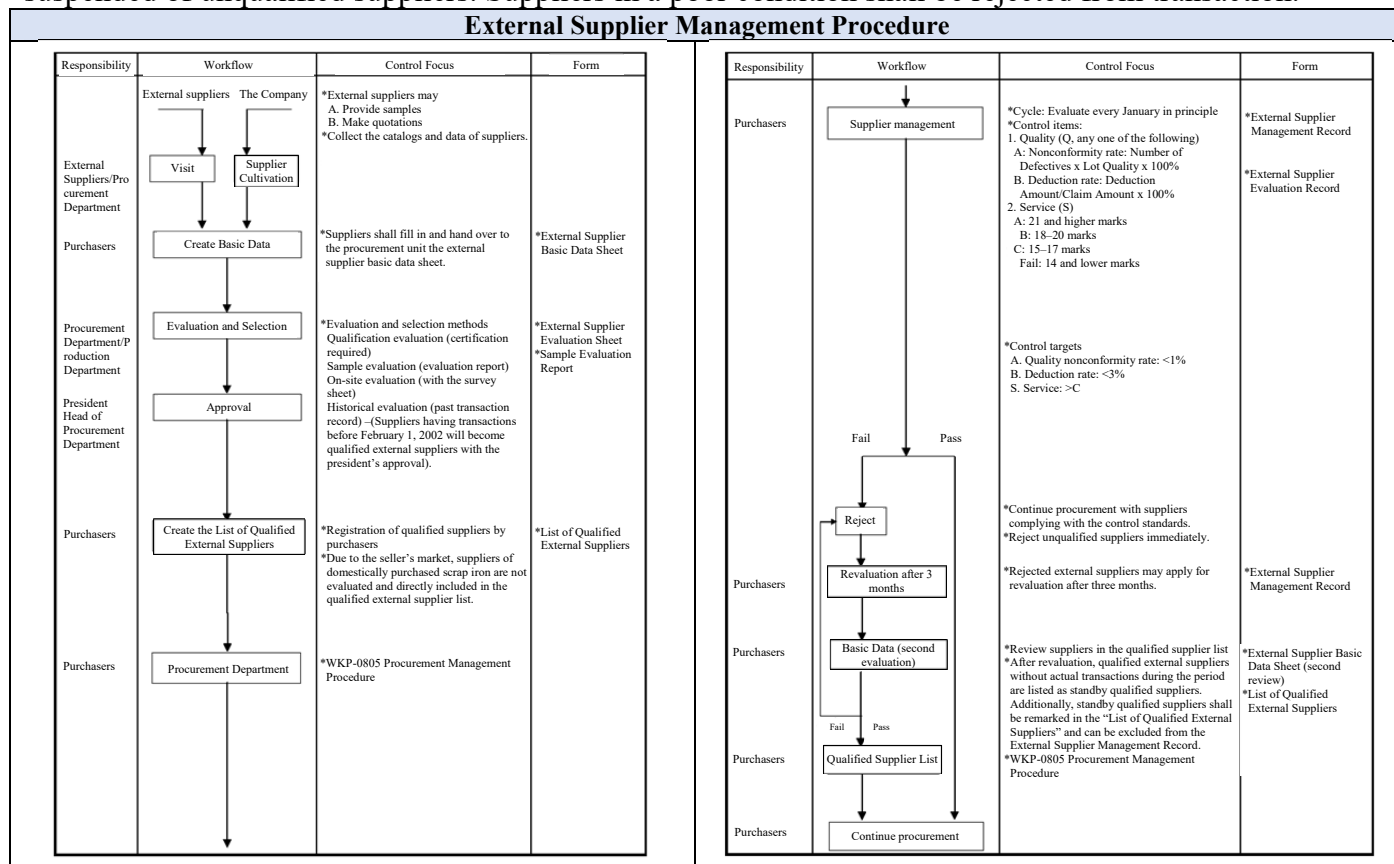
The proportion of domestic procurement of materials is as follows:

**Suppliers in 2021**

Item	No. of Suppliers	Amount (NT\$ thousands)	Proportion (%)	
Raw materials	Domestic	69	5,728,682	87
	Overseas	106	856,341	13

To ensure quality stability of materials, we evaluated 28 raw material suppliers and 41 material suppliers, accounting for 30% of all suppliers. The other 70% of suppliers of general consumables, spare parts, and mechanical maintenance service were not evaluated. On-site evaluation of production equipment, site condition, production processes, quality management, and cooperation was conducted on suppliers who are not yet on the qualified supplier list to provide a reference for supplier selection. Qualified external suppliers are evaluated once each year in accordance with the External Supplier Management Procedure in terms of five items: delivery punctuality, cooperation, quality standard, price, and claim. Each item is scored at 1–5 marks. Suppliers scored below 15 marks are unqualified suppliers. Enquiry and transaction shall be suspended of unqualified suppliers. Suppliers in a poor condition shall be rejected from transaction.

**External Supplier Management Procedure**



### III. Environmental Sustainability

Management approaches	
Material Topic: Materials Management and Materials Reclamation	
Rationale	<ul style="list-style-type: none"> <li>● After communicating the significance of concern with stakeholders and analyzing the significance of impact, we found that materials management/materials is an important topic to the Company. Due diligence materials management and materials reclamation can reduce the cost of risk and enhance production efficiency.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Reduce the cost of risk and enhance production efficiency.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Legal compliance.</li> <li>● Energy conservation and carbon reduction.</li> <li>● Continual improvement.</li> <li>● Sustainable development.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Compliance with the ISO 9001 Standard.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Short-term goal (1–3 years): Improve scrap steel cleanliness, increase scrap steel reclamation rate to over 91%, and reduce electricity and materials consumption.</li> <li>● Medium-term goal (3–5 years): Improve scrap steel cleanliness, increase scrap steel reclamation rate to over 92%, and reduce electricity and materials consumption.</li> <li>● Long-term goal (over 5 years): Improve scrap steel cleanliness, increase scrap steel reclamation rate by over 93%, and reduce electricity and materials consumption.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● The Steelmaking Division shall plan and implement materials management and materials.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Assess effectiveness through the internal audit, management review, and ISO 9001 external audit each year.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● Compared to 2018, due to materials IQC improvement, scrap steel reclamation already increased by 2.2% in 2021, meeting the Company’s short-term goal. In the future, we will continue with materials management and reclamation.</li> </ul>

Management approaches	
Material Topic: Energy	
Rationale	<ul style="list-style-type: none"> <li>● After communicating the significance of concern with stakeholders and analyzing the significance of impact, we found that energy is an important topic to the Company. Energy management shall be enforced to reduce environmental impacts and enhance corporate competitiveness.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Purchased electricity, liquefied petroleum gas (LPG), diesel, and fuel oil are the major types of energy used by the Company. To address the climate-related impacts and risks, coordinate with the national policies and legal requirements, and ensure effective energy management, pollution prevention, energy conservation, carbon reduction, and continual improvement are maintained to pursue sustainable corporate development.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Legal compliance.</li> <li>● Energy conservation and carbon reduction.</li> <li>● Continual improvement.</li> <li>● Sustainable development.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Progressively implement the ISO 50001 Energy Management System (EMS).</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Short-term goal (1–3 years): Replace fuel oil with natural gas.</li> <li>● Medium-term goal (3–5 years): Achieve the renewable planning for heavy electricity user.</li> <li>● Long-term goal (over 5 years): Realize carbon neutrality in 2050.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● Equip the energy management organization with trained and qualified energy administrators.</li> <li>● Establish a promotion team convened by the president to plan and discuss the measures to reduce carbon to achieve the goal of energy conservation and carbon reduction.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>● Establish an energy conservation and carbon reduction team.</li> </ul>
Grievance Mechanism	<ul style="list-style-type: none"> <li>● Grievances can be made to the environmental and safety department through communication channels such as the phone, fax, and email.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Conduct GHG inventories each year and create data regarding the unit product carbon emission intensity and unit product energy consumption over the years.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● Electricity consumption of steel billets reduced by 3.7kWh/MT over 2020. The 2021 steel billet output was 710,027.86MT, saving electricity by 2,627,103.08kWh.</li> </ul>



**Management approaches**

**Material Topic: GHG Emissions**

Rationale	<ul style="list-style-type: none"> <li>● Climate change is an important issue of the time. It needs active actions to reduce carbon emissions.</li> <li>● GHG emission management can reduce the cost of risks and enhance the competitiveness of products in terms of sustainable development.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● The electricity and fuel consumed by the steelmaking industry produce lots of carbon dioxide. To reduce GHG emissions, coordinate with national policies and legal requirements, fulfill CSR, and contribute to the sustainable development of Earth, energy conservation and carbon reduction are practiced through fuel change, equipment improvement, and process optimization.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Legal compliance.</li> <li>● Energy conservation and carbon reduction.</li> <li>● Continual improvement.</li> <li>● Sustainable development.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Continue to implement ISO 14064-1 GHG emissions and follow up the status of carbon emissions to effectively reduce process GHG emissions and hence realize carbon neutrality.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Short-term goal (1–3 years): Reduce GHG emissions by 8.5% in 2025 over 2018 (base year).</li> <li>● Medium-term goal (3–5 years): Reduce GHG emissions by 22% in 2023.</li> <li>● Long-term goal (over 5 years): Realize carbon neutrality in 2050.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● We have established a GHG emission promotion team convened by the president.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>● Build PV systems.</li> <li>● Renew energy conservation equipment.</li> </ul>
Grievance Mechanism	<ul style="list-style-type: none"> <li>● Grievances can be made to the environmental and safety department through communication channels such as the phone, fax, and email.</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● Continue to implement ISO 14064-1 GHG emissions and follow up the status of carbon emissions to effectively reduce process GHG emissions and hence realize net zero emissions.</li> <li>● A responsible unit is planned to manage air pollution, water pollution, waste, GHGs, and energy.</li> <li>● Process optimization.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Based on the results of external audits and the relevant laws and regulations and with reference to the relevant meetings of government departments, real-time information is provided for the decision reference of departments within the Company.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● The 2021 unit product GMG emission intensity reduced by 5% over 2018.</li> </ul>

**Management approaches**

**Material Topic: Air Pollution and Waste**

Rationale	<ul style="list-style-type: none"> <li>● After communicating the significance of concern with stakeholders and analyzing the significance of impact, we found that air pollution and waste are the important topic to the Company. We will be sanctioned by the relevant laws and regulations for improper management of air pollution and waste.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Comply with the relevant laws and regulations, reduce environmental impacts, and fulfill CSR.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Enforce pollution prevention, implement the environmental management system (EMS), and increase scrap steel reclamation in the steelmaking process to reduce waste production.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Implement the ISO 14001 Environmental Management System (EMS).</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Adopt the optimal, feasible control technology to reduce PM emissions.</li> <li>● Replace fuel oil with natural gas to reduce NOx and SOx emissions.</li> <li>● Increase scrap steel reclamation in the steelmaking process to reduce waste production.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● The Industrial Safety and Environmental Protection Office shall manage air pollution and waste.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>● The 2021 disposal expense was NT\$66,907 thousand.</li> </ul>
Grievance Mechanism	<ul style="list-style-type: none"> <li>● Grievances can be made to the environmental and safety department through communication channels such as the phone, fax, and email.</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● Implement the ISO 14001 Environmental Management System (EMS).</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Periodically implement stack, effluent, waste, soil, and groundwater tests according to the regulatory requirements.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● The 2021 unit product GMG emission intensity reduced by 5% over 2018.</li> <li>● The 2021 scrap steel reclamation in the steelmaking process increased by 0.66% over 2020.</li> <li>● The 2021 carbon consumption reduced by 0.5kg/MT over 2020.</li> <li>● The 2021 lime consumption reduced by 2.34kg/MT over 2020.</li> <li>● The 2021 magnesium oxide consumption reduced by 2.1kg/MT over 2020.</li> </ul>

**Management approaches**

<b>Material Topic: Environmental Compliance</b>	
Rationale	<ul style="list-style-type: none"> <li>● After communicating the significance of concern with stakeholders and analyzing the significance of impact, we found that environmental compliance is the important topic to the Company. Comply with the environmental protection laws and regulations governing air pollution, water pollution, and waste, avoid sanctions for non-compliance with the environmental protection laws and regulations, and fulfill CSR.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Comply with environmental protection laws and regulations.</li> <li>● Properly manage waste.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Comply with environmental protection laws and regulations and keep track on changes in the legal and regulatory requirements.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Implement the ISO 14001 Environmental Management System (EMS).</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Comply with the laws and regulations, renew and maintain various types of pollution control equipment, and reduce non-compliance with environmental protection laws and regulations.</li> <li>● Legally dispose of waste to achieve sustainable environmental protection.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● The Industrial Safety and Environmental Protection Office shall ensure environmental compliance.</li> </ul>
Grievance Mechanism	<ul style="list-style-type: none"> <li>● Grievances can be made to the environmental and safety department through communication channels such as the phone, fax, and email.</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● Implement the ISO 14001 Environmental Management System (EMS).</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Periodically implement stack, effluent, waste, soil, and groundwater tests according to the regulatory requirements.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>● Due to the difficulty in slag consumption, it is difficult to find legal slag recycling contractors. Through concerted efforts, we signed contracts with many legal slag recycling contractors in 2021. The outsourced disposal volume in 2021 increased to 63,285MT, nearly 10 times more than the 6,751 in 2020.</li> </ul>

### **3.1 Materials management**

To promote sustainable environmental development and reduce the Company's cost, we are committed to increasing the use of recycled materials. In 2019 the use of recycled materials was 91.4%. In 2020 the rate increased to 92.5%. In 2021, the rate further increased to 92.6%, suggesting an annual growth in the use of recycled materials.

The consumption of recycled materials and non-recyclable materials in production is as follows:

(unit: m.t.)

<b>Materials Consumption Table</b>			
<b>Material</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Recycled Material</b>			
Scrap steel	669,002.10	668,603.10	786,476.10
<b>Non-recyclable Material</b>			
Scrap steel	669,002.10	668,603.10	786,476.10
Ferroalloy	9,411.16	7,974.73	10,240.78
Electrode rod	840.74	882.65	934.50
Slagging agent	46,833.74	37,893.54	41,755.14
Alloy wire	66.77	66.98	93.83
Fire-retardant materials	2,443.44	3,626.46	4,061.63
High-pressure gases	2,780.82	3,059.35	4,152.03
Diesel	395.71	525.63	721.67

### 3.2 Energy management

Our major manufacturing processes include the M01 electric arc furnace (EAF) steelmaking process and M02 metal rolling process. While electricity and fuel oil are the energy sources of both processes, energy consumption indispensable to capacity and orders.

<b>Energy Consumption Statistics</b>				
<b>Type</b>	<b>Unit</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Electricity Consumption</b>	kWh/Year	362,368,000	359,308,800	405,529,600
	GJ	1,304,524.80	1,293,511.68	1,459,906.56
<b>LPG</b>	KL/Year	2,228.29	2,253.54	3,244.34
	GJ	61,886.58	62,587.85	90,105.47
<b>Petroleum Consumption</b>	L/Year	46,233	80,053	35,543
	GJ	1,508.82	2,612.54	1,159.95
<b>Diesel Consumption</b>	L/Year	397,910	522,430	722,930
	GJ	12,985.86	18,361.10	25,407.78
<b>Fuel Oil Consumption</b>	KL/Year	10,204.80	11,282.00	12,810.20
	GJ	430,697.63	476,877.45	542,928.49
<b>Contract capacity</b>	kWh	70,000	70,000	70,000
<b>Organization-specific metric</b>	Steel Billet Output (MT)	596,536.71	605,059.00	710,027.86
<b>Total Energy Consumption</b>	GJ	1,811,603.69	1,853,950.62	2,119,508.25
<b>Energy Intensity</b>	GJ/steel billet output (MT)	3.04	3.06	2.99

Note:

1. The fuel calorific value conversion factor is subject to the GHG Emission Factor Management Table V. 6.0.4 of the Environmental Protection Administration (EPA): Petroleum 7,800kcal/L; diesel 8,400kcal/L; LPG 6,635kcal/L; 1 kcal=4.184 KJ.
2. Electricity calorie value conversion: 1kWh=0.0036GJ.
3. Organization-specific metric is steel billet output (MT).

## Energy conservation policy

Through effective energy management, pollution prevention, energy conservation, and carbon reduction, we aim to pursue sustainable corporate development. Take the Energy Cross-Year Project: Cleanliness Enhancement of Steelmaking Division EAF Scrap Iron Materials at the end of October 2020 for example, compared to January–August 2020, the average electricity consumption of EAF steel billet during September–December 2020 reduced by 26.43kWh/MT. The 2021 carbon emission factor of electricity was 0.509 KgCO<sub>2e</sub>/kWh, and carbon emissions of steel billet reduced by 0.01345tCO<sub>2e</sub>/MT. The 2021 steel billet output was 710,028MT, reducing electricity by 18,766,040 kWh and carbon emissions by 9,549.8766 tCO<sub>2e</sub>.

Energy conservation and carbon emission policy		
Year	Policy	Effectiveness
2019	Replacement of the pre-heater oil transportation pipelines and pumps of the Continuous Casting Division.	Reduced fuel oil consumption
2020	Increase the heating proportion of the heating furnace of the Rolled Steel Division	Reduced fuel oil consumption
2020	Scrap iron pre-treatment of the Steelmaking Division	Enhancement of cleanliness of scrap iron and reduction of electricity consumption

In coordination with the energy conservation and carbon reduction policy of the Ministry of Economic Affairs, we use high-efficiency power equipment and accelerate old equipment replacement to enhance production efficiency and overall energy efficiency, earning subsidization of NT\$384,800.

2021 Financial Subsidization		
Item	Subsidized by	Amount of Subsidization
Subsidization for power and utility equipment	Bureau of Energy, Ministry of Economic Affairs	NT\$384,800

## 3.3 Water management

We are headquartered at No. 123, Nanbu, Nanbu Village, Guantian District, Tainan City, with tap water being the major source of water supply. Based on the Aqueduct Water Risk Atlas of the World Resources Institute (WRI), we are located in a region of low-medium water risk. To reduce water risk, we have applied for the Madou Main Drainage System as the backup water source to ensure stable water supply. In 2021, the total tap water consumption was 61.2442 megaliters, and the annual steel billet output was 710,027.86MT. Compared to the total tap water consumption of 63.0015 megaliters in 2020 and the annual steel billet output of 605,059MT, tap water consumption reduced by 1.7573 megaliters, while steel billet output increased by 104,968.86MT. Tap water is mainly used for product and equipment cooling. Temperature and rainfall will affect the evaporation of in-house water recycling. Due to the difference in rainfall, cloudy and rainy days, and temperature of each year, most of the water used in production evaporates. Hence, climate has a great effect on water consumption.

Water consumption			
Item	2019	2020	2021
Total water withdrawal (MI)	60.7599	63.0015	61.2442
Total water discharge (MI)	1.8470	4.1451	0.8089
Total water consumption (MI)	58.9129	58.8564	60.4353
In-house water recycling (MI)	749.5101	443.4990	792.7732
Water reclamation rate (%)	92.50	87.56	92.82
Organization-specific metric (steel billet output (MT)).	596,536.71	605,059.00	710,027.86
Water consumption intensity	0.000101	0.000104	0.000086

Note:

- Consumption = Withdrawal - Discharge
- Reclamation Rate = In-House Water Recycling / (Withdrawal + In-House Recycling) x 100%
- Water consumption intensity: Withdrawal (MI)/Organization-specific metric
- Organization-specific metric is steel billet output (MT).

## Wastewater discharge

The annual water withdrawal is about 60 megaliters. Water is mainly used for cooling equipment and products. Evaporation due to cooling is the main source of water consumption. After treatment, wastewater meeting the cooling water quality will be reclaimed for reuse.

Wastewater is discharged in accordance with the legal and regulatory requirements. Each quarter we hire Best Testing and Analysis Corporation to examine different items, and the examination results are as follows:

Test Item	Effluent Monitoring Value	
	Discharge Standard (ppm)	Annual Average Monitoring Value (ppm)
pH	6	7.45
TEMP May-Sep (°C)	38	31.05
TEMP Oct-Apr (°C)	35	26.6
Grease (mg/L)	10	0.5
Fluoride (mg/L)	15	2.45
Nitrate nitrogen (mg/L)	50	3.26
Cadmium (mg/L)	0.02	0.000945
Lead (mg/L)	0.5	0.00415
Total chromium (mg/L)	1.5	0.0012
Hexavalent chromium (mg/L)	0.35	0.0023
Copper (mg/L)	1.5	0.008
Zinc (mg/L)	3.5	0.2425
Nickel (mg/L)	0.7	0.0105
Arsenic (mg/L)	0.5	0.00065
Tin (mg/L)	2	0.033
Total mercury (mg/L)	0.005	0.0003
Boron (mg/L)	5	0.44
Molybdenum (mg/L)	0.6	0.171
COD (mg/L)	100	19.175
SS (mg/L)	30	10.8

## 3.4 GHG management

At CWS, GHG emissions include direct (Scope 1) GHG emissions and energy indirect (Scope 2) GHG emissions. Petroleum and fuel oil are the main sources of direct emissions, and purchased electricity is the main source of indirect emissions. The total emissions in 2021 were 311,165.72KgCO<sub>2</sub>e. To reduce GHG emissions, coordinate with the national policies, comply with the legal and regulatory requirements, and fulfill our CSR, we continue to implement GHG inventory and keep track on carbon emissions to effectively reduce GHG emissions from the manufacturing process. During 2019–2021 we inventoried GHG emissions in accordance with ISO 14064-3:2006 and the current EPA regulations. The results show that there was no non-compliance with the substantive restrictions, and EPA’s reasonable level of assurance was met.

Additionally, given that climate change leads to natural disasters that directly affect our operations as well as indirect effects such as increased raw material prices and even supply disruptions, we are actively concerned about various issues in relation to energy conservation, carbon reduction, and GHG reduction. In 2004 we already signed up to the “TSIIA Voluntary Reduction Promotion and Guidance Program” and the “GHG Voluntary Reduction Promotion Program” of the Industrial Development Bureau (IDB) of the Ministry of Economic Affairs (MOEA) to enforce GHG reduction.

Item	2019	2020	2021
Scope 1: Direct GHG emissions (KgCO <sub>2</sub> e)	94,629.62	92,327.94	104,751.16
Scope 2: Indirect GHG emissions (KgCO <sub>2</sub> e)	184,445.31	182,888.17	206,414.56
Total emissions = Scope 1 + Scope 2 (KgCO <sub>2</sub> e)	279,074.93	275,216.11	311,165.72
Organization-specific metric (steel billet output (MT)).	596,536.71	605,059.00	710,027.86
GHG emission intensity (KgCO <sub>2</sub> e/organization-specific metric)	0.4678	0.4548	0.4382

Note:

1. Scope 1: Direct emission sources owned or controlled by the Company. The emission factor is subject to the V. 6.0.4 announced by the Bureau of Energy, MOEA, (IPCC AR6)
2. Scope 2: Energy indirect emissions.
3. The electricity emission factor announced by the Bureau of Energy, MOEA, has been used for calculating emissions from purchased electricity. The factor for 2019 and 2021 was 0.509KgCO<sub>2</sub>e/kWh, and the factor for 2020 was 0.502KgCO<sub>2</sub>e/kWh.
4. Organization-specific metric is steel billet output (MT).

### ISO 14064-1 Verification Statement of GHG Assertions

### 3.5 Air pollution control

No emission of ozone-depleting substances (ODS), such as CFCs, HCFCs, Halon, CCl<sub>4</sub>, 1,1,1-Trichloroethane, or HBFC, was reported in 2021. As the 2021 steel billet capacity was 710,027.86MT, over 100,000MT more than that of 2020 and 2019, both materials consumption and pollutant discharge also increased accordingly. While the intensity of some pollutants is correlated with the condition of scrap steel, we have thus enhanced the control over the IQC inspection, sorting, and handling of materials.

The discharge of air pollutants is as follows:



Process	Item	2019	2020	2021
		Emissions (MT/year)	Emissions (MT/year)	Emissions (MT/year)
EAF Steelmaking Process	VOCs	13.494	21.745	24.358
	TSP	8.158	4.551	9.528
	SOx	118.986	71.224	103.041
	NOx	77.429	109.039	115.298
Metal Rolling Process	VOCs	0.003	0.004	0.004
	TSP	3.091	2.962	2.664
	SOx	55.125	53.125	57.473
	NOx	33.805	37.47	43.931
Yard SOP	TSP	42.748	32.703	37.976

Note: No discharge standard or annual average monitoring value due the absence of testing.

### 3.6 Waste management

Furnace dust, reducing slag, oxidizing slag, scrap fire-retardant materials, and spent fuel oil are the most common types of waste. Each type of waste is recovered and disposed of by legal contractors, and the relevant records are maintained for evidence and traceability. We also strictly control materials consumption and enhance production rate of products to reduce waste production.

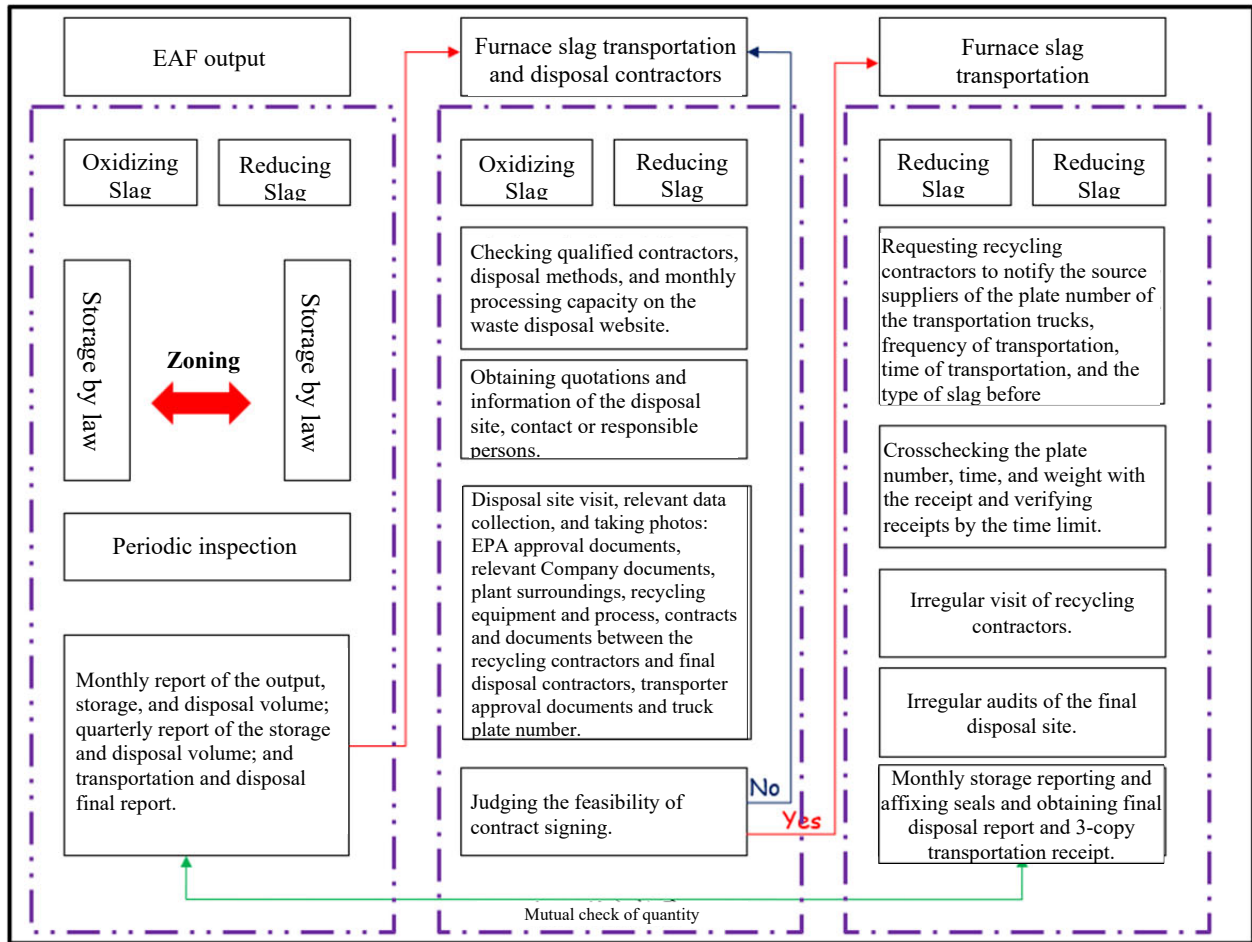
The hazardous and non-hazardous waste produced by the Company is as follows:

Monthly Disposal of Hazardous Waste (MT)		
Waste Composition	Off-Site	
Item	Waste Generation (MT)	Treatment
Furnace Dust	20,973.53	Recycle for reuse as materials.

Monthly Disposal of Non-Hazardous Waste (MT)		
Waste Composition	Off-Site	
Item	Waste Generation (MT)	Treatment
Oxidizing Slag	53,568.23	Recycle for reuse as materials and additives.
EAF Slag	12,522.36	Recycle for reuse as materials.
Reducing Slag	14,343.94	Recycle for reuse as materials and additives.
Inorganic Sludge	44.26	Heat treatment (except incineration)
Non-Hazardous Oil Sludge	25.64	Physical
Waste oil, mixed	2.68	Physical
Spent Pickling Solution	3.2	Recycle for reuse as materials.
Domestic Waste	28.24	Incineration
Fire-Retardant Materials	565.4	Recycle for reuse as materials and additives.

**Transportation and disposal processes**

**Plant Furnace Slag Self-Management and Transportation and Disposal Processes**



by WCS



## IV. LOHAS Workplace and Social Welfare

<b>Management Approach</b>	
<b>Material Topic: OH&amp;S</b>	
Rationale	<ul style="list-style-type: none"> <li>● Apart from affecting employee health and safety, occupational health and safety (OH&amp;S) management is also a factor affecting sustainable corporate development. Hence, we optimize OH&amp;S management to maintain a healthy and safety workplace environment for employees.</li> </ul>
Purpose of management	<ul style="list-style-type: none"> <li>● Prevent occupational accidents and work-related ill health and protect labor safety and health. Enhance the awareness of labor safety and health and build a safe and healthy workplace environment.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>● Legal compliance.</li> <li>● Disaster prevention.</li> <li>● Continual improvement.</li> <li>● Total participation.</li> </ul>
Commitment	<ul style="list-style-type: none"> <li>● Implement the ISO 45001 Occupational Health and Safety (OH&amp;S) Management Systems.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>● Continuously reduce the number of occupational accidents.</li> <li>● Employee participation in special health checkups: 100%</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>● The Industrial Safety and Environmental Protection Office shall manage OH&amp;S.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>● Hire full-time occupational health nurses.</li> <li>● Hire occupational medicine specialists to provide on-site service each month.</li> </ul>
Grievance Mechanism	<ul style="list-style-type: none"> <li>● Grievances can be made to the environmental and safety department through communication channels such as the phone, fax, and email.</li> </ul>
Specific actions	<ul style="list-style-type: none"> <li>● Implement the ISO 45001 Occupational Health and Safety (OH&amp;S) Management Systems.</li> <li>● Continuously hold health talks.</li> </ul>
Management assessment mechanism	<ul style="list-style-type: none"> <li>● Email the statistics on industrial safety incidents of the previous month to all unit heads each month.</li> <li>● Manage in accordance with the <i>Occupational Safety and Health Act</i> and <i>Labor Standards Act</i>.</li> </ul>
Performance and adjustment	<ul style="list-style-type: none"> <li>● The number of occupational accidents in 2021 (6) was five less than that of 2020 (11).</li> <li>● The disabling frequency rate (FR) in 2021 (7.88) was 7.84 lower than that of 2020 (15.72).</li> </ul>

### 4.1 Personnel composition and protection

In 2021 there were 372 employees in total, and all were full-time employees, i.e. there was no non-staff worker. Fifteen of them were senior officers. They all are Taiwan citizens. Additionally, we offer equal job opportunities and maintain employee diversity. Currently, there are 63 international migrant workers and five workers of disabilities. We also hire no child laborer aged under 15 years, to comply with the law.

Although no labor union has been established or no collective bargaining agreement has been signed, as we maintain strict compliance with the *Labor Standards Act*, no forced labor was reported during the reporting period. In working hours, employees work not more than eight hours a day and 40 hours a week. With the agreement at the labor-management meeting, we may distribute the normal working hours of two days to other workdays every two weeks. The working hours distributed to other workdays shall not exceed two hours a day. However, the total working hours shall not exceed 48 hours each week. Or, with the agreement at the labor-management meeting, the total working hours within eight weeks may be distributed. However, the normal working hours shall not exceed eight hours a day or the total working hours shall not exceed 48 hours each week.

Numbers of employees							
Item/Gender	Female			Male			Total
Type	Full-Time			Full-Time			
Age	Under 30	30-50	Over 51	Under 30	30-50	Over 51	
Full-time	4	7	8	35	261	57	372

Employee Distribution by Rank in Past 3 Years					
Year			2019	2020	2021
Item/Gender	Age				
Tier-One Officers	Male	Under 30	0	0	0
		30-50	3	3	3
		Over 51	8	8	8
	Female	Under 30	0	0	0
		30-50	0	0	0
		Over 51	4	4	4
Senior Officer			15	15	15
Non-Senior Officer	Male	Under 30	31	36	35
		30-50	227	258	258
		Over 51	51	49	49
	Female	Under 30	4	4	4
		30-50	8	7	7
		Over 51	4	4	4
Total number of non-senior officers			325	358	357
Total			340	373	372

Note:  
Senior officers include the chairperson, president, vice president, plant director, deputy plant director, assistant vice president, director, deputy director, manager, and assistant manager.

Employee Distribution by Ethnic Group in Past 3 Years					
Year			2019	2020	2021
Item/Gender	Age				
International Migrant Workers	Male	Under 30	15	15	12
		30-50	37	43	40
		Over 51	5	6	11
	Female	Under 30	0	0	0
		30-50	0	0	0
		Over 51	0	0	0
Employees with Disabilities	Male	Under 30	0	0	0
		30-50	4	4	4
		Over 51	1	1	1
	Female	Under 30	0	0	0
		30-50	0	0	0
		Over 51	0	0	0

New Employee Hires in Past 3 Years												
Year	2019				2020				2021			
Gender	Male		Female		Male		Female		Male		Female	
Age/Item	Numbers of person	Rate of New Employee Hires (%)	Numbers of person	Rate of New Employee Hires (%)	Numbers of person	Rate of New Employee Hires (%)	Numbers of person	Rate of New Employee Hires (%)	Numbers of person	Rate of New Employee Hires (%)	Numbers of person	Rate of New Employee Hires (%)
Under 30	5	16.13	0	0	10	27.78	0	0	5	14.29	0	0
30-50	40	17.39	0	0	37	14.18	0	0	12	4.60	0	0
Over 51	6	10.17	0	0	4	7.02	0	0	7	12.28	0	0
Total number of new employees	51				51				24			

<b>Total number of employees</b>	340	373	372
<b>Rate of total number of new employees (%)</b>	15.00	13.67	6.45

- Note:
1. The number of new employees also included resigned new employees.
  2. Rate of new male (female) employee hires by age group = Number of new male (female) employee hires of an age group of the year / Number of male (female) employees in that age group at the end of year.
  3. Rate of total number of new employee hires = Number of new employee hires in the year / Number of employees at the end of year.

<b>Employee Turnover in Past 3 Years</b>												
<b>Year</b>	<b>2019</b>				<b>2020</b>				<b>2021</b>			
<b>Gender</b>	<b>Male</b>		<b>Female</b>		<b>Male</b>		<b>Female</b>		<b>Male</b>		<b>Female</b>	
<b>Age/ Item</b>	<b>Numbers of person</b>	<b>Turnover rate (%)</b>	<b>Numbers of person</b>	<b>Turnover rate (%)</b>	<b>Numbers of person</b>	<b>Turnover rate (%)</b>	<b>Numbers of person</b>	<b>Turnover rate (%)</b>	<b>Numbers of person</b>	<b>Turnover rate (%)</b>	<b>Numbers of person</b>	<b>Turnover rate (%)</b>
<b>Under 30</b>	15	48.39	0	0	5	13.89	0	0	6	17.14	0	0
<b>30-50</b>	15	6.52	0	0	6	2.30	1	14.29	12	4.60	0	0
<b>Over 51</b>	2	3.39	0	0	6	10.53	0	0	7	12.28	0	0
<b>Total number of employee turnover</b>	32				18				25			
<b>Total number of employees</b>	340				373				372			
<b>Rate of total number of employee turnover (%)</b>	9.41				4.83				6.72			

- Note:
1. Types of employee turnover: Resignation, dismissal, separation, retirement.
  2. Rate of male (female) employee turnover by age group = Number of male (female) employee turnover of an age group of the year / Number of male (female) employees in that age group at the end of year.
  3. Rate of employee turnover = Number of employee turnover of the year / Number of employees at the end of year.

### **Minimum notice periods regarding significant operational changes**

To effectively protect the rights and interests of employees and minimize the impact on them during significant operational changes. We notify employees according to the following periods. The Company shall issue the wages for the notice periods for unnoticed termination of employment contracts.

1. Continuous work for over three months but less than one year: 10 days.
2. Continuous work for over one year but less than three years: 20 days.
3. Continuous work for over three years: 30 days.

When employees need to find a job during the working hours after receiving the said notice, the hours of leave shall not exceed the working hours of two days. Additionally, such leave shall be paid.

## Grievance channels

Committed to developing business ethics and professional (work) ethics, we have set the suggestion box and established the employee grievance handling system to provide channels for employees to give feedback and thereby improve employment cooperation and relations.

Employees can file grievances through the following methods:

1. When filing grievances orally, the handling personnel of each department shall maintain a record and report to the superior for management.
2. When the rights and interests are injured or there are other opinions, employees may file a grievance with the grievance report or other written report directly to management through the grievance SOP. The head of each unit shall immediately investigate the grievance or report to the superior and notify the complainant of the results of settlement in writing.

Additionally, to provide employees and jobseekers with a work and service environment free of sexual harassment, we have established the relevant regulations in accordance with Article 13, paragraph 1, *Act of Gender Equality in Employment*, and the *Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace* announced by the Ministry of Labor (MOL), Executive Yuan, for employees and jobseekers to file grievances regarding workplace sexual harassment to the HR and General Affairs Section of the Administration Department. Grievances regarding sexual harassment can be made either orally or in writing. When grievances regarding sexual harassment are made orally, personnel or the unit handling the grievance shall maintain a record and read it to the complainant or allow the complainant to read it afterwards. After verifying the content, the complainant shall sign the record. By strictly implementing the following regulations, no discrimination or sexual harassment was reported during the reporting period.

Grievance channels	
Acceptance unit	HR and General Affairs Section, Administration Department
Mailing address	No. 123 Nanbu, Nanbu Village, Guantian District, Tainan City.
Grievance hotline	(06) 579-0213 ext. 123
Grievance fax	06-5790170
Email	hr@weichih.com.tw

## 4.2 Talent development

Employees play an indispensable role allowing us to continuously produce “forever safer” seismic rebar. To improve the professional competency of employees, we offer well-established education and training, hoping to grow together with employees. As most employees are male and technical work requires periodic recurrent training to ensure continual improvement, the average hours of training for male and female employees vary.

The table below shows the education and training information during the reporting period:

Item/Type	Tier-One Officers		Non-Senior Officer	
	Male	Female	Male	Female
<b>Total number of employees (persons)</b>	12	4	337	18
<b>Total hours of training (hours)</b>	8	6	701	12
<b>Average hours of training (hours/person)</b>	0.67	1.50	2.08	0.67
<b>Training expense (NT\$)</b>	3,300	37,600	200,571	6,600

**CWS Education and Training Item**

1. Education and training for operators forklifts over 1MT
2. Education and training for operators of fixed crane operation over 3MT
3. General OH&S education and training
4. Special OH&S education and training for acetylene welding or gas welding operators
5. Education and training for class 1 occupational safety and health affair manager
6. Education and training for class 3 occupational safety and health affair manager
7. Education and training for supervisors in charge of organic solvent operations
8. Education and training for fire prevention managers
9. Education and training for security supervisors
10. Education and training for first responders
11. Education and training for supervisors in charge of specified chemical substance operations.
12. Education and training for supervisors in charge of dusty operations.
13. Education and training for operation supervisors of high-pressure gas supply and consumption.
14. Education and training for operators of specified high-pressure gas equipment.
15. Education and training for operators of high-pressure gas equipment.
16. Education and training for safety operation supervisors of high-pressure gas production
17. Training for ISO/IEC 17025 testing and calibration laboratories
18. Training for supervisors of testing laboratory.
19. Training for laboratory internal audit.
20. Training for uncertainty of measurement.
21. ISO 9001 education and training
22. Other competency seminars

Education and training for operators forklifts over 1MT



General OH&S education and training

Education and training for operators of fixed crane operation over 3MT



Education and training for first responders



Education and training for supervisors in charge of specified chemical substance operations.



Education and training for supervisors in charge of dusty operations.





Education and training for operators of specified high-pressure gas equipment.



Education and training for new employees.



Occupational accident prevention



## Performance management system

Based on the key performance indicators (KPIs) of different jobs, department heads set the evaluation standard to facilitate performance management through quantitative indicators. Performance is evaluated as follows:

1. Evaluation is implemented through a three-stage approach: preliminary “evaluation,” “re-evaluation,” and “final evaluation.” The score of office evaluation is the average score of all evaluations; while the score of on-site evaluation is the score proportionate to the number of employees. Except for new employee evaluation, targeted evaluation, and personnel changes, no evaluation shall be conducted on specific individuals.
2. Within five days, i.e. July 5, after the mid-year evaluation begins and within five days, i.e. January 5, before the year-end evaluation, the HR unit shall fill in the “Employee Performance Evaluation Sheet” the personal data, attendance data, and discipline and reward record of the appraisees and the measurement indicators of the corresponding jobs according to the “Job Description” and submit the sheet to the unit officer implementing the preliminary evaluation.
3. After filling in the evaluation score and performance interview content, the officer implementing the preliminary evaluation shall ask the appraisees to sign “Employee Performance Evaluation Sheet” on-site and submit the sheet to the re-evaluation officer. When there is no re-evaluation officer, tier-one officers shall be the re-evaluation officer. For appraisees engaging in work of different departments, the comment of supervisors of the relevant departments shall be considered in the evaluation.
4. The re-evaluation officer shall pay attention to the fairness of evaluation grade allocation among the employees of a department and may hold a discussion meeting with preliminary evaluation officers as necessary when there are doubts.
5. Re-evaluation officers disagreeing with the results of the preliminary evaluation may voluntarily convene an opinion exchange meeting with preliminary evaluation officers to reach a consensus.
6. After the re-evaluation, a performance interview with the unit supervisor in the presence of an assistant manager or deputy director shall be arranged. After filling in the interview contents, the unit supervisor shall ask the appraisee to sign the evaluation sheet to show agreement with the contents.
7. After the performance interview, the “Employee Performance Evaluation Sheet” shall be delivered to the HR unit by the time limit. The HR unit shall produce statistics and analyze the performance evaluation results and notify the department supervisors of significant irregularities, if any.
8. The HR unit shall consolidate the results of annual performance evaluation and submit them to the president for comment before archiving them to the employee data file and following up the performance improvement and status of education and training of each unit.
9. When there is a job duty change during the evaluation, the supervisor of the department where an employee works for a long time shall implement the evaluation, and the score shall be combined to the performance evaluation.
10. When there is a supervisor change during the evaluation, the supervisor at one level higher or lower shall complete the evaluation of the subordinates. Apart from combining the score to the performance evaluation, the evaluation shall be included in the handover items of supervisors.

Item	Tier-One Officers	Non-Senior Officer
Proportion of male employees evaluated (%)	100	100
Proportion of female employees evaluated (%)	100	100



## Education and training for security guards

We hire Goyun Security Co., Ltd. to take charge of the Company's access control. In accordance with Article 10-2, *Private Security Service Act*, "When a security company hires security guards, it shall offer them pre-service professional training of at least one week. For serving security guards, it shall provide them with in-service training for at least four hours every month." Apart from arranging education and training by law, including legal knowledge, security guard skills, human rights, and manners, Goyun Security also arranges periodic emergency response drills for each post and the administration building each year to maintain access security.

### 4.3 Employee benefits

We have established an employee welfare committee (EWC) and offer cash gifts to employees during weddings, funerals, festivities, illness, and injuries. We also take care of employee benefits based on the Work Rules, Wage Management Regulations, and operating performance.

CWS Employee Benefits			
Labor Insurance, National Health Insurance	Pension contributions	Group accident insurance	Year-end bonus
Cash gifts on three major folk festivals, birthday, and wedding	Achievement bonus	Work shift allowance	Birth cash gift
Special leave	Paternity leave	Maternity leave	Menstrual leave for female employees
Free annual health checkup	Employee uniform	Employee reunion	Employee meal allowance
Professional occupational health nurses.	Regular in-house consultation with medical specialists	Petroleum allowance for employees living outside Tainan.	Parenting (homecare) leave

### Wage management

We salary employees no less than the minimum wage in compliance with the *Labor Standards Act* to protect the basic life and maintain the buying power of employees. Additionally, we eliminate differential treatment by gender and remunerate employees taking the same job with the same efficiency with the same pay. However, due to the difference in the nature and environment of work, the annual salary of male employees is higher than that of female employees, as shown in the table below:

Comparison of Salary for Male and Female Employees		
Job Type/Gender	Annual Salary Ratio	
	Male	Female
Tier-One Officers	1	0.8
Non-Senior Officer	1	0.54

Salary Comparison Table		
Maximum Annual Salary of Individuals	Median Annual Earnings of Employee (excluding individuals with the highest pay)	Proportion
NT\$3,149,260	NT\$612,120	5.14

Salary Adjustment Comparison Table		
Percentage of Increase in Maximum Annual Salary of Individuals	Increase in Median Annual Earnings of Employee (excluding individuals with the highest pay)	Proportion
0.29	0.30	0.97

Ratios of standard entry level wage compared to local minimum wage		
Country	Male	Female
R. O. C.	1.39	1.39

Item	2019	2020	2021	Comparison with the previous year (%)
Number of non-management full-time employees	320	326	361	111%
Total payroll of non-management full-time employees (NT\$ thousands)	205,502	241,345	323,039	134%
Average wage of non-management full-time employees (NT\$ thousands)	642	740	895	121%
Median wage of non-management full-time employees (NT\$ thousands)	596	700	851	122%

- Note:
- “Full-time Employee”: Employees who work the normal working hours as specified by the Company or the statutory work hours. When normal working hours are not defined, employees working over 35 hours a week on average shall be considered as “full-time employees,” otherwise, they are part-time employees (part-time and hourly paid employees or interns).
  - “Total Payroll”: The annual salary of employees calculated on the accrual basis, including the regular salary (base salary plus fixed allowances and bonuses), overtime pay, and irregular wage (bonuses and profit-sharing not paid monthly). Additionally, the reward (cash or stock) for employees distributed according to the Company’s articles of incorporation shall also be included in the total payroll. Other valuation amount distributed according to the share-based payment (e.g. employee stock options and transfer of treasury stock to employees) is excluded.
  - “Non-Management Job”: Employees other than managerial personnel. “Managerial Personnel” applies to (1) presidents and employees of equivalent rank; (2) vice presidents, managers, and employees of equivalent rank; (3) assistant vice presidents and employees of equivalent rank; (4) chief financial officer; (5) chief accounting officer; (6) other personnel engaging in management and having the authorization authority.
  - Data in the above table has been calculated based on the salaries of employees at the locations of operation in 2021.

## Retirement system

We contribute 6% of the salary of employees qualified for the new pension scheme as the pension in accordance with the *Labor Pension Act* (New Scheme) and 10% of salary of employees qualified for the old pension scheme as the pension in accordance with the *Labor Standards Act* (Old Scheme). We have also established the Employee Retirement Regulations to protect the retirement rights and interests of employees in accordance with the retirement-related regulations and systems. Employees may apply for voluntary retirement under any one of the following circumstances. When applying for voluntary retirement, employees shall fill in and submit the Application for Voluntary Retirement.

- A service length (seniority) of 15 or more years and aged 55 years.
- A service length of 25 or more years.
- A service length of 30 or more years and aged 60 years.

## Unpaid parental leave

After working at CWS for six or more months, employees may apply for the unpaid parental leave for each child under three years old. The length of leave shall not exceed two years when the child is three years old. During 2019–2021, there were six, five, and three employees qualifying for the parental leave, but none of them applied for the leave.

## 4.4 Occupational safety and health

We have established and maintained the Taiwan Occupational Safety and Health Management System (TOSHMS) and drawn up the OH&S management policy that covers the following four major goals:

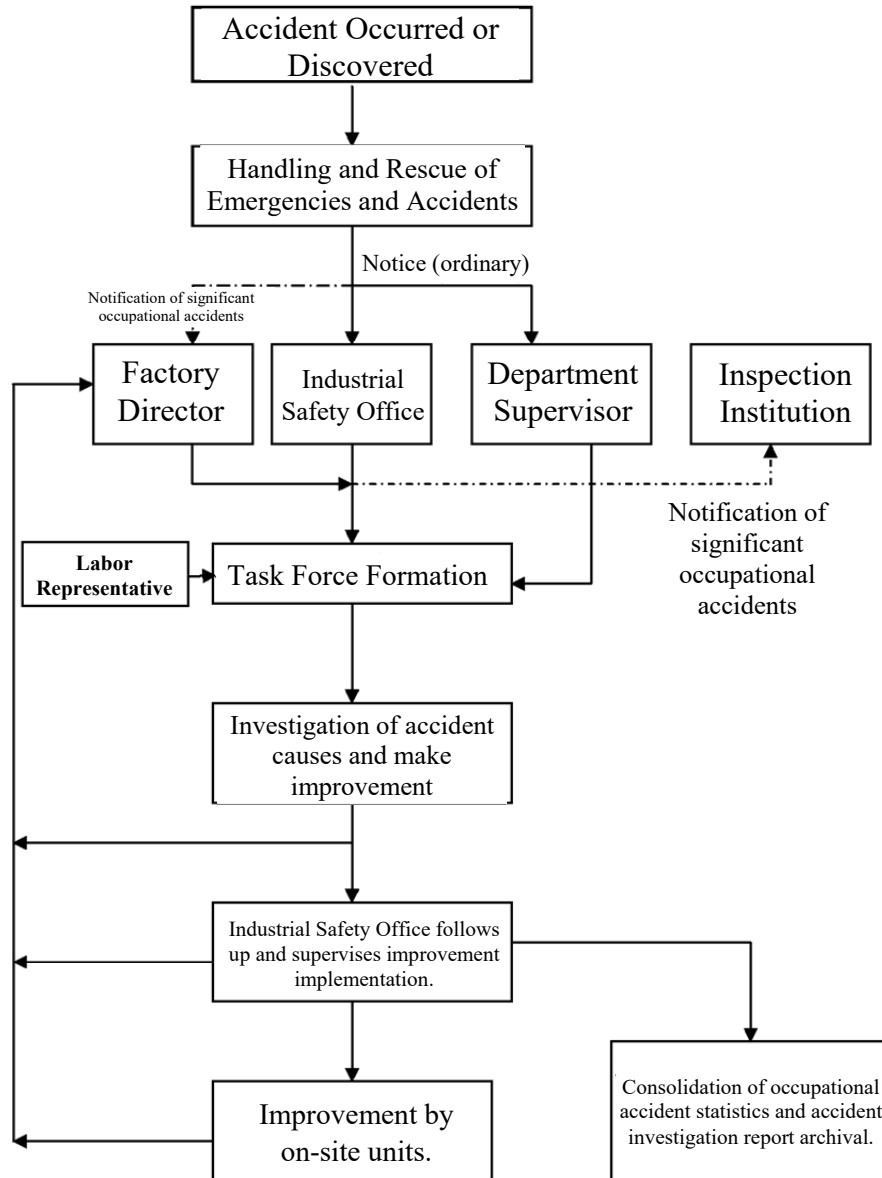
Legal compliance	Comply with the legal and regulatory requirements and superior orders in relation to OH&S and fire prevention and conduct inspections periodically to ensure the OH&S legal compliance of the plants and surroundings.
Disaster prevention	Starting from hazard identification, risk assessment, and process improvement, through automatic inspections we enhance work efficiency and reduce potential OH&S accidents and prevent work-related injuries and health hazards in products, activities, and services.
Continual improvement	Through the PDCA cycle and improvement recommendation policy, we make continual audits and management reviews to ensure compliance with the requirements of the OH&S policy, objectives, and management approaches to enhance the capability of self-imposed OH&S management. We also consult employees and their representatives and encourage them to actively engage in all OH&S system activities of all processes.
Total participation	All employees actively engage in OH&S activities. Arrange awareness education and education and training of the OH&S policy for employees. Reach an internal consensus. Maintain unfettered communication channels. Prevent work-related injury and ill health. Maintain continual improvement in OH&S management and performance. Ensure stakeholders can work for OH&S improvement together.

Note: The TOSHMS applies to all 381 employees and 60 suppliers of CWS.

Although we have not implemented the ISO 45001 Occupational Health and Safety (OH&S) Management Systems, we did establish the Hazard Identification and Risk Assessment SOP in accordance with TOSHMS to identify hazards and assess risks in the overall operational activities at least once a year. Additionally, risks rated as grades A, B, and C in risk assessment are unacceptable risks and are consolidated in the Risk Assessment Sheet for the management representative to discuss with the supervisors of the relevant units and OH&S personnel at meetings to propose corresponding controls or update the existing controls to reduce hazards and risks in operational activities through elimination, substitution, engineering controls, signage/warnings and/or administrative controls and personal protective equipment (PPE).

Risk Assessment Sheet (WKTP-3101)									
Wei Chih Steel Industrial Co., Ltd. Risk Assessment Sheet									
Unit: Steelmaking Operating Section Date: 2022.01.06 Form No.: WKTP-3101-01									
A = Non-compliance and >300 marks; B = 201-300 marks; C = 101-200 marks; D = 26-100 marks; E = 1-25 marks									
Activity	Medium (unsafe condition/behavior)	Hazard Identification	Total risk assessment score: C = FxPxSxM					Grade	Recommended Control
			Frequency (F)	Probability of Loss (P)	Severity (S)	M	Total		
Steelmaking Division									
Steelmaking Operating Section									
20MT fixed crane operation									
Iron collection, sorting, and collation with 20MT fixed crane									
Damaged stair guardrails	A1) Use of defective machinery	PH5 fall, slip	2	2	3	3	36	D	2. Substitution
Hallway or stair stagnant water	B8) Untidy	PH5 fall, slip	2	3	4	4	96	D	4. Signage/warnings and/or administrative controls
High-temperature and hot environment	B5) Hazardous atmospheric environments: Gas, dust, smoke, steam	PH4 Fall, tumble	1	3	4	5	60	D	5. PPE
Dimmed hallway	B9) Poor lighting	PH5 fall, slip	2	3	3	3	54	D	1. Elimination
Keep out of tractor unloading grab. Dust exposure during iron powder unloading	A2) Improper machinery use B5) Hazardous atmospheric environments: Gas, dust, smoke, steam	Overtured tractor PH15 Dust exposure	2 2	3 2	3 3	5 5	90 60	D D	4. Signage/warnings and/or administrative controls 5. PPE
Tied fixed crane wire rope	A2) Improper machinery use	PH1 Flying and dropping objects	2	2	3	5	60	D	1. Elimination
Ejected scrap iron	A7) Incorrect machinery or material loading.	PH7 Pinching, rolling and crushing	2	2	3	5	60	D	2. Elimination
Floor placement of electromagnet	A9) Machinery operation at incorrect speed.	PH7 Pinching, rolling and crushing	2	2	3	5	60	D	4. Signage/warnings and/or administrative controls
20MT fixed crane maintenance and repair									
Grab wire rope replacement	A1) Use of defective machinery	PH4 Fall, tumble	2	2	3	3	36	D	1. Elimination
Electromagnet wire rope replacement	A1) Use of defective machinery	PH4 Fall, tumble	2	2	3	3	36	D	1. Elimination
Grab master brake drum noise	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Grab secondary brake drum noise	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Electromagnet master brake drum noise	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Electromagnet secondary brake drum noise	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Grab master brake drum wheel-box noise	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Grab secondary brake drum wheel-box noise	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Electromagnet master brake drum wheel-box noise	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Electromagnet secondary brake drum wheel-box noise	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Grab oil leaking	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination
Electromagnet oil leaking	A1) Use of defective machinery	PH1 Flying and dropping objects	2	2	3	3	36	D	1. Elimination

## Wei Chih Steel Industrial Co., Ltd. Emergency and Accident Handling and Investigation Flowchart



- Note 1. Accidents with casualties shall be reported before handling according to the casualty handling procedure.  
 2. -.-.-.- Dotted line is 17: 00 to 08: 00 (next day) and Saturdays. ....Holiday handling procedures.  
 3. When massive pollution discharge takes place at stationary pollution sources due to an accident, the relevant units shall make emergency response and notify the Industrial Safety Office to report to the Environmental Protection Bureau.  
 4. When a fire broke out and ran out of control, security guards shall immediately call the fire department.  
 5. Environmental protection incidents include air pollution, wastewater pollution, waste pollution, and noise pollution.  
 6. In-house stretcher location: Infirmary

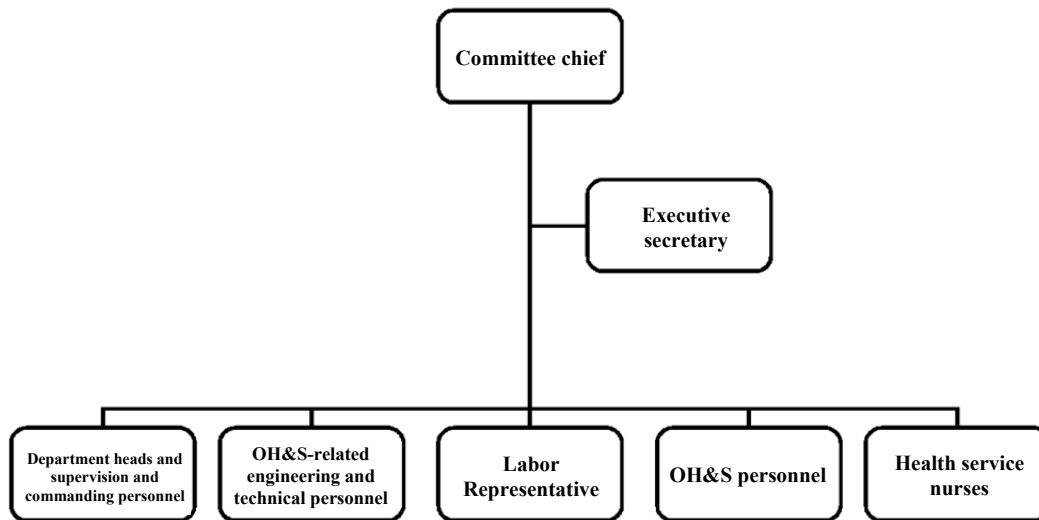
## OH&S Committee

We have established an OH&S committee with 7 labor representatives and 12 management representatives. At least one committee meeting is held trimonthly. Labor and management implement sound OH&S management together to maintain a safe and healthy workplace environment.

OH&S Committee Organization Chart

## Wei Chih Steel Industrial Co., Ltd.

### OH&S Committee Organization Chart



## Health maintenance

We value the physical and mental health of employees. Therefore, we are committed to providing employees with a safe and healthy workplace environment. In addition to organizing regular annual health checkups for employees so that employees can better understand their health status, the Company also has dedicated healthcare staff to offer health education information to employees and assist them to take care the basic health needs. Hence, no work-related ill health was reported in the past three years.

Workplace Tasks with Special Health Hazards		
Process	Operation	Task with Special Health Hazards
Scrap iron smelting	Materials preparation, scrap iron preparation, scrap iron smelting	Tasks involving high temperature, task involving noise, tasks involving dust, tasks involving manganese
Liquid steel grouting	Materials preparation, liquid steel grouting and forming	Tasks involving high temperature, task involving noise, tasks involving dust, tasks involving manganese
Rolling process	Rebar and special steel rolling and forming	Tasks involving high temperature, tasks involving noise

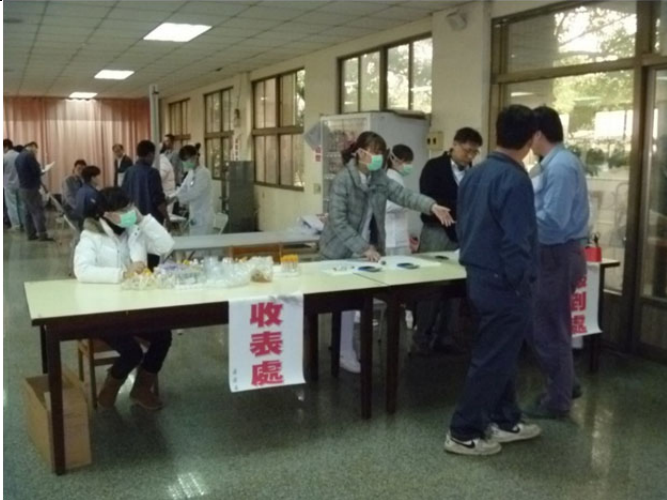


**Statistics on the Number of Employees Receiving and Expenses on Health Checkups**

**General health examinations**

<b>Examination Item</b>	General
<b>Number of employees examined</b>	265 persons
<b>Examination expense</b>	NT\$517,000
<b>Special health checkup</b>	
<b>Examination Item</b>	High temperature, noise, dust, manganese
<b>Number of employees examined</b>	265 persons
<b>Examination expense</b>	NT\$517,000

Reporting



Eye examination



Waiting for blood test



Blood test



EKG



Height and weight measurement



Blood pressure measurement



X-ray car



Pulmonary function tests





Every year we organize two to three health promotion talks with on-site physicians as the speakers explaining the style on-site operation and health information related to current events for employees to correctly understand health knowledge.

Understanding and prevention of upper extremity musculoskeletal disorders common to steel industry workers



Description: Factory physician Dr. Su showed employees how to prevent incorrect motions and encourage them to maintain good daily-life habits.

Prevention and healthcare for tasks involving high temperature.



Description: Factory physician Dr. Su explained to employees the health problems caused by asks involving high temperature and encourage them to drink sufficient water in the daily life.

### Safety management

In terms of work safety, the Company arranges continuous education, training, and promotion to develop the emergency response skills and safety concepts and raise the awareness in employees to reduce industry safety accidents and employee injuries.

OH&S education and training items

Item	No. of trainees	Training expense
Safety education and training for operators of fixed crane operation over 3MT: Preliminary training	8	NT\$80,000
Safety education and training for operators of fixed crane operation over 3MT: Recurrent training	159	NT\$42,000
OH&S education and training for supervisors in charge of organic solvent operations: Recurrent training	14	NT\$11,000
OH&S education and training for supervisors in charge of specified chemical substance operations: Recurrent training	11	NT\$11,000

OH&S education and training for supervisors in charge of dusty operations: Recurrent training	19	NT\$11,000
In-service OH&S education and training for first responders	24	NT\$7,000
In-service OH&S education and training for operators of specified high-pressure gas equipment.	20	NT\$7,000
In-service OH&S education and training for operators forklifts over 1MT	96	NT\$28,000

OH&S-related education and training



<b>Work-Related Injuries of Employees</b>				
<b>Type</b>	<b>Item</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total hours worked</b>	<b>Female total hours worked</b>	40,984	43,208	44,432
	<b>Male total hours worked</b>	642,488	656,348	701,080
	<b>Total hours worked</b>	683,472	699,556	745,512
<b>Number of fatalities as a result of work-related injury</b>	<b>Fatalities of female employees</b>	0	0	0
	<b>Fatalities of male employees</b>	0	0	0
	<b>Total number of fatalities</b>	0	0	0
<b>Number of high-consequence work-related injuries (excluding fatalities)</b>	<b>Total number of high-consequence work-related injuries of female employees</b>	0	0	0
	<b>Total number of high-consequence work-related injuries of male employees</b>	0	0	0
	<b>Total number of high-consequence work-related injuries</b>	0	0	0
<b>Number of recordable work-related injuries (including fatalities and high-consequence work-related injuries)</b>	<b>Total number of work-related injuries of female employees</b>	0	0	0
	<b>Total number of work-related injuries of male employees</b>	10	10	6
	<b>Total number of work-related injuries</b>	10	10	6
<b>Rate of fatalities as a result of work-related injury</b>		0	0	0
<b>Rate of high-consequence work-related injuries</b>		0	0	0
<b>Rate of recordable work-related injuries (including fatalities and high-consequence work-related injuries)</b>		14.63	14.29	8.04
Note:				
1. Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury/total hours worked x 1,000,000				
2. Rate of high-consequence work-related injuries = Number of high-consequence work-related injuries (excluding fatalities)/total hours worked x 1,000,000				
3. Rate of recordable work-related injuries = Number of recordable work-related injuries (including fatalities and high-consequence work-related injuries)/total hours worked x 1,000,000				
4. High-consequence work-related injury refers to work-related injury with a recovery time longer than six months.				
5. Recordable work-related injury excludes work-related injuries caused by commuting between the private place and workplace.				

## Supplier OH&S

We have established the “Contractor Management SOP” (WKTP-4611) to implement contractor management. Contractors are audited at the frequency as stated in the SOP, and irregular audits are commonly implemented. Based on the scale and characteristics of service outsourcing, each unit shall establish, implement, and maintain contractor management systems, SOPs, and plans that comply with the OH&S legal and regulatory requirements and OH&S management system requirements.

Before construction, service shall be outsourced in accordance with the Company’s Procurement SOP, and contractors shall be informed of the control and management regulations of operations undertaken and the notice of deduction or sanction for violating labor safety and health regulations. During the construction, the ordering unit shall fill in the Project (Operation) and Labor Service Outsourcing Joint Labor Safety and Health Consultative Organization Agreement, Work Safety Consultative Organization Meeting Minutes, Affidavit, Contractor Vehicle Plant Entry Application, Contractor Plant Construction (Operation) Application, Holiday Construction Notice, Crane Operation Permit, and other relevant forms. After construction, the ordering unit shall request contractors to complete the sorting (seiri), setting in order (seiton), and safety check of the construction site every day before leaving. Contractors shall also be requested to ensure all personnel have left the plant. The ordering unit shall send staff to verify if contractors have completed the above tasks and all their personnel have left the plant.



## 4.5 Social welfare

We care about community development and fund and engage in local activities. We often make in-kind donation or sponsor the activities organized by local welfare organizations, such as community development associations and temples. We also offer job opportunities to improve social stability by prioritizing employment for applicants from local communities to help stabilize the finance of people in the local communities.

Donation Recipient	Amount
Fuxinggong Temple	NT\$50,000
Nanpu Fuangong Temple	NT\$15,000
Volunteer Environmental Protection Team of Nanpu Community Development Association	NT\$20,000
Friends of the Firemen Association, Tainan City Government Fire Bureau	NT\$50,000
Second Branch, Tainan City Volunteer Firemen Brigade	NT\$20,000
Friends of the Police Association, Tainan City Police Department	NT\$80,000
Longevity Club, Longben Community Development Association	NT\$6,000
Mother Classroom, Longben Community Development Association	NT\$6,000
North District Office, Friends of the Police Association, Tainan City Police Department.	NT\$20,000
South District Community Development Association	NT\$12,000
<b>Total</b>	<b>NT\$279,000</b>

### Charitable activity engagement

#### Road adoption



Description: Engage in the road adoption promoted by the Environmental Protection Bureau, covering 50m of the road in front of the Company's main entrance.



Certificate of Appreciation for sponsoring the fire prevention publicity activities of the Second Disaster Relief Brigade, Tainan City Government Fire Bureau.



Description: Description: Sponsor the expense on the fire prevention publicity activities of the Second Disaster Relief Brigade, Tainan City Government Fire Bureau.

Photos of sponsoring the fire prevention publicity activities of the Second Disaster Relief Brigade, Tainan City Government Fire Bureau.

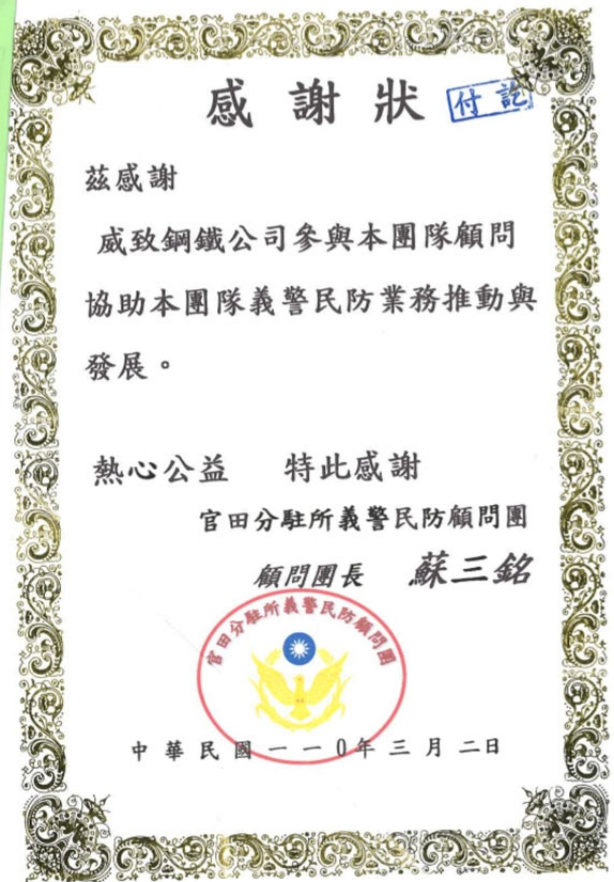


Description: Photos taken at the fire prevention publicity sit of the Second Disaster Relief Brigade, Tainan City Government Fire Bureau.



Act as the consultant of the Friends of the Firemen Association, Tainan City Government Fire Bureau.

Certificate of Appreciation for being the resident consultant for volunteer police and civil defense at Guantian Police Substation.



Description: Act as the consultant of the Friends of Firemen Association and help promote firefighting-related services.

Description: Act as the consultant for volunteer police and civil defense and help promote services relating to volunteer police and civil defense.

# Appendices

## Appendix 1: GRI Content Index

Category/Topic	No.	Disclosure	Corresponding Section	Page	Omission/Remarks
<b>1. Organizational profile</b>					
GRI 102: General Disclosures 2016: Core	102-1	Name of the organization	1.1 Who we are and what we do		
	102-2	Activities, brands, products, and services	1.1 Who we are and what we do 1.3 Business performance		
	102-3	Headquarters location	1.1 Who we are and what we do		
	102-4	Locations	1.1 Who we are and what we do		
	102-5	Ownership and legal form	1.1 Who we are and what we do		
	102-6	Markets served	1.1 Who we are and what we do 1.3 Business performance		
	102-7	Scale of the organization.	1.1 Who we are and what we do 1.3 Business performance		
	102-8	Information on employees and other workers	4.1 Personnel composition and protection		
	102-9	Supply chain	2.3 Supply chain system		
	102-10	Significant changes to the organization and its supply chain	About this report		
	102-11	Precautionary principle or approach	1.4 Risk management		
	102-12	External initiatives	-	-	CWS did not subscribe or endorse any external initiatives in 2021.
102-13	Membership of associations	1.1 Who we are and what we do			
<b>2. Strategy</b>					
GRI 102: General Disclosures 2016: Core	102-14	Statement from senior decision-maker	Message from the Chairman		
GRI 102: General Disclosures 2016: Comprehensive	102-15	Key impacts, risks, and opportunities	1.4 Risk management		
<b>3. Ethics and integrity</b>					
GRI 102: General Disclosures 2016: Core	102-16	Values, principles, standards, and norms of behavior	1.2 Ethical corporate management		
GRI 102: General Disclosures 2016: Comprehensive	102-17	Mechanisms for advice and concerns about ethics	1.2 Ethical corporate management		
<b>4. Governance</b>					
GRI 102: General Disclosures 2016: Core	102-18	Governance structure	1.2 Ethical corporate management		
GRI 102: General Disclosures 2016: Comprehensive	102-21	Consulting stakeholders on economic, environmental, and social topics	Promotion of Sustainable Development		
	102-22	Composition of the highest governance body and its committees	1.2 Ethical corporate management		
	102-23	Chair of the highest governance body	1.2 Ethical corporate management		
	102-24	Nominating and selecting the highest governance body	1.2 Ethical corporate management		
	102-25	Conflicts of interest	1.2 Ethical corporate management		
	102-27	Collective knowledge of highest governance body	1.2 Ethical corporate management		
	102-28	Evaluating the highest governance body's performance	1.2 Ethical corporate management		
	102-29	Identifying and managing economic, environmental, and social impacts	Promotion of Sustainable Development		
	102-30	Effectiveness of risk management processes	1.4 Risk management		
	102-32	Highest governance body's role in sustainability reporting	About this report		
102-35	Remuneration policies	1.2 Ethical corporate management			



Category/Topic	No.	Disclosure	Corresponding Section	Page	Omission/Remarks
	102-36	Process for determining remuneration	1.2 Ethical corporate management		
	102-38	Annual total compensation ratio	4.3 Employee benefits		
	102-39	Percentage increase in annual total compensation ratio	4.3 Employee benefits		
<b>5. Stakeholder engagement</b>					
GRI 102: General Disclosures 2016: Core	102-40	List of stakeholder groups	Promotion of Sustainable Development		
	102-41	Collective bargaining agreements	4.1 Personnel composition and protection		
	102-42	Identifying and selecting stakeholders	Promotion of Sustainable Development		
	102-43	Approach to stakeholder engagement	Promotion of Sustainable Development 2.2 Customer service		
	102-44	Key topics and concerns raised	Promotion of Sustainable Development		
<b>6. Reporting practice</b>					
GRI 102: General Disclosures 2016: Core	102-45	Entities included in the consolidated financial statements	1.3 Business performance		
	102-46	Defining report content and topic Boundaries	Promotion of Sustainable Development		
	102-47	List of material topics	Promotion of Sustainable Development		
	102-48	Restatements of information	About this report		
	102-49	Changes in reporting	About this report		
	102-50	Reporting period	About this report		
	102-51	Date of most recent report	About this report		
	102-52	Reporting cycle	About this report		
	102-53	Contact point for questions regarding the report	About this report		
	102-54	Claims of reporting in accordance with the GRI Standards	About this report		
102-55	GRI content index	About this report			
102-56	External assurance	About this report			
<b>Topic-specific Standards: GRI 200 Economic</b>					
<b>*Economic Performance</b>					
GRI 103 Economic Performance Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	I. Sustainable Development		
	103-2	The management approach and its components	I. Sustainable Development		
	103-3	Evaluation of the management approach	I. Sustainable Development		
GRI 201 Economic Performance Topic Disclosures 2016	201-1	Direct economic value generated and distributed	1.3 Business performance		
	201-2	Financial implications and other risks and opportunities due to climate change	1.4 Risk management		
	201-3	Defined benefit plan obligations and other retirement plans	4.3 Employee benefits		
	201-4	Financial assistance received from government	3.2 Energy management		
<b>Market Presence</b>					
GRI 202 Market presence topic-specific disclosures 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.3 Employee benefits		
	202-2	Proportion of senior management hired from the local community	4.1 Personnel composition and protection		
<b>Indirect Economic Impacts</b>					
GRI 203 Indirect economic impacts topic-specific disclosures 2016	203-1	Infrastructure investments and services supported	4.5 Social welfare		
	203-2	Significant indirect economic impacts	4.5 Social welfare		
<b>Procurement practices</b>					
GRI 204 Procurement practices topic-specific disclosures 2016	204-1	Proportion of spending on local suppliers	2.3 Supply chain system		
<b>Anti-competitive behavior</b>					
GRI 206 Anti-competitive behavior topic-specific disclosures 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.4 Risk management		
<b>Tax</b>					
GRI 207 Tax Management Approach 2019	207-1	Approach to tax	1.4 Risk management		
	207-2	Tax governance, control, and risk management	1.4 Risk management		
	207-3	Stakeholder engagement and management of concerns related to tax	1.4 Risk management		
<b>Topic-specific Standards: GRI 300 Environmental</b>					
<b>*Materials</b>					

Category/Topic	No.	Disclosure	Corresponding Section	Page	Omission/Remarks
GRI 103 Materials Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	III. Environmental Sustainability		
	103-2	The management approach and its components	III. Environmental Sustainability		
	103-3	Evaluation of the management approach	III. Environmental Sustainability		
GRI 301 Materials topic-specific disclosures 2016	301-1	Materials used by weight or volume	3.1 Materials management		
	301-2	Recycled input materials used	3.1 Materials management		
<b>*Energy</b>					
GRI 103 Energy Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	III. Environmental Sustainability		
	103-2	The management approach and its components	III. Environmental Sustainability		
	103-3	Evaluation of the management approach	III. Environmental Sustainability		
GRI 302 Energy topic-specific disclosures 2016	302-1	Energy consumption within the organization	3.2 Energy management		
	302-2	Energy consumption outside of the organization	3.2 Energy management		
	302-3	Energy intensity.	3.2 Energy management		
	302-4	Reduction of energy consumption	3.2 Energy management		
<b>Water</b>					
GRI 303 Water and Effluents Management Approaches 2018	303-1	Interactions with water as a shared resource	3.3 Water management		
	303-2	Management of water discharge-related impacts	3.3 Water management		
GRI 303 Water and effluents topic-specific disclosures 2018	303-3	Water withdrawal	3.3 Water management		
	303-4	Water discharge	3.3 Water management		
	303-5	Water consumption	3.3 Water management		
<b>*Emissions</b>					
GRI 103 Emissions Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	III. Environmental Sustainability		
	103-2	The management approach and its components	III. Environmental Sustainability		
	103-3	Evaluation of the management approach	III. Environmental Sustainability		
GRI 305 Emissions topic-specific disclosures 2016	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions.	3.4 GHG management		
	305-2	Energy indirect g(Scope 2) greenhouse gas (GHG) emissions.	3.4 GHG management		
	305-3	Other indirect (Scope 3) GHG emissions	3.4 GHG management		
	305-4	GHG emissions intensity	3.4 GHG management		
	305-5	Reduction of GHG emissions	3.2 Energy management		
	305-6	Emissions of ozone-depleting substances (ODS)	3.5 Air pollution control		
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.5 Air pollution control		
<b>*Waste</b>					
GRI 103 Waste Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	III. Environmental Sustainability		
	103-2	The management approach and its components	III. Environmental Sustainability		
	103-3	Evaluation of the management approach	III. Environmental Sustainability		
GRI 306 Waste Management Approach 2020	306-1	Waste generation and significant waste-related impacts	3.6 Waste management		
	306-2	Management of significant waste-related impacts	3.6 Waste management		
GRI 306 Waste topic-specific disclosures 2020	306-3	Waste generated	3.6 Waste management		
	306-4	Waste diverted from disposal	3.6 Waste management		
	306-5	Waste directed to disposal	3.6 Waste management		
<b>*Environmental Compliance</b>					
GRI 103 Environmental Compliance Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	III. Environmental Sustainability		
	103-2	The management approach and its components	III. Environmental Sustainability		
	103-3	Evaluation of the management approach	III. Environmental Sustainability		
GRI 307 Environmental compliance topic-specific disclosures 2016	307-1	Non-compliance with environmental laws and regulations	1.4 Risk management		
<b>Supplier Environmental Assessment</b>					
GRI 308 Supplier environmental assessment topic-specific disclosures 2016	308-1	New suppliers that were screened using environmental criteria	2.3 Supply chain system		
	308-2	Negative environmental impacts in the supply chain and actions taken	2.3 Supply chain system		

Category/Topic	No.	Disclosure	Corresponding Section	Page	Omission/Remarks
<b>Topic-specific Standards: GRI 400 Social</b>					
<b>Employment Relations</b>					
GRI 401 Employment topic-specific disclosures 2016	401-1	New employee hires and employee turnover	4.1 Personnel composition and protection		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3 Employee benefits		
	401-3	Parental leave	4.3 Employee benefits		
<b>Labor/management relations</b>					
GRI 402 Labor-management relations topic-specific disclosures 2016	402-1	Minimum notice periods regarding operational changes	4.1 Personnel composition and protection		
<b>*Occupational Health and Safety (OH&amp;S)</b>					
GRI 103 OH&S Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	IV. LOHAS Workplace and Social Welfare		
	103-2	The management approach and its components	IV. LOHAS Workplace and Social Welfare		
	103-3	Evaluation of the management approach	IV. LOHAS Workplace and Social Welfare		
GRI 403 Occupational Health and Safety Management Approach 2018	403-1	Occupational health and safety management system	4.4 Occupational safety and health		
	403-2	Hazard identification, risk assessment, and incident investigation	4.4 Occupational safety and health		
	403-3	Occupational health services	4.4 Occupational safety and health		
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Occupational safety and health		
	403-5	Worker training on occupational health and safety	4.4 Occupational safety and health		
	403-6	Promotion of worker health	4.4 Occupational safety and health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational safety and health		
GRI 403 Occupational health and safety topic-specific disclosures 2018	403-8	Workers covered by an occupational health and safety management system	4.4 Occupational safety and health		
	403-9	Work-related injuries	4.4 Occupational safety and health		
	403-10	Work-Related Illnesses	4.4 Occupational safety and health		
<b>Training and Education</b>					
GRI 404 Training and education topic-specific disclosures 2016	404-1	Average hours of training per year per employee	4.2 Talent development		
	404-2	Programs for upgrading employee skills and transition assistance programs	4.2 Talent development		
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2 Talent development		
<b>Diversity and Equal Opportunity</b>					
GRI 405 Diversity and Equal Opportunity Topic-specific disclosures 2016	405-1	Diversity of governance bodies and employees	4.1 Personnel composition and protection		
	405-2	Ratio of basic salary and remuneration of women to men	4.3 Employee benefits		
<b>Non-discrimination</b>					
GRI 406 Non-discrimination topic-specific disclosures 2016	406-1	Incidents of discrimination and corrective actions taken	4.1 Personnel composition and protection		
<b>Child labor</b>					
GRI 408 Child labor topic-specific disclosures 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	4.1 Personnel composition and protection		
<b>Forced or compulsory labor</b>					
GRI 409 Forced or compulsory labor topic-specific disclosures 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.1 Personnel composition and protection		
<b>Security practices</b>					
GRI 410 Security practices topic-specific disclosures 2016	410-1	Security personnel trained in human rights policies or procedures	4.2 Talent development		
<b>Local Communities</b>					
GRI 413 Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	4.5 Social welfare		

Category/Topic	No.	Disclosure	Corresponding Section	Page	Omission/Remarks
topic-specific disclosures 2016	413-2	Operations with significant actual or potential negative impacts on local communities.	4.5 Social welfare		
<b>Supplier assessment for impacts on society</b>					
GRI 414 Supplier environmental assessment topic-specific disclosures 2016	414-1	New suppliers that were screened using social criteria	2.3 Supply chain system		
	414-2	Negative social impacts in the supply chain and actions taken	2.3 Supply chain system		
<b>Customer Health and Safety</b>					
GRI 416 Customer health and safety topic-specific disclosures 2016	416-1	Assessment of the health and safety impacts of product and service categories	2.1 Product quality control		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.1 Product quality control		
<b>Product and Service Labeling</b>					
GRI 417 Marketing and labeling topic-specific disclosures 2016	417-1	Requirements for product and service information and labeling	2.1 Product quality control		
	417-2	Incidents of non-compliance concerning product and service information and labeling	2.1 Product quality control		
<b>Customer privacy</b>					
GRI 418 Customer privacy topic-specific disclosures 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2 Customer service		
<b>*Socioeconomic Compliance</b>					
GRI 103 Socioeconomic compliance Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	I. Sustainable Development		
	103-2	The management approach and its components	I. Sustainable Development		
	103-3	Evaluation of the management approach	I. Sustainable Development		
GRI 419 Socioeconomic compliance Topic-specific disclosures 2016	419-1	Non-compliance with laws and regulations in the social and economic area	1.4 Risk management		

*Self-Defined Topics	No.	Disclosure	Corresponding Section	Page	Omission/Remarks
<b>*Ethical Corporate Management</b>					
GRI 103 Ethical corporate management, corporate governance Management approaches	103-1	Explanation of the material topic and its Boundaries	I. Sustainable Development		
	103-2	The management approach and its components	I. Sustainable Development		
	103-3	Evaluation of the management approach	I. Sustainable Development		
<b>*Product and Technology Innovation</b>					
GRI 103 Product and technology innovation Management approaches	103-1	Explanation of the material topic and its Boundaries	II. Value Chain Management		
	103-2	The management approach and its components	II. Value Chain Management		
	103-3	Evaluation of the management approach	II. Value Chain Management		
<b>Customer Service and Management</b>					
GRI 103 Customer service and management Management approaches	103-1	Explanation of the material topic and its Boundaries	II. Value Chain Management		
	103-2	The management approach and its components	II. Value Chain Management		
	103-3	Evaluation of the management approach	II. Value Chain Management		
<b>*Information Security</b>					
GRI 103 Information security. Management approaches	103-1	Explanation of the material topic and its Boundaries	II. Value Chain Management		
	103-2	The management approach and its components	II. Value Chain Management		
	103-3	Evaluation of the management approach	II. Value Chain Management		
<b>*Materials Management</b>					
GRI 103 Materials management Management approaches	103-1	Explanation of the material topic and its Boundaries	III. Environmental Sustainability		
	103-2	The management approach and its components	III. Environmental Sustainability		
	103-3	Evaluation of the management approach	III. Environmental Sustainability		
<b>*Air Pollution</b>					
GRI 103	103-1	Explanation of the material topic and its Boundaries	III. Environmental		

<b>*Self-Defined Topics</b>	<b>No.</b>	<b>Disclosure</b>	<b>Corresponding Section</b>	<b>Page</b>	<b>Omission/Remarks</b>
<b>Air pollution</b>			Sustainability		
Management approaches	103-2	The management approach and its components	III. Environmental Sustainability		
	103-3	Evaluation of the management approach	III. Environmental Sustainability		

**Appendix 2: Taiwan Stock Exchange Corporation “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies” (Article 4, paragraph 4)**

No.	Accounting Metric	Corresponding Section	Page
(1)	The number of full-time employees not in a managerial position, the average and median earnings of full-time employees not in a managerial position, and the difference of the three figures from the previous year.	4.3 Employee benefits	
(2)	The company’s governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.	1.4 Risk management	

### Appendix 3 SASB Sustainability Disclosure Topics & Accounting Metrics

TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	Corresponding Report Section	Page
GHG emissions	EM-IS-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.	Quantitative	3.4 GHG management	
	EM-IS-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	Qualitative	3.4 GHG management	
Air Quality	EM-IS-120a.1	Air emissions of the following pollutants: <ul style="list-style-type: none"> <li>● CO</li> <li>● NO<sub>x</sub> (excluding N<sub>2</sub>O)</li> <li>● SO<sub>x</sub></li> <li>● Particulate matter (PM<sub>10</sub>)</li> <li>● Manganese (MnO)</li> <li>● Lead (Pb)</li> <li>● Volatile organic compounds (VOCs)</li> <li>● Polycyclic aromatic hydrocarbons (PAHs)</li> </ul>	Quantitative	3.5 Air pollution control	
Energy management	EM-IS-130a.1	<ol style="list-style-type: none"> <li>1. Total Energy Consumption</li> <li>2. Percentage grid electricity</li> <li>3. Percentage renewable</li> </ol>	Quantitative	3.2 Energy management	
	EM-IS-130a.2	<ol style="list-style-type: none"> <li>1. Total fuel consumed</li> <li>2. Percentage coal</li> <li>3. Percentage natural gas</li> <li>4. Percentage renewable</li> </ol>	Quantitative	3.2 Energy management	
Water management	EM-IS-140a.1	<ol style="list-style-type: none"> <li>1. Total fresh water withdrawn</li> <li>2. Percentage recycled</li> <li>3. Percentage in regions with High or Extremely High Baseline Water Stress</li> </ol>	Quantitative	3.3 Water management	
Waste management	EM-IS-150a.1	<ol style="list-style-type: none"> <li>1. Amount of waste generated</li> <li>2. Percentage hazardous</li> <li>3. Percentage recycled</li> </ol>	Quantitative	3.3 Water management	
Workforce Health & Safety	EM-IS-320a.1	<p>Percentage of full-time employees and contract employees:</p> <ol style="list-style-type: none"> <li>1. Total recordable incident rate (TRIR)</li> <li>2. Fatality rate</li> <li>3. Near miss frequency rate (NMFR)</li> </ol>	Quantitative	4.4 Occupational safety and health	
SCM	EM-IS-430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues.	Qualitative	n/a	
ACTIVITY METRIC	EM-IS-000.A	Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes.	Quantitative	3.2 Energy management	
	EM-IS-000.B	Total iron ore production	Quantitative	n/a	
	EM-IS-000.C	Total coking coal production	Quantitative	n/a	



# Appendix 4: Safety Standard Certificates (RoHS Report, REACH Report, Certificates of the CNS Mark, and Certificates of the Registration for Product Certification)

## RoHS Report

# SGS

### 測試報告

## Test Report

號碼(No.): EKR21C00830

日期(Date): 17-Dec-2021

頁數(Page): 1 of 8

威致鋼鐵工業股份有限公司 (WEI CHIH STEEL INDUSTRIAL CO., LTD)

臺南市官田區南廊里南廊123號 (NO.123, NANBU, GUANTIAN DIST., TAINAN CITY 720, TAIWAN (R.O.C.))

以下測試樣品係由申請廠商所提供及確認 (The following sample(s) was/were submitted and identified by/on behalf of the applicant as) :

送樣廠商(Sample Submitted By) : 威致鋼鐵工業股份有限公司 (WEI CHIH STEEL INDUSTRIAL CO., LTD)

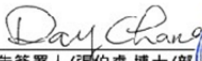
樣品名稱(Sample Name) : 熱軋鋼材 (HOT ROLLED STEEL)

收件日(Sample Receiving Date) : 10-Dec-2021

測試期間(Testing Period) : 10-Dec-2021 to 17-Dec-2021

測試需求(Test Requested) : 依據客戶指定·參考RoHS 2011/65/EU Annex II及其修訂指令(EU) 2015/863測試鎘、鉛、汞、六價鉻、多溴聯苯、多溴聯苯醚, DBP, BBP, DEHP, DIBP。 (As specified by client, with reference to RoHS 2011/65/EU Annex II and amending Directive (EU) 2015/863 to determine Cadmium, Lead, Mercury, Cr(VI), PBBs, PBDEs, DBP, BBP, DEHP, DIBP contents in the submitted sample(s).)

測試結果(Test Results) : 請參閱下一頁 (Please refer to following pages.)

  
報告簽署人/張伯善 博士/部經理  
Ray Chang, Ph.D./Department Manager  
Signed for and on behalf of  
SGS TAIWAN LTD.  
化學實驗室-高雄/Chemical Laboratory-Kaohsiung



PIN CODE: 1438888F

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SGS Taiwan Ltd. 台灣檢驗科技股份有限公司

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測試報告

Test Report

號碼(No.): EKR21C00831A02

日期(Date): 01-Jul-2022

頁數(Page): 1 of 17

威致鋼鐵工業股份有限公司 (WEI CHIH STEEL INDUSTRIAL CO., LTD)  
臺南市官田區南廓里南廓123號 (NO.123, NANBU, GUANTIAN DIST., TAINAN CITY 720, TAIWAN (R.O.C.))

以下測試樣品係由申請廠商所提供及確認 (The following sample(s) was/were submitted and identified by the applicant as) :

送樣廠商(Sample Submitted By) : 威致鋼鐵工業股份有限公司 (WEI CHIH STEEL INDUSTRIAL CO., LTD)  
樣品名稱(Sample Name) : 熱軋鋼材 (HOT ROLLED STEEL)

=====  
收件日(Sample Receiving Date) : 10-Dec-2021  
測試期間(Testing Period) : 10-Dec-2021 to 17-Dec-2021 and 18-Jan-2022 to 15-Feb-2022 and 13-Jun-2022 to 01-Jul-2022

測試需求(Test Requested) : 224項高關注物質篩檢及額外的項目是依客戶特定要求。高關注物質候選清單是根據歐洲化學總署(ECHA)於2022年06月10日·就關於REACH之Regulation (EC) No 1907/2006的公告·(224 Substances of Very High Concern (SVHC) screening in addition of item(s) by specific client's request. SVHC candidate list based on the publication by European Chemicals Agency (ECHA) on 2022 June 10, regarding Regulation (EC) No 1907/2006 concerning the REACH.)

測試結果(Test Results) : 請參閱下一頁 (Please refer to following pages).  
總 結(Summary) : 根據歐洲法院對於REACH規範下成品定義的裁決以及指定範圍和分析技術·送測樣品中所選擇的零部件成品的高關注物質(SVHC) 測試結果濃度均 ≤ 0.1%(w/w) (According to the ruling of the Court of Justice of the European Union on the definition of an article under REACH, and the specified scope as well as analytical technique, the test results of the selected component article are ≤ 0.1% (w/w) in the submitted sample(s).)

  
報告簽署人/張伯睿 博士/部 經理  
Ray Chang, Ph.D./ Department Manager  
Signed for and on behalf of  
SGS TAIWAN LTD.  
化學實驗室-高雄/Chemical Laboratory-Kaohsiung




PIN CODE: 64797A37

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