



**YIEH HSING
ENTERPRISE CO., LTD.**

2022 Sustainability Report



CONTENTS

| | | | |
|--|-----------|---|------------|
| 01 Overview | 3 | 06 Energy Management | 79 |
| 1.1 About YIEH HSING | 3 | 6.1 Energy Management and energy Saving Performance | 79 |
| 1.2 Sustainable Performance Indicators | 10 | 6.2 Water Resource Consumption and Control of Wastewater | 86 |
| 1.3 SDGs by United Nations | 12 | 6.3 Waste Management | 89 |
| 02 Sustainable Operation | 13 | 07 Employee Care | 91 |
| 2.1 YIEH HSING Sustainable Development Strategy | 13 | 7.1 Labor Relation | 91 |
| 2.2 Company Status | 15 | 7.2 Employee Benefits and Salary | 97 |
| 2.3 Sustainable Development | 22 | 7.3 Health Check and Health Care | 106 |
| 03 Corporate Governance | 33 | 7.4 Safety and Health | 107 |
| 3.1 Operating Performance | 33 | 08 Social Participation | 115 |
| 3.2 Corporate Governance | 35 | 8.1 Social Charity | 115 |
| 3.3 Ethical Corporate Management | 43 | Appendixes | 116 |
| 3.4 Risk Management and Management Objectives | 46 | Appendix I Comparison Table of GRI Standards and Indicators | 116 |
| 3.5 Quality Management | 51 | Appendix II Indicators for Sustainability Disclosures | 123 |
| 04 Supply Chain and Customer Relation | 54 | Appendix III TCFD Disclosure Index | 124 |
| 4.1 Supplier Management | 54 | | |
| 4.2 Subcontractor Management | 59 | | |
| 4.3 Customer Service | 63 | | |
| 05 Environmental Protection | 67 | | |
| 5.1 Occupational Health and Safety Management system | 67 | | |
| 5.2 Friendly Environment | 70 | | |

About This Report

Yieh Hsing Enterprise Co., Ltd. (Hereinafter “YIEH HSING” or “the Company”) started to compile the ESG Report since 2019 in conformity with the standards set forth by the Global Reporting Initiative (GRI) (this report was titled “CSR Report” from 2018-2020). This year's report is the 5th report of its kind. The report was edited on the basis of the updated version of the GRI Standards for disclosure and with reference to the guidelines for disclosure set forth by the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). The report will be disclosed to all stakeholders and the public by posting it on the sustainable development page of the official website of the Company. The accuracy, balance, clarity, comparability and integrity of the information contained therein will also be enhanced.

Category

The information disclosed herein started on January 1, 2022 and lasted through December 31, 2022. YIEH HSING 's business scope covers Pingnan plant and Gangshan plant according to the scope of operation of products and services. The financial information in this report is based on the International Financial Reporting Standards (IFRS), including the financial performance report of each reinvestment business. The currency values disclosed are all expressed in New Taiwan dollars.

Write an Outline

The 2022 ESG Report of Yieh Hsing Enterprise Co., Ltd. was compiled in accordance with the GRI Standards published by the Global Reporting Initiative (GRI) and with reference to the TCFD, SASB, and the United Nations Sustainable Development Goals (SDGs).

Report Release

YIEH HSING compiles its ESG Report annually. The 5th report is scheduled to be released in June 2023. In support of the cause of paperless environments, this report will be released electronically through the official website of the Company.

Internal Review Mechanism of Report

This report was planned by the sustainability task force, and the content was edited, proofread and revised by the members of the editorial board. The final version of this report will be further reviewed by the heads of the responsible departments and then finalized by the Chairman in the care of the President's Office before submitting it to the Board for final approval after review. The content disclosed in this report has not been verified by a third-party institution, but it has been screened by the internal control and audit mechanisms of YIEH HSING for assuring the accuracy of the data contained in this report. In the future, YIEH HSING will respond to the call of the government and proceed with assurance of the SASB and GHG inventory of the ESG Report in 2024.

Contact

Please contact us if you have any questions or suggestions about this report.
Yieh Hsing Enterprise Co.,LTD. President's Office.
Address : No. 369, Baomi Rd., Gangshan Dist., Kaohsiung City 820007, Taiwan (R.O.C.)
Phone : +886-7-611-1111 Ext : 112 、 155
Website : <http://www.yheco.com.tw>



01 Overview

1.1 About YIEH HSING

1.1.1 Company Profile

YIEH HSING established in 1978 is the first company of E United Group. YIEH HSING started as a steel manufacturer in carbon steel tube and pipe. In 1991, YIEH HSING commissioned its first wire rod mill in Gangshan Plant, and second wire rod mill in Pingnan Plant in 1998, as well as production and sales of stainless steel wire rod, carbon steel wire rod, free cutting steel wire rod, alloy steel wire rod and deformed bar with a total annual capacity of 500,000 metric tons which makes it one of a few manufacturers in Taiwan that can provide various types of steel and sizes of wire rod now. Our products are available for various application for downstream customers, such as screws, nuts, industrial parts, machine parts, aerospace parts hardware and tools etc. In order to meet customers' requirement, YIEH HSING sets up a complete quality control system. We are also awarded the ISO 9001 certificate. YIEH HSING established 3Qs in its service policy to ensure customer satisfaction: Quick response, Quick market reaction and Quick delivery. It has introduced ISO 14001 Environmental Management Systems, ISO 45001 and CNS 45001 Occupational Health and Safety Management Systems, and ISO 50001 Energy Management System. YIEH HSING's vision lies in continuous advancement, and to become a renowned professional steel producer.

YIEH HSING Enterprise Co., Ltd

Date of Establishment

July, 1978

Number of Employee

446 (as of December 31, 2022)

Chairman

Lin Maw Wu

Paid-in Capital

NT\$ 5,306,516 thousand

President

Sen-Long Chen

Equity status/ market type

Public Offering/ Listed Company Stock
Code: 2007

Address

Gangshan Plant : No. 369, Baomi Rd.,
Gangshan Dist., Kaohsiung City 820007

Pingnan Plant : No. 4-5, Yongxiang Rd.,
Fangliao Township, Pingtung County
940001

Main Products

Different kinds of wire rods, including
stainless steel, carbon steel, alloy steel,
and free-cutting steel.

Shareholding Rate

| Shareholder Structure | Government Institution | Financial Institution | Other Corporate Body | Individual | Foreign Institution and Outsider |
|-----------------------|------------------------|-----------------------|----------------------|------------|----------------------------------|
| Shareholding Rate | 0% | 0% | 74.90% | 24.57% | 0.53% |

Duties And Responsibilities of Each Major Division:

| Major Division | Activities of each Major Division |
|---|---|
| Audit Office | Take charge of implementing audit system regulations and providing improvement opinion to the management team. |
| President's Office | Organizational planning and coordinating, promote and manage internal control system and standardization. |
| Marketing & Sales Vice President's Office | Take charge of gathering domestic and international market information, assisting in compiling information for the Board of Directors. |
| Domestic Marketing & Sales Global Marketing & Sales Market Development Div. | Take charge of sell and buy quotation, customer orders, shipping contact, project sales, etc. |
| Financial Division | Take charge of bill handling, tax filing, cost clearing, budget planning and difference analyzing, financial matters, assets management, and shareholder services. |
| Technology Division | Take charge of assisting production technology development, quality control, product regulations, customer service after-sales, and technical improvement. |
| Information Division | Take charge of such matter as development of the computerized management systems, buildup & maintenance of the hardware equipment in the company. |
| Production and Marketing Management Division | Take charge of such matters as mapping out the production schedule, coordinating and tracking the order delivery and shipment, warehousing and managing the raw material, subject to the order and production plan. Be responsible for such matters as the order shipment control, scheduling of the vehicle shipment order and double check of the shipment. |
| Human Resources & Administration Division | Take charge of human resources, administration, and paperwork. |
| Industrial Safety and Health Room | Take charge of / promote environment and employee safety and health management. |
| TPM Management Room | Take the responsibility for the implementation of the TPM management activities, including such matters as the plans and progress of individual improvement, autonomous maintenance, scheduled maintenance, quality maintenance, initial flow management, efficiency of the indirect divisions, educational training, safety and health improvement planning etc. |
| Purchasing Section | Take charge of purchasing business. |
| Production Division | Take charge of production operation management, production efficiency, and quality improvement. |
| Equipment Division | Take charge of facility operation and maintenance of the steel rolling water treatment plant, maintenance of production facility and instrument facility. |

YIEH HSING participates in the following associations or organizations:

| Category | Associations or National/ International Advocacy Organization |
|--------------------------|--|
| Steel Related Groups | Taiwan Steel & Iron Industries Association |
| | Taiwan Industrial Fasteners Institute |
| Non-Steel Related Groups | Kaohsiung Industry Association |
| | Pingnan Industrial Park Association |

1.1.2 Company Milestone

- 1978 ● Established “Yieh Hsing Enterprise Co., Ltd.”
- 1980 ● The first steel pipes production line was officially launched.
- 1988 ● The stock under public offering was officially listed.
- 1989 ● Became the first plant in the domestic steel industry which passed the JIS assessment.
- 1991 ● Gangshan Plant was in operation with SMS rolling facility from Germany.
- 1992 ● Added steel rolling production lines of stainless steel wire rods, carbon steel wire rods, alloy steel wire rods, and free-cutting steel wire rods.
- 1998 ● Pingnan Plant was in operation to produce carbon steel wire rods, alloy steel wire rods, and free- cutting steel wire rods.
- 2000 ● Production of steel wire rod was added in Gangshan Plant.
- 2003 ● YIEH HSING passed the verification of ISO 9001 Quality Management System.
- 2010 ● Production lines of concrete iron and bar steel were added in Pingnan Plant to develop product diversity.
- 2011 ● Establishment of “E-DA Royal Skylark Hotel Co., Ltd.” and “E-DA Metropolis Enterprise Co., Ltd.” was granted by the Kaohsiung City Government. Awarded the “Safety and Health Model” prize by the Industrial Development Bureau of the Ministry of Economic Affairs.
- 2012 ● Passed the verification of OHSAS 18001/TOSHMS Occupational Health and Safety Management System of the Bureau of Standards, Metrology and Inspection, the Ministry of Economic Affairs.
- 2013 ● Subsidiary companies, “E-DA Royal Skylark Hotel Co., Ltd.” and “E-DA Metropolis Enterprise Co., Ltd. obtained the building license.
- 2016 ● The company name of “E-DA Royal Skylark Hotel Co., Ltd.” changed to be “Great Emperor Hotel Co., Ltd.” The company name of “E-DA Metropolis Enterprise Co., Ltd.” to be “Kingsgarden International Co., Ltd.”
- 2018 ● We passed the verification of ISO 14001:2015 Environmental Management System.
- 2019 ● We passed the verification of ISO 50001 : 2018 Energy Management System. Thanks to the business development needs, our subsidiary company, “Kingsgarden International Co., Ltd.”, took part in the investment in the establishment of “HUAGLAM International Co., Ltd.”
- 2020 ● 1.The company lost the controlling power to Great Emperor Hotel Co., Ltd. and Kingsgarden International Co., Ltd.”
2.The company was awarded the Japan’s JIPM TPM Excellence Award.
- 2021 ● We passed the verification of ISO 45001: 2018 Occupational Health and Safety Management System.

1.1.3 Production Line Introduction

Gangshan Plant

| Production Line | Size | Build Time | Supplier | Design Capacity |
|---|---------------------------|------------|----------|-------------------|
| Wire rod mill production line | ϕ 5.5mm~ ϕ 20mm | 1991 | SMS | 200,000 tons/year |
| Bar in Coil wire rod mill production line | ϕ 14mm~ ϕ 38mm | 1999 | POMINI | |



| Production Line | Products | Build Time | Supplier | Design Capacity |
|---|-----------------|------------|----------|------------------|
| The first production line of wire rod mill pickling | Stainless steel | 1991 | KCH | 44,604 tons/year |
| | Carbon steel | | | 55,404 tons/year |



| Production Line | Build Time | Supplier | Design Capacity |
|--|------------|----------|------------------|
| The second production line of wire rod mill pickling | 2001 | ISUZU | 90,000 tons/year |



| Production Line | Build Time | Supplier | Design Capacity |
|----------------------------------|------------|----------|-------------------|
| Solution furnace production line | 1998 | SANKEN | 115,200 tons/year |



Pingnan Plant

| Products | Size | Build Time | Supplier | Design Capacity |
|-----------------------|---------------------------|-------------------|----------|------------------|
| Carbon steel wire rod | ϕ 5.5mm~ ϕ 20mm | 1997 | SKET | 300,000 ton/year |
| Bar steel | ϕ 10mm~ ϕ 32mm | Developed in 2011 | | |



Picture is wire rod production line

1.1.4 The Summary Table of Material and Product Quantity (Unit: Metric Tons)

| Main Materials | 2020 | 2021 | 2022 |
|------------------------|------------|------------|------------|
| Carbon Steel Billet | 156,258.64 | 265,247.04 | 238,154.61 |
| Stainless Steel Billet | 64,974.63 | 55,663.95 | 44,823.30 |

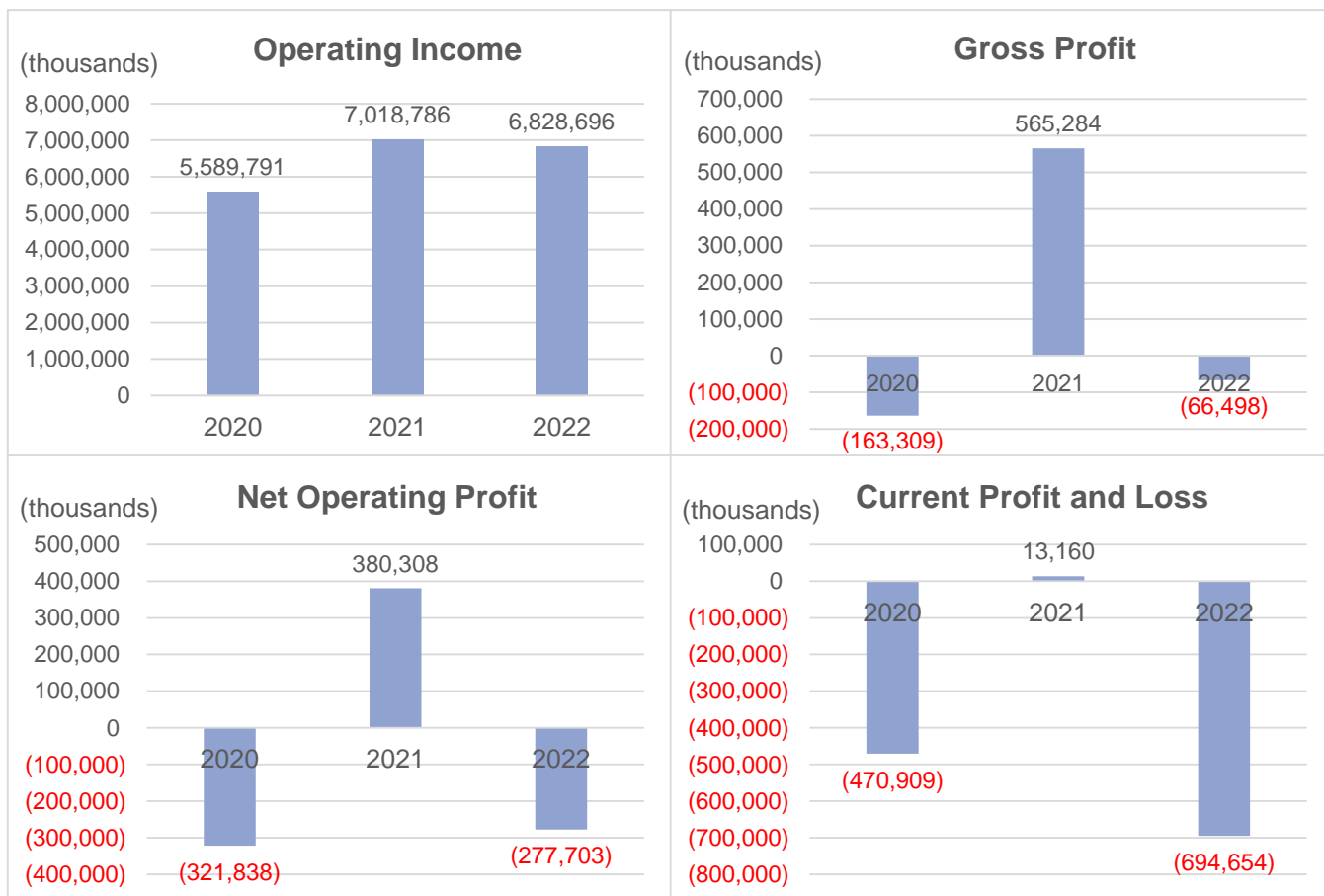
| Main Products | 2020 | 2021 | 2022 |
|--------------------------|------------|------------|------------|
| Carbon Steel Wire Rod | 153,727.93 | 261,694.19 | 236,059.61 |
| Stainless Steel Wire Rod | 63,831.00 | 54,906.17 | 43,865.12 |

1.1.5 Manufacturing Process

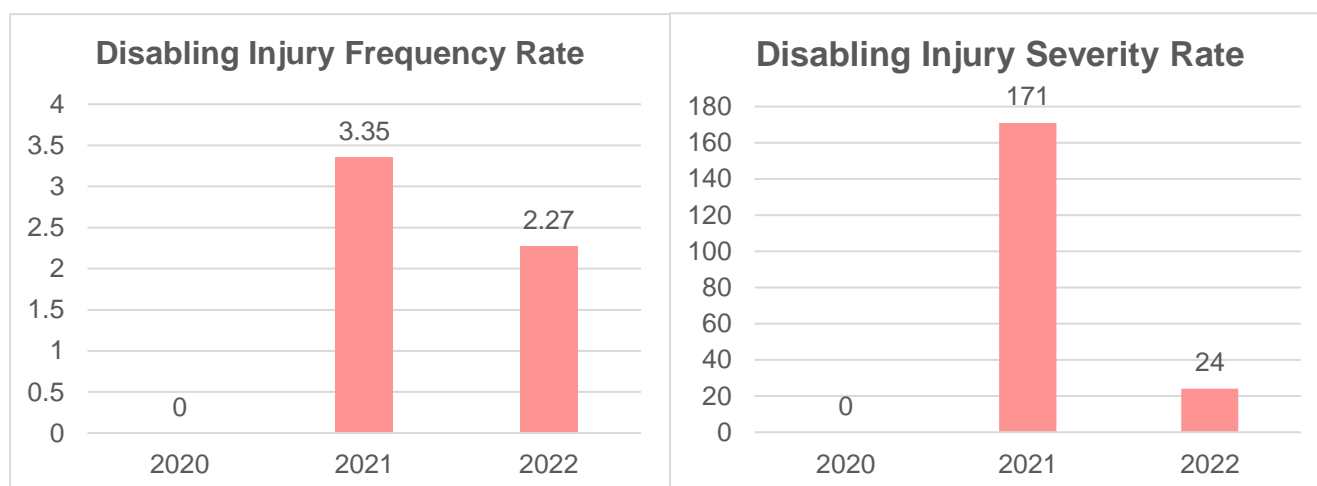


1.2 Sustainable Performance Indicators

Economy

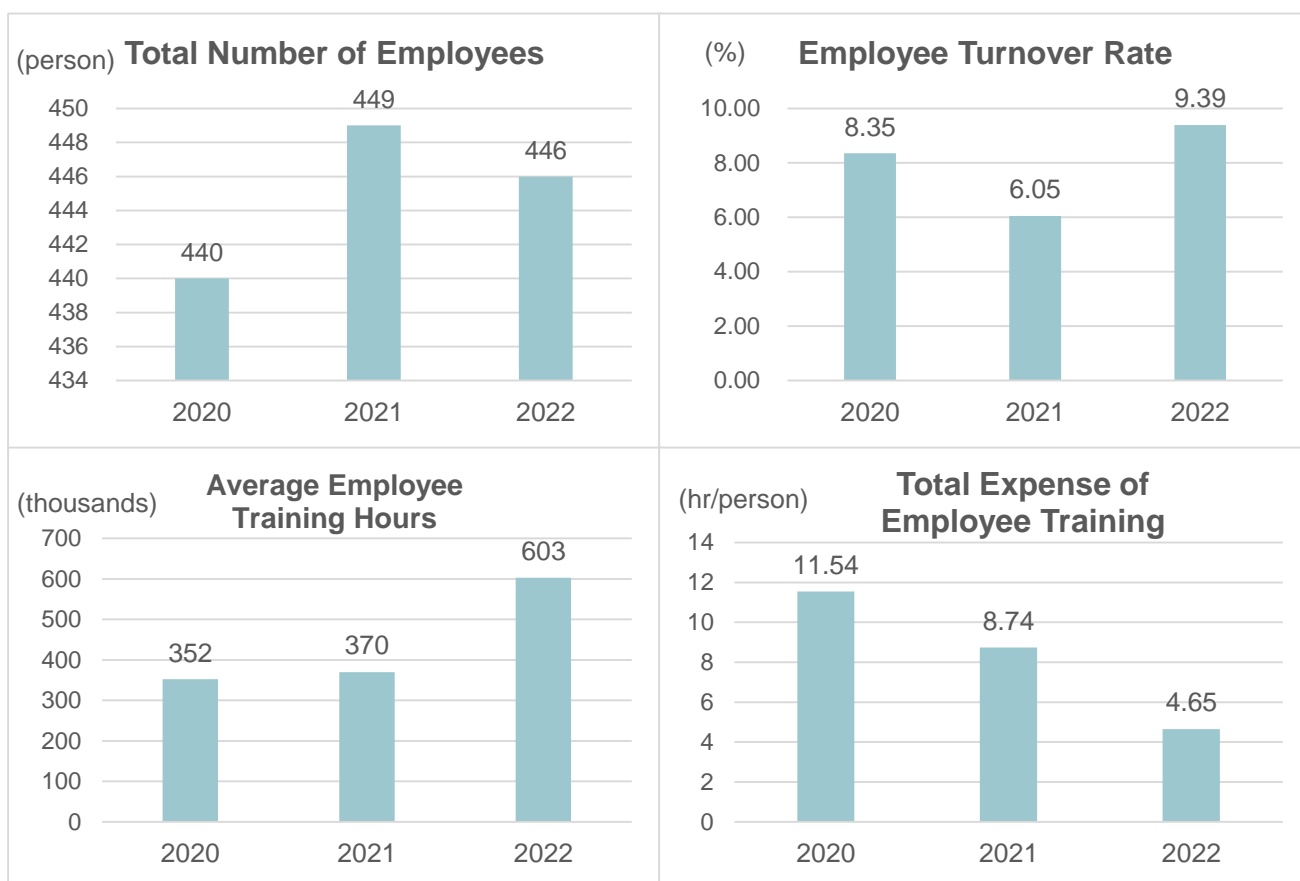


Society

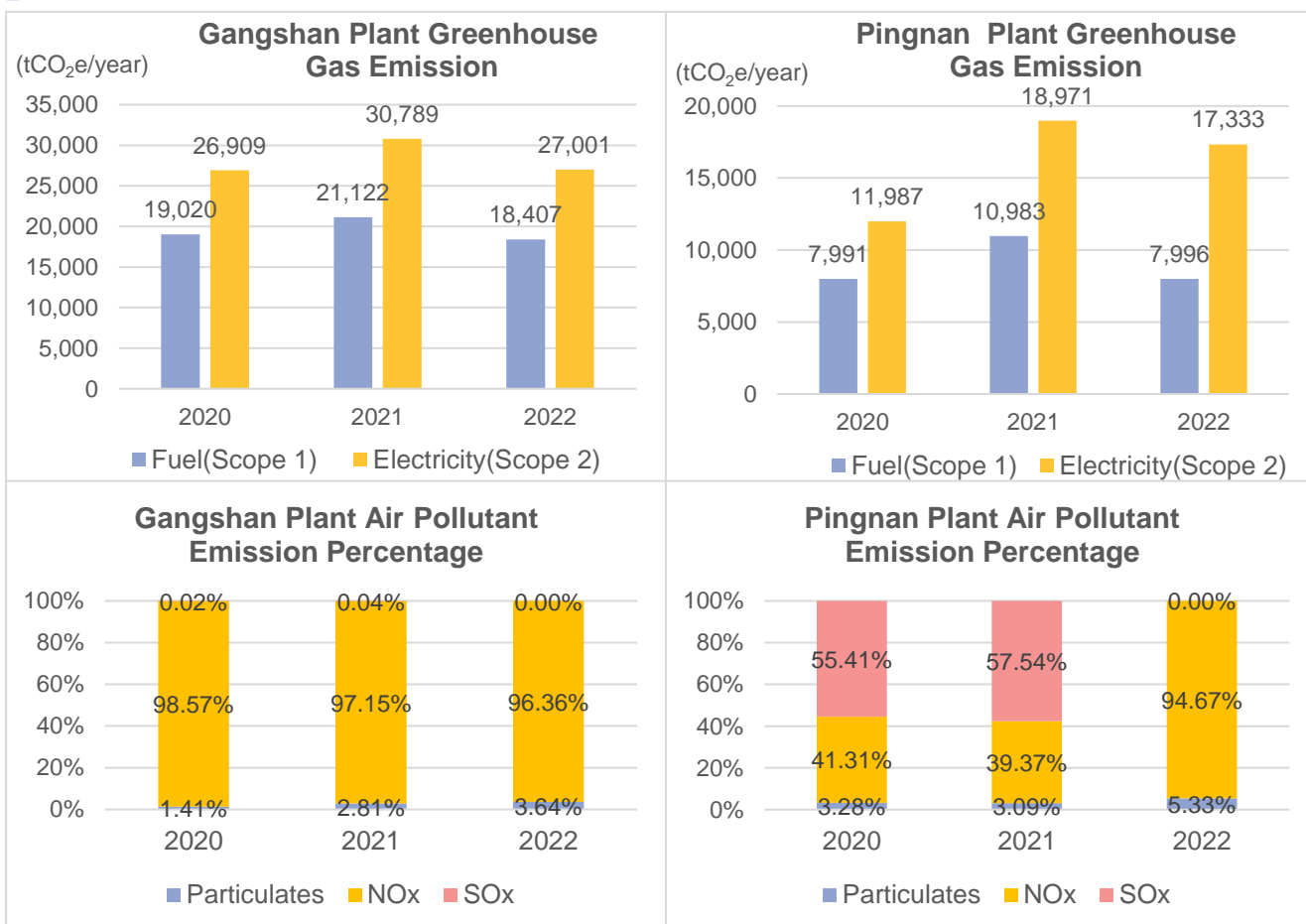


※Disabling Injury Frequency Rate (FR) = Disabling Injuries × 1,000,000 / Employee-hours of exposure.

※Disabling Injury Severity Rate (SR) = Total days charged × 1,000,000 / Employee-hours of exposure.



Environment



1.3 Sustainable Development Goals (SDGs) by United Nations


The company continue to pay attention to the development of relevant domestic and oversea guidelines and changes of the corporate environment to review and improve relevant system and performance. In 2015, the United Nations approved 17 Sustainable Development Goals (SDGs) that covers critical sustainable global issues in the next 15 years. After reviewing, YIEH HSING's sustainable development policy is in consistence with the SDGs. In further consideration of the company industry and regional characteristics, the existing items in the company's sustainable report correspond to 12 out of the 17 SDGs of the United Nations, which can be shown below:

| | | | |
|---|---|---|---|
| 7.2 Employee benefits and salary 7.3 Health check up and care |  | 1.1.3 Production Line Introduction 1.1.5 Manufacturing Process 2.2 Company status |  |
| 7.2.3 Cultivation and development |  | 08 Society Participation |  |
| 7.1.4 Human rights and regulations compliance 7.2.1 Workplace diversity and equality |  | 02 Sustainable Operation 3.5 Quality Management 04 Supplier chain and customer relation |  |
| 6.2 Water Resource Consumption and Control of Wastewater |  | 05 Environmental protection 06 Energy management |  |
| 6.1 Energy management and energy saving promotion performance 6.2 Water Resource Consumption and Control of Wastewater |  | 03 Corporate governance 05 Environmental protection 07 Employee care |  |
| 07 Employee care |  | 02 Sustainable operation 04 Supplier chain and customer relation |  |

02 Sustainable Operation

2.1 YIEH HSING Sustainable Development Strategy

YIEH HSING believes that the main lifeline of an enterprise lies in research and development. Our company's research and development plan adheres to the following business philosophy:

| | | |
|---|-----------------------|--|
|  | Innovation | Introduce new technology, research for new process, develop new product, renovate operation and management, promote upgrade in overall industry. |
| | Growth | Continue to invest, enhance corporate vitality, improve number of items and quality in product and service, and make synchronous growth in YIEH HSING company, employee, and customer. |
| | Responsibility | Strive to operate, security investors' rights, go green, maintain social resources, commit to corporate responsibility, and give back to the society. |
| | Sustainability | Cultivate talents for management, root in Taiwan, eye on the world, be sustainable. |

YIEH HSING continues to develop new product and connect innovative and new ideas to develop new module for better product and operating quality. We create more value for our company and the customer by lean management and supreme service.

| | |
|----------------------------|---|
| Short-term strategy | <p>Improving production efficiency and reducing costs to increase profit.</p> <p>Furthering the control of quality to upgrade product quality and satisfy customer needs.</p> <p>Adjusting the product portfolio and switching to products with high added-value and know-how to improve the added value of products.</p> <p>Intensifying market promotion and brand building to enhance corporate image and reputation.</p> |
| Mid-term strategy | <p>Developing new products to increase market share and bring in higher revenue.</p> <p>Investing in research and development and intensifying technological innovation to develop new products and bolster the core competitiveness of the Company.</p> <p>Strengthening international business and expanding the overseas market to achieve globalized development.</p> <p>Establishing a viable supply chain system and improving the efficiency and agility of the supply chain to satisfy customer needs.</p> <p>Increasing the market share and enhancing the influence and dominant position of the enterprise through perpetual innovation.</p> |
| Long-term strategy | <p>Developing the eco-friendly low carbon iron and steel industry to maintain sustainable corporate development.</p> <p>Intensifying the building of the corporate culture, upgrading the quality of employees and structuring a sound management team.</p> <p>Enlarging the scale of the enterprise through capacity expansion or diversified operations to bring in higher revenue.</p> <p>Establishing a diversified product system to reduce the risk of relying on a single product.</p> |

YIEH HSING Sustainable Development Policy

YIEH HSING's corporate social responsibility policy was first released in the 2018 Corporate Social Responsibility Report. It was revised as YIEH HSING Enterprise Sustainable Development Policy in line with the Sustainability Report in 2021.

The company follows the management philosophy "Innovation, growth, responsibility, and sustainability" by E United Group and takes "Make profit, strive for better, gain trust" as guideline for management. The company has been committed to sustainable development since the establishment. We value three perspectives of corporate governance, environment, and society and actively response to issues that are concerned by the investors, government, employees, subcontractors, and the community. Here is the announcement of the sustainable development policy:

1. Abide by the national laws, policies, corporate ethics, moral regulations, committed to integrity, and conduct business with honest.
2. Practice corporate governance and strive for balanced profit with all interested parties.
3. Keep operating outcome transparent, communicate with interested parties through proper method, and response to concerned issues appropriately.
4. Cherish natural resources, practice energy saving and waste reduction, enhance energy management, reduce impact of operation on natural environment.
5. Provide safe working environment for employees, fulfill safety management responsibility, treat and care employees as family, improve safety awareness and behavior to avoid any harm to them.
6. Build a healthy working environment for employees, actively promote events for improving employee health in hopes to fulfill the vision of work happily, get home safely, and retire healthy.
7. Do not hire child labor, respect basic human rights, prohibit any form of discrimination.
8. Uphold an honest and righteous attitude and profit sharing theory to promote labor cooperation, build a harmony working environment.
9. Complete personnel incentive and promotion system for employees' career development.
10. Be responsible for environment and avoid using harmful substance while keep researching for green products and be industry model.
11. Uphold product responsibility and marketing ethics, ensure customer and user rights, build trust and improve satisfaction.
12. Care for community development, involve in charity and give back to the society.

2.2 Company Status

2.2.1 Market and Business Overview

Following the Nickel Price Trend, the Stainless Wire Rod Price in the Market Fell Back After Fast Rise in 2022

The nickel price in the first quarter of 2022 rapidly rose as a whole. In January, the average price of nickel spot was US\$22,326 per ton. In February, the Russia-Ukraine war broke out and the European and American countries expanded sanctions on Russia, so as to accelerate the rising tendency of raw materials. In March, the market corner event of nickel futures contract in LME occurred; the international nickel price was opened in the market in US\$42,500 per ton on March 7th, and then rose to US\$48,201 per ton; it soared further by 111% on March 8th, breaking through US\$100,000 and creating the biggest single-day increase in 35 years. LME therefore made an "unprecedented" decision to suspend nickel trading and cancel all transactions after March 8. After about a week of suspension, LME restarted the nickel trading and historically set a price limit system. Subsequent to the nickel trading, a lot of transactions were cancelled during operations, so the transaction volume was low and liquidity was insufficient. After the LME restarted transaction on March 16th, the nickel price fell back, and finally returned to the fundamentals on March 22nd by US\$30,000 per ton. Consequently, the price of stainless steel wire rod increased rapidly, but due to the downstream cost pressure, the actual transaction was not so good, so the market price of stainless steel wire rod dropped rapidly afterwards. The appreciation of the US dollar and the repeated upward adjustment of interest rates by the US Federal Reserve Board in 2022 affected the demand for metal. The continued massive supply of ferronickel from Indonesia triggered a drop in nickel prices at the London Metal Exchange. The nickel price plummeted to US\$19,100/ton on July 15, the lowest in a single

day. The monthly decline was 17.0%, which was also the greatest drop in the year. Even though nickel price increased significantly by approximately 15% in November and December, the high level of inventory in most downstream enterprises and the low demand for the material led to supply and demand problems that decoupled the price of stainless steel wire rods in the supply market from the trend of the nickel price.

The Demand for Carbon Steel Wire Rods was Strong Early 2022, but Weak Later.

In 2022, the price of iron ore represented a trend of rising first and then falling, next keeping stable and then retracing, while the price of coking coal showed a trend of being high first and then low. The price of coking coal was also on the decline after first rising. The price of carbon steel wire rods skyrocketed in the same manner as iron ore and coking coal due to the war between Russia and Ukraine. As such, the huge demand in the first half of the year triggered the skyrocketing of international steel prices. The unpredictable and complicated change of the macroeconomic environment, as well as the weak demand in the iron and steel market in the second half of the year, caused a decline in the carbon steel wire rod market in Taiwan. According to a forecast report on the short-term demand of iron and steel by WSA released in October 2022, inflation, monetary tightening and the upward adjustment of interest rate for 7 times by the US Fed in 2022 decreased the confidence in market so that market participants tended to be conservative. Accordingly, the demand for steel in related industries slowed down, and coupled with the economic slowdown in China, the demand for iron and steel will likely fall by 2.3%. WSA also forecasted that the demand for iron and steel is expected to resume a growth by 1% in 2023, given the demand from the US and China for infrastructure building. It is expected that the supply and demand in the iron and steel market as a whole will improve.

Strengthen the Supply of Stainless Steel Wire Rods and Consolidate the Market of Carbon Steel Wire Rods.

In 2022, global crude steel production was 1.8785 billion tons, representing a year-on-year decrease of 4.2%. Carbon reduction, production reduction and stable demand revealed that steel prices will remain relatively high. However, with high price and low demand, the sales volume of stainless steel wire rods of the Company decreased significantly, while the sales volume of carbon steel wire rods remained stable; the overall sales amount decreased. The sales volume of stainless steel wire rods in 2022 decreased by 7,600 tons compared with that in 2021. Although the average unit selling price of stainless steel wire rods increased compared with last year, due to the rising price in international raw material market, the overall sales amount decreased by NT\$96,287 thousand. Compared with 2021, the sales volume of carbon steel wire rods in 2022 decreased slightly by 44 tons, but the sales amount increased by NT\$5,659 thousand. While the Company was facing such unfavorable factors as reduced revenue, decreased self-production, and increased production cost, it must not only strive to strengthen the supply of stainless steel wire rods, but also try our best to expand the existing demand market for carbon steel wire rods.

2022 Business Overview

The Company's revenue in 2022 decreased slightly. The annual revenue was NT\$6.829 billion, a slight decrease by NT\$190 million, compared with last year's revenue of NT\$7.019 billion. The net loss before tax in 2022 was NT\$684 million, but comparatively the net profit before tax of NT\$16 million was created in 2021. Its operating conditions declined due to the sharp drop in market demand. The steel industry in 2022 was in a turbulent state. With the relaxation of the COVID-19 epidemic prevention restrictions in the first half of the year, most steel companies benefited from the soaring prices of metal raw

materials. However, because the subsequent tightening monetary policy and high energy prices hurt economic growth, the economic prospect of the steel industry showed a trend of being up in the beginning and down thereafter. Under the influence of high inflation, interest rate hikes and the European energy crisis, the raw material cost in the upstream of the steel market consequently rose, while the consumption power was reduced in the downstream due to the slowdown in global economic growth. As the market, the upstream was hot, while the downstream was cold. In addition, the inventories piled up in the downstream, so the overall steel market demand was so weak as to compress the Company's profitability.

In 2022, the average unit selling price of stainless steel wire rods increased by about 14% compared with last year, and the average unit selling price of carbon steel wire rods increased by about 0.3% compared with last year. Although the unit selling price of stainless steel wire rods increased in 2022, the operating revenue in 2022 decreased slightly compared with that in 2021 due to the decrease of sales volume. Under the circumstances wherein raw material cost rose and demand decreased, in order to consolidate its operating conditions, the Company was actively committed to developing a complete supply chain with a view to stabilizing raw material cost along with input in the improvement of the production process for stabilizing product quality, further expanding foreign market share, and improving product turnover and production capacity utilization. On the one hand, we must do our best to consolidate the existing market and on the other hand, we must simultaneously develop potential customers, so that the Company can create better profit conditions and stand out during the new competition in the market.

2.2.2 External Competition and Business Strategy

YIEH HSING's Future Development Strategy

In addition to the existing market of the US, the Company will proactively expand its business territory to the markets of Europe and Southeast Asia. Furthermore, the Company will transform its operations to niche stainless steel items to meet the demands of high-end customers, while sparing no effort to cut down costs to stabilize the general market and serve existing customers. The Company will continue to launch new types of stainless steel through its processing line for market expansion and ward off the threat of cut-throat competition. The Company will spare no effort in targeting the export market with high added value products and continue to develop new overseas sources of billets to optimize the supply of materials to provide customized products and services. This will help to broaden the scope of services to customers of different categories and create the optimal synergy of costs and operating performance.

The Company started to plan the expansion and modification of Pingnan Plant in May 2021. Under this plan, Pingnan Plant will undergo capacity expansion and equipment modification. Under the mid to long-term operating strategy, the Company seeks to enhance its competitive edge in the wire rod market and maintain its leadership position in products. In responding to the demand of the market under unpredictable changes, the Company will cut down its production costs incrementally in order to enhance competitiveness in the market and make room for further stable growth in the future. Pingnan Plant has already switched from a fuel system to a natural gas system in October 2021 to substantially cut down carbon emissions as required. However, in support of the government's green energy policy and achieving the Company's energy saving and carbon reduction vision, the Company is planning to invest in power generation with

renewable energy (photovoltaic energy) in 2023 to cut down the cost of electricity purchased from Taiwan Power Company and satisfy the need to reduce carbon in response to climate change.

(1) Continue to reduce the cost of carbon steel raw materials and expand the source of steel billets

According to the latest forecast by the World Steel Association, the global steel demand will grow by 1.0% in 2023. The demand momentum of the steel market will resume, accompanied with ignorance of negative impact of the Russia-Ukraine war, the slowdown of US inflation, and the deceleration of the Federal Reserve's tightening speed. It is expected that in the second quarter of 2023, the demand will become stronger along with the full recovery of economy. The Company continues to expand other sources of available steel billets to reduce raw material cost and shorten customer delivery schedules, and increase orders from downstream customers to stabilize and maintain full capacity of the production line. It is expected that the price of iron and steel will rebound in 2023 with the resumption and strengthening of demand. We hope will could make adjustment in line with the change for rapid growth and development.

(2) Actively develop channels for stainless steel wire rods and expand market share

Domestic consumption of stainless steel wire rods in 2022 was about 164,000 tons, and the Company's domestic sales increased slightly from 18.99% in 2021 to 19.29% in 2022; export shipments increased from 6.62% in 2021 to 8.09% in 2022. For the stainless steel market in 2023, currently, due to factors such as the conflict between Russia and Ukraine, energy shortages, monetary policy tightening in developed economies, as well as repeated epidemics, the global economic recession and the impact of reduced demand have resulted in fierce competition in the steel market. However, according to the forecast released by the International Stainless Steel Forum (ISSF) on

May 25, 2022, global stainless steel consumption is expected to increase by 3.6% in 2022, and further increase by 3.2% in 2023. With the increase of the consumer confidence, the recovery will be even stronger, and we are optimistic about the prospects of the stainless steel market.

In addition to continuing to develop high-end stainless steel wire rods in the European and American markets, the Company also transfers its sales and service antenna to the Southeast Asian regions, grasps the pulse of customer demand, provides the overall service of high quality, reasonable price and fast delivery, cooperates with customers to develop markets, and actively expands the sales of the Company's stainless steel wire rods.

(3) Continue to strengthen product research, development and sales

In view of the successful research and development cases of the stainless steel high-grade steel project completed in 2015, which initiated the Company's resource integration and joint development forces with the downstream customers, we hope to copy such a similar successful experience and expand it to other markets and customers. Through the Company's steel grade composition and process adjustment, we can cooperate with the customers to jointly develop the market and win orders. In addition, the Company has also cooperated with the upstream raw material suppliers to develop similar new steel grades. In addition to the increase of the steel grade combination of 304J3A and 304M5 in 2018 and the development of the new sizes of 5.0mm and the new steel grades of 2205/303CU/430L, the Company launched the fast-cutting stainless steel AISI 303 in 2019. In 2020, the development of 410 new steel grade was completed, while the development of new steel grades of 409Cb and YCS550, planned last year (2022), was postponed to this year due to the pandemic. The Company will continue to develop new steel grades to provide the customers with different choices and consolidate the market.

(4) Conserve energy and carry out cost reduction projects

Energy is the major source of cost consumption in the steel industry. With the active cooperation, the Company inputs the research and innovation manpower. We are committed to achieving the goal of energy conservation and carbon reduction from process improvement to product development in order to reduce both the energy consumption and the production cost and enhance competitiveness. Since 2017, a number of energy-saving improvement processes and measures have been implemented, and in 2021, in keeping with the government's energy policies, we made efforts in the development of energy-saving processes, the reduction of energy consumption, the decrease of carbon emissions, the creation of corporate value, and the enhancement of industrial competitiveness. YIEH HSING will install the photovoltaic system at Pingnan Plant in 2023 to support the government's cause of carbon reduction, and the procurement procedure has already been completed in November 2022. This system will be coupled with the power supply system in December 2023 with capacity of 1600 kWp that can generate electrical power amounting to 1,850,000 kWh. It is expected that the new power supply system can reduce carbon emissions by 950 tons.

The Influence of the External Competitive Environment

The US 232 clause of the world's tariff barriers has become the norm and is still ongoing, and since July 1, 2021, the defense measures for steel products in the EU Safeguard have been extended for three years. On December 2, 2022, the European Commission announced to start review of defense measures for steel products, and on January 30, 2023, in order to implement the ruling of the WTO Dispute Settlement Panel, it announced the supplementary evidence and reasons for the original measures. The Company should respond appropriately to this issue. Gigantic trade agreements covering the

largest human population and scale of economy, such as the Regional Cooperation Economic Partnership (RCEP), which is already in force, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which is still in the process of soliciting partners from different countries, are further restructuring global trade blocks and supply chains. As the market size of Taiwan is small, we must persist in trade liberalization and regional economic integration to avoid marginalization in the competition of international trade. Due to the opening of the market, the domestic industries are threatened and impacted by the import of low-priced goods, which requires the government's full assistance and attention. Faced with the challenges of changes in the external environment, how to reduce supply chain-related cost, realize product differentiation, enhance added value of products, stabilize sales channels, and maintain customer relationships are the keys to maintaining competitive advantage. The Company will adopt the strategy of differentiation, and compete in the international market with the stainless steel plates of high quality and fast delivery. In order to strengthen the competitiveness in the Asia-Pacific region, it will also strengthen the research and development and improvement of the advanced products, serve the customers and expand the market with the best quality.

The Influence of Regulatory Environment and General Business Environment

(1) Influence of the Regulatory

Considering that, being a high resource consumption industry, the steel industry is affected by the rise of the global environmental awareness, how to effectively reduce the impact on the environment during the industrial development has indeed become a factor of consideration for the Company's sustainable operation and development policy. With the intensification of global warming and climate change, carbon reduction and net-zero carbon emissions have almost become a global

consensus, and the pressure from the related carbon regulation and carbon reduction has been gradually intensified. In response to the pressure to reduce carbon from Taiwan's declaration of net zero in 2050 and amendment of the Climate Change Response Act, the EU's Carbon Border Adjustment Mechanism (CBAM), and the US's Clean Competition Act (CCA), the buildup of capacity in inventory of greenhouse gases remains the primary concern in our operations.

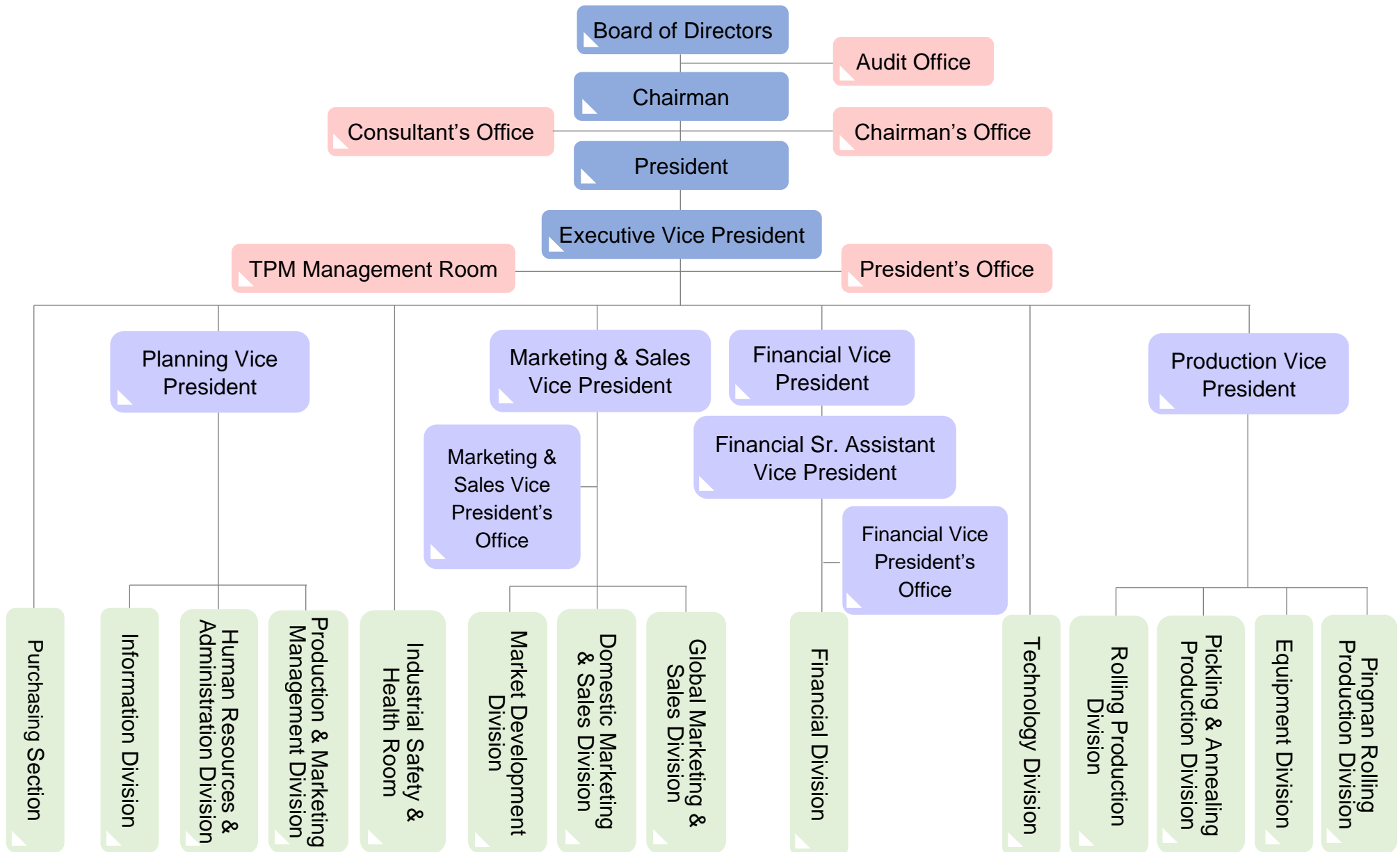
The low-carbon trend makes companies face the pressure of three carbons of "carbon neutrality", "carbon pricing" and "carbon tariffs" on the way of pursuing sustainable development, and the Company needs to respond as soon as possible. The enactment of the Climate Change Response Act will launch a carbon tax system. In response, the Company will have to adopt ISO 14064-1 and establish the tools for greenhouse gas inventory. Following President Tsai Ing-wen's announcement of the enactment of the Climate Change Response Act on February 15, 2023, the Environmental Protection Administration (EPA), the competent authority, will institute the regulations governing the levying of carbon taxes in August 2023. The establishment of a carbon pricing mechanism will not only determine how companies will pay for carbon emissions in the future, but also speed up the Company's carbon inventory and promote ESG carbon reduction. Low carbon brings not only challenges, but also infinite opportunities, so we will implement carbon reduction, grasp the opportunities, and look forward to gaining advantages in the process of transformation, which will be of great help to sustainable development of the Company.

(2) Influence of the General Economy

The World Steel Association released the latest short-term (2022-2023) steel demand forecast report on October 19, 2022, showing that global steel demand declined by 2.3% in 2022 after an increase of 2.8% in 2021, and steel demand will recover with a growth by 1.0% in 2023. The current forecast has been revised downward from the forecast made in April to

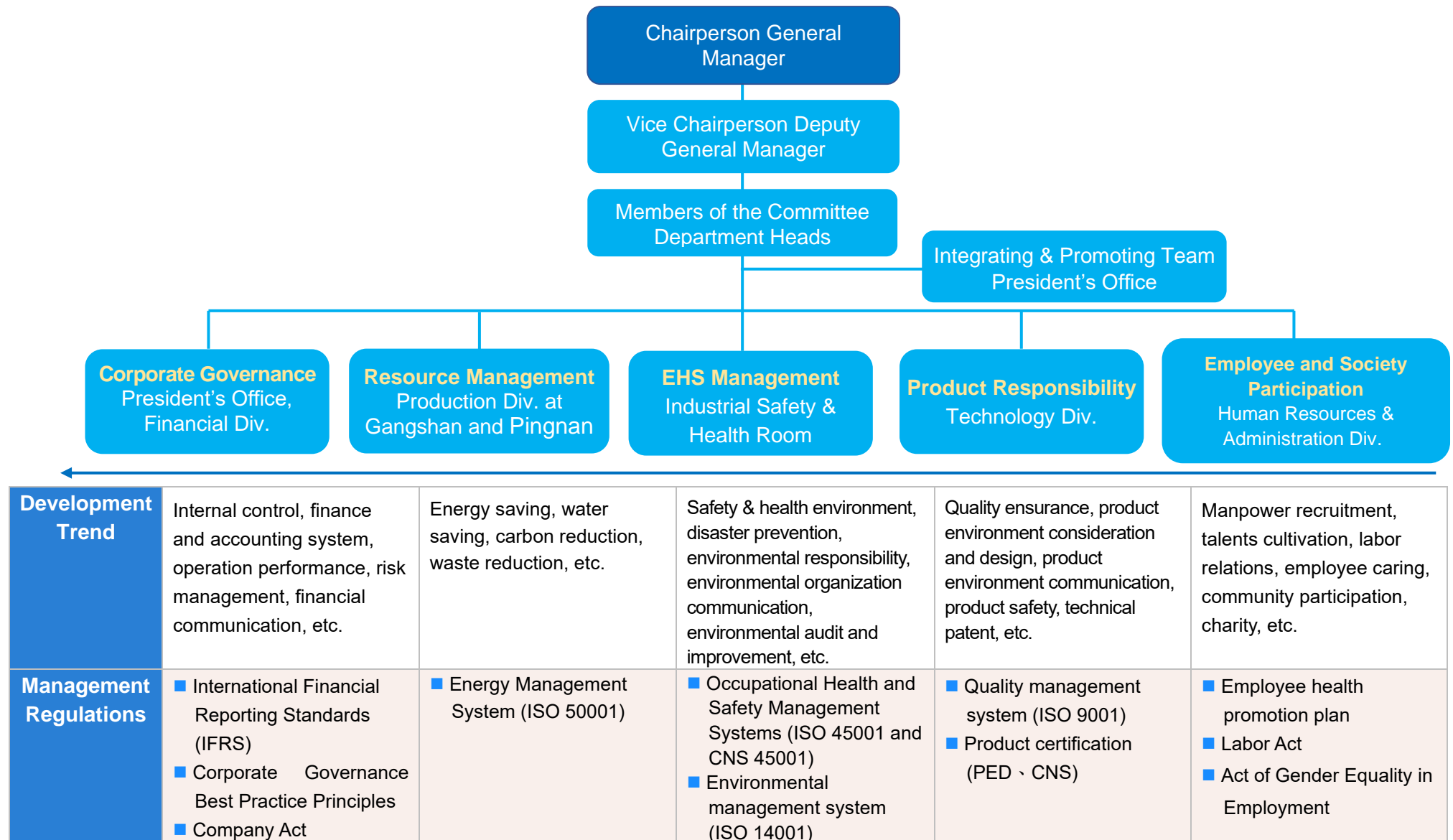
reflect the impact of persistently high global inflation and high interest rates. Affected by factors such as high inflation, monetary tightening and the slowdown of China's economic growth, the economic operation in 2022 was full of difficulties. Despite this, the international steel market recently has resumed confidence due to lifting of restrictions for epidemic prevention in China, and new demands in the construction industry. The Russia-Ukraine war affected the global steel supply; Ukraine reduced production, and Russia dumped a large amount of steel after the outbreak of the war, so as to cause the price of the global steel market to suffer in 2022. India became a new production base in the international supply chain, and demand increased significantly. China lifted the restrictions for epidemic prevention and the construction and production industries started to be active. Consequently, the increase in demand for steel should be foreseeable. It is expected that infrastructure demand may slightly increase steel demand in 2023.

2.2.3 YIEH HSING Organization Chart



2.3 Sustainable Development

2.3.1 Enterprise Sustainable Development Committee Organization Chart



2.3.2 Stakeholders Engagement



Stakeholders of YIEH HSING can be categorized into 8 groups: “supplier, contractor, subcontractor”, “employees”, “central or local governments”, “customer or traders”, “community/local groups, media reporters”, “non-profit organizations”, “industry peer, academic researcher”, and “shareholders”. YIEH HSING has established communication channels for these 8 groups of interest parties, and pays attention to issues and questions they are concerned while uses them as important reference to implement sustainable development. We also try to disclose indicators in the annual sustainability report for the stakeholders to get to know the corporate activity.

| Stakeholders | Communication Channels | Reply and Contact for Individual Cases |
|---|--|---|
| Shareholder | <ol style="list-style-type: none"> 1. Regularly hold annual shareholder meetings for the investors to vote and express their opinion. 2. Make public announcement of important information in accordance with the authority's regulation. 3. Regularly disclose financial report, annual report, information regarding shareholders' meeting, etc., as well as in electronic form for online inquiry. 4. Regularly disclose monthly revenue on company website. 5. A message board is set up on YIEH HSING's website for shareholders to express their opinion. | <ol style="list-style-type: none"> 1. Spokeperson: Sen-long Chen, President Tel:(07) 611-1111, ext 502 E-mail : yh001@yhenco.com.tw 2. Deputy Spokeperson: Ching-Sheng Yu Vice president Tel:(07) 611-1111, ext 530 E-mail : yh002@yhenco.com.tw 3. Taipei Stock Affair Division Tel:(02) 2395-6780 |
| Central or local governments | <ol style="list-style-type: none"> 1. Provide report or reply to official letters in accordance with the regulation requirement. 2. Competent authority conducts reviews and evaluation regularly. 3. Participate in discussion, seminar, training, and forum held by the competent authority. | <ol style="list-style-type: none"> 1. Human Resources & Administration Division Tel: (07)611-1111, ext 136 E-mail : yhi21@yhenco.com.tw 2. Electronic official letters exchange center by MOEA |
| Customer or Traders | <ol style="list-style-type: none"> 1. Irregular visit and technical exchange from sales or technical personnel. 2. Customer satisfaction survey on product. 3. Customer visit for technical exchange. 4. Information on product on company website, production process introduction, product specification, and product technology development. | <ol style="list-style-type: none"> 1. Oversea Operation and Sales Global Marketing & Sales Division Tel: 886-7-6123834 E-mail : sales-yh@yhenco.com.tw 2. Domestic Operation and Sales Carbon Steel Marketing & Sales Section Tel: (07) 6123831 E-mail : yhm1@yhenco.com.tw 3. Stainless Steel Marketing & Sales Section Tel:(07) 6123832 E-mail : yhm1@yhenco.com.tw |
| Industry peer, academic researcher | <ol style="list-style-type: none"> 1. Join stainless steel peer seminar and observation tour. 2. Industry peer, academic researcher visit for technical exchange. 3. Industry-academia cooperation with I-Shou University. | <ol style="list-style-type: none"> 1. Technical Division:(07) 611-1111, ext 123 E-mail : yhp52@yhenco.com.tw 2. Equipment Division:(07) 611-1111, ext 132 E-mail : yhp26@yhenco.com.tw |
| Employees | <ol style="list-style-type: none"> 1. Establish Employees' Welfare Committee to promote employee welfare policy. 2. Set up employee suggestion mailbox. 3. Regular employee health checkup and regular training on safety and health. 4. Set up internal employee website for information on operation and activity. 5. Employee training and incentive for innovative proposals. | If employee wants to learn more on company rules, regulations, and other announcement, please visit the bulletin board on YIEH HSING's internal website. |
| Supplier, contractor, subcontractor | <ol style="list-style-type: none"> 1. Call for supplier , contractor, and subcontractor coordination meeting. 2. Set up health and safety rules for supplier, contractor, and subcontractor. 3. Conduct educational training and hazard notification. 4. Automatic inspection on all machines. 5. Regular safety propaganda and checkup. | <ol style="list-style-type: none"> 1. 2nd Global Marketing & Sales Section (Raw material steel billet purchase) Direct line : 886-7-6120189 E-mail : sales-yh@yhenco.com.tw 2. Purchasing Section (Purchase for material and equipment) Tel: (07)611-1111, ext 520 E-mail : yhm062@yhenco.com.tw 3. Industrial Safety and Health Room Tel: (07)611-1111, ext 550 E-mail : yhm51@yhenco.com.tw |
| Community/ local groups, media reporters | <ol style="list-style-type: none"> 1. Irregularly review and improve community's environmental needs. 2. Sponsor for community event. 3. Communication with local resident, groups, and media reporters . 4. Information company website 5. Irregular interaction with community/local group, and media reporters . | <ol style="list-style-type: none"> 1. Human Resources & Administration Division Tel: (07)611-1111, ext 136 E-mail : yhi21@yhenco.com.tw 2. Industrial Safety and Health Room Tel: (07)611-1111, ext 550 E-mail : yhm51@yhenco.com.tw |
| Non-profit organization | <ol style="list-style-type: none"> 1. Irregularly distribute the latest news on company website. 2. Conduct irregular interaction | <ol style="list-style-type: none"> 1. Human Resources & Administration Division Tel: (07)611-1111, ext 136 E-mail : yhi21@yhenco.com.tw |

2.3.3 Material Topics and Management Policy

Identification of communication targets



YIEH HSING set the agenda for the “identification and communication with stakeholders”, thereby identifying “eight categories of stakeholders” through group discussion: “supplier, contractor, subcontractor”, “employees”, “central or local governments”, “customer or traders”, “community/local groups, media reporters”, “non-profit organizations”, “industry peer, academic researcher”, and “shareholders”. Over the years, there have been no significant adjustments of the overall structure and the “eight categories of stakeholders” will remain the first choice for communication under ESG.

Identification of ESG topics



The same questionnaire that was adopted in September 2021 was sent to the executives of the Company on topics pertinent to the economic, social, and environmental dimensions. From the responses to the questionnaire, we selected 20 topics.

Investigation of the level of concern



The same questionnaire of the 20 topics on sustainability as was used in October 2021 was sent to the eight categories of stakeholders to request a response. The questionnaire is a survey on level of concern of the stakeholders. We received a total of 104 responses from employees (37 responses), suppliers or contractors, subcontractors (26 responses), customers or traders (26 responses), central or local governments (2 responses), shareholders (7 responses), industry peers, academic researcher (1 response), non-profit organizations (1 response), and community/local groups, media reporters (4 responses).

Measurement of the impact on operations



We also sent out 26 copies of the same questionnaire as was used in October 2021 to the executives of the middle and senior management to measure the influence and degree of impact of the 20 topics on the organization.

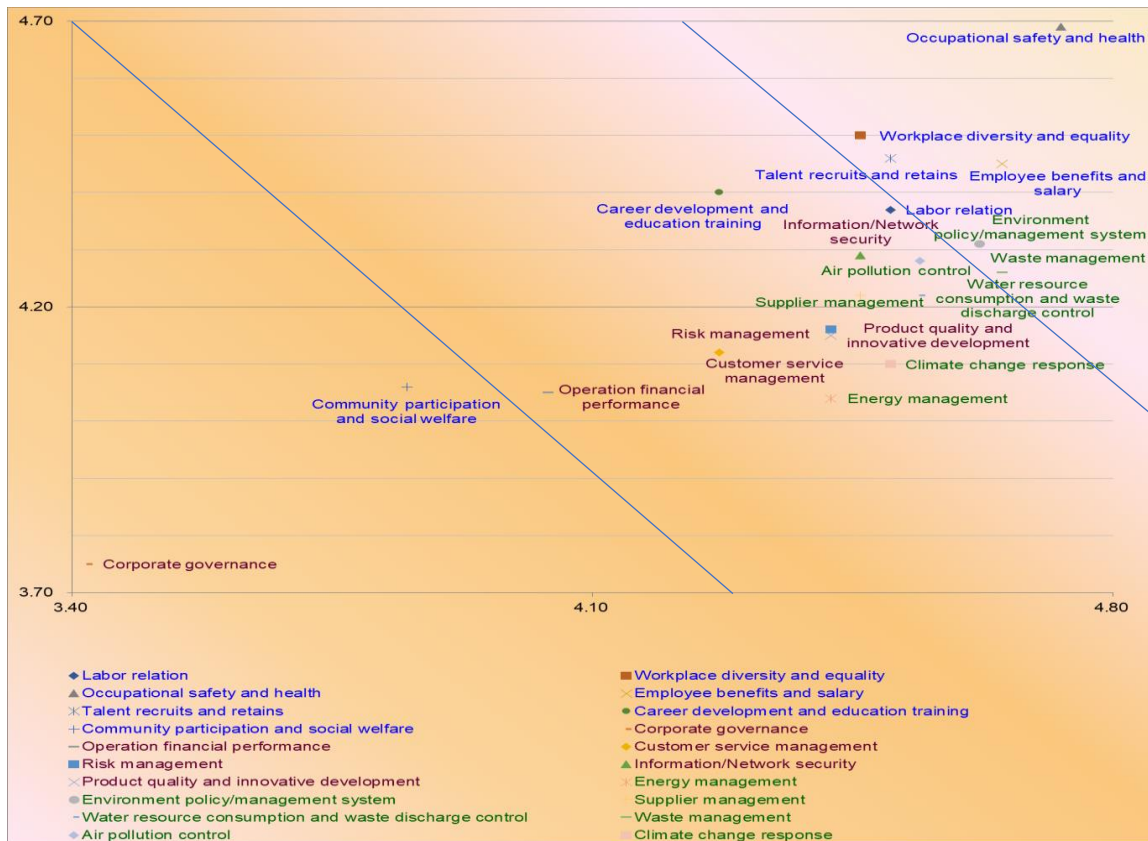
Confirmation of material topics



The findings from the 130 respondents of the above questionnaire survey on the level of concern and the degree of impact on the operations allowed for the identification of six material topics in 2021, which was almost the same in 2022, so no changes were made. The six material topics in the top right corner of the Material Topics Diagram are: 2. Workplace diversity and equality; 3. Occupational safety and health; 4. Employee benefits and salary; 5. Talent recruits and retains; 15. Environmental policy/management system; 18. Waste management.

| Society | | Economy | | Governance | |
|---------|--|---------|--|------------|--|
| 1 | Labor relation | 8 | Corporate governance | 14 | Energy management |
| 2 | Workplace diversity and equality | 9 | Operation financial performance | 15 | Environment policy /management system |
| 3 | Occupational safety and health | 10 | Customer service management | 16 | Supplier management |
| 4 | Employee benefits and salary | 11 | Risk management | 17 | Water resource consumption and waste discharge control |
| 5 | Talent recruits and retains | 12 | Information/Network security | 18 | Waste management |
| 6 | Career development and education training | 13 | Product quality and innovative development | 19 | Air pollution control |
| 7 | Community participation and social welfare | | | 20 | Climate change response |

Important Issue Picture



| Important Issue | Importance on YIEH HSING Operation | Impact Boundary of Value Chain ● Direct ◎ Indirect | | | Corresponding Chapter |
|---|--|--|------------|-------------|-----------------------|
| | | Upstream | Yieh Hsing | Down-stream | |
| Workplace Diversity and Equality | A good labor relation can improve employee's communication and coordination and strengthen team building. Various learning resources are provided to inspire employee's potential and improve the professional competence. | | ● | | 7.2.1 |
| Occupational Safety and Health | Employee is important asset. Ensure a safe working environment can avoid potential cost and risk caused by occupational hazard. | ◎ | ● | ◎ | 7.4 |
| Employee Benefits and Salary | Provide a complete salary system, welfare measure, and a safe working environment can help employee to reach his full potential and make contribution to the corporate. | | ● | | 7.2 |
| Talent Recruits and Retains | Employee is not only the company's important asset, but also a partner that grows together. Put the right person in the right place to make the most of every talent. | | ● | | 7.1.2 7.2.3 |
| Environment Policy/Management system | Actively promote environmental management. Continue to improve manufacturing process and operational environment to fully implement pollution prevention and make equipment in normal function. | ◎ | ● | ◎ | 5.1 |
| Waste Management | Make sure wastes by YIEH HSING are taken care of properly. No violation was found in the waste handling vendor in order to comply with the authority's requirement. | ◎ | ● | ● | 6.3 |



2 Workplace Diversity and Equality

Boundary Restriction

Topic on Workplace diversity and equality is included in this annual report to disclose the information on human rights policy, friendly working environment, and labor relation.

Competent Authority

Human Resources & Administration Division

Management Mechanism and Purpose

YIEH HSING respects all employees with fair, reasonable, and friendly treatment based on the "Labor Standards Act", "Employment Services Act", and "Act of Gender Equality in Employment". We support and follow various human rights conventions and regulations that are internationally recognized, such as the "Universal Declaration of Human Rights" by the United Nation, "The United Nations Global Compact", and "International Labor Convention".

Policy and Commitment

YIEH HSING provides equal opportunity for all candidates based on the human rights principle of the national's equal opportunity in employment. Professional competence and experience are taken into consideration when hiring. We have never hire child labor since the establishment and we are fully in compliance with the "Labor Standards Act", "Employment Services Act", and "Act of Gender Equality in Employment" in order to provide a friendly working environment and fulfill human rights protection.

Goal

1. Create diversified and inclusive culture.
2. No incident of discrimination or violation on human rights.

Recourse Mechanism

1. Communication channels for stakeholders are listed on YIEH HSING website, including "supplier ora, contractor, subcontractor", "employees", "central or local governments", "customer or traders", "community/local groups, media reporters", "non-profit organizations", "industry peer, academic researcher", and "shareholders".
2. Based on the subject of complaint, the function assigned will be responsible for the follow up of the case.

Action Plan

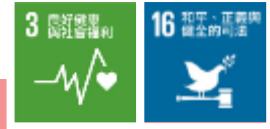
1. According to relevant labor regulations, management and labor council is held quarterly in Gangshan and Pingnan Plants. With the principle of good faith, representatives from labor and management discuss on proposals and find solutions together, so our company's measures are more complete.
2. We care about employee's psychological and physical health regularly and actively hold health seminars. In addition to free health check, there are activated events such as environmental protection hike and fun races. It brings not only more interaction between departments, but also more fun at work that will care for employee's psychological and physical health.

Outcome

1. Labor relation was balanced in 2022 with no dispute or arbitration.
2. No incident of discrimination or violation on human rights in 2022.

3 Occupational Safety and Health

| | |
|---|---|
| Boundary Restriction | Topic on occupational safety and health is included in this annual report to disclose the information on occupational safety system and performance, reduce occupational risk, and health promotion in the plants. |
| Competent Authority | Industrial Safety & Health Room |
| Management Mechanism and Purpose | ISO 45001/TOSHMS (CNS 45001) Occupational Health and Safety Management System is introduced to ensure occupational safety and health. It performs hazard identification, risk assessment, corrective measure, and performance confirmation with PDCA Cycle. We constantly look for effective implementation of the management system to create a safe and comfortable working environment and pursue the goal of zero injury. |
| Policy and Commitment | YIEH HSING fulfills responsibilities of safety and health management, enhances equipment protection to reduce hidden danger, creates a safe and healthy working environment, and improves employee's safety awareness and behavior to avoid any harm. |
| Goal | The goal is no disaster or work injury. |
| Recourse Mechanism | <ol style="list-style-type: none"> 1. Communication channels for stakeholders are listed on YIEH HSING website, including "supplier, contractor, subcontractor", "employees", "central or local governments", "customer or traders", "community/local groups, media reporters", "non-profit organizations", "industry peer, academic researcher", and "shareholders" 2. Based on the subject of complaint, the function assigned will be responsible for the follow up of the case. |
| Action Plan | <ol style="list-style-type: none"> 1. Get everyone involved in the concept of safety, health and environmental protection with systematized proposal, secured equipment, standardized operation, physical and psychological well-being, environmental and energy saving, and minimized recycling. 2. Implement risk management, enhance overall risk control, eliminate potential hazard, and minimize occupational safety risk. 3. Conduct training, propaganda, and convey message on safety, health and environmental protection policy to promote cognition on safety, health and environmental protection awareness. 4. Fully implementing safety, health and environmental protection management system, promoting continuous improvement and pollution prevention to enhance safety, health and environmental protection performance. 5. Comply the laws and regulations and obligations, enhance correction and prevention, and implement sustainable development. |
| Outcome | <ol style="list-style-type: none"> 1. No death incident in 2022 but 2 incidents that caused disability for full-time employees. 2. Work safety propaganda was posted on YIEH HSING YHEIP website six times in 2022. |



4 Employee Benefits and Salary

Boundary Restriction

Topic on employee benefits and salary is included in this annual report to disclose the information on friendly working environment, labor relation, and salary system.

Competent Authority

Human Resources & Administration Division, Employee Welfare Committee

Management Mechanism and Purpose

1. YIEH HSING provides friendly working environment and implement salary guarantee in compliance with "Labor Standards Act", Remuneration Committee Charter, and Salary Management Regulations.
2. Employee Welfare Committee was established to promote employee welfare in accordance with the government regulations of "Employee Welfare Fund Act", "Enforcement Rules of the Employee Welfare Fund Act", and our company's "Employee Welfare Measurement Management Regulations".

Policy and Commitment

1. YIEH HSING guarantees employee salary is higher than the minimum wages stipulated in the "Labor Standards Act".
2. YIEH HSING provides employee benefits in accordance with the "Employee Welfare Measurement Management Regulations".

Goal

1. Employee salary is higher than the minimum wages stipulated in the "Labor Standards Act".
2. Employee welfare allocation and the operation of Employee Welfare Committee are in line with the laws and regulations.

Recourse Mechanism

1. Communication channels for stakeholders are listed on YIEH HSING website, including "supplier, contractor, subcontractor", "employees", "central or local governments", "customer or traders", "community/local groups, media reporters", "non-profit organizations", "industry peer, academic researcher", and "shareholders".
2. Based on the subject of complaint, the function assigned will be responsible for the follow up of the case.

Action Plan

1. YIEH HSING sets up and implements basic salary (including base pay, supervisory differential pays, meal allowance, and other allowance), production and sales bonus, year-end bonus, performance bonus, and incentive bonus.
2. YIEH HSING provides attentive welfare such as scholarship for employees and their children, four festivals cash, four festivals gift vouchers, birthday cash gift, funeral allowance, travel allowance, retirement allowance, and health checkup.

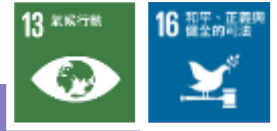
Outcome

1. All employee salary is higher than the minimum wages stipulated in the "Labor Standards Act" in 2022.
2. Employee welfare allocation and the operation of Employee Welfare Committee are in line with the laws and regulations in 2022.



5 Talent Recruits and Retains

| | |
|---|--|
| Boundary Restriction | Topics on talent recruits and retains, cultivation and development, and Employee Welfare Committee are included in this annual report to disclose the information on labor relation, cultivation and development, and friendly working environment. |
| Competent Authority | Human Resources & Administration Division |
| Management Mechanism and Purpose | YIEH HSING respects all employees with fair, reasonable, and friendly treatment based on the “Labor Standards Act”, “Employment Services Act”, and “Act of Gender Equality in Employment”. We support and follow various human rights conventions and regulations that are internationally recognized, such as the “Universal Declaration of Human Rights” by the United Nation, “The United Nations Global Compact”, and “International Labor Convention”. |
| Policy and Commitment | YIEH HSING provides equal opportunity for all candidates based on the human rights principle of the national’s equal opportunity in employment. Professional competence and experience are taken into consideration when hiring. We have never hire child labor since the establishment and we are fully in compliance with the “Labor Standards Act”, “Employment Services Act”, and “Act of Gender Equality in Employment” in order to provide a friendly working environment and fulfill human rights protection. |
| Goal | <ol style="list-style-type: none"> 1. Put the right person in the right place, implement on-the-job training. 2. Diversified development, cultivate all-round professionals. |
| Recourse Mechanism | <ol style="list-style-type: none"> 1. Communication channels for stakeholders are listed on YIEH HSING website, including “supplier, contractor, subcontractor”, “employees”, “central or local governments”, “customer or traders”, “community/local groups, media reporters”, “non-profit organizations”, “industry peer, academic researcher”, and “shareholders”. 2. Based on the subject of complaint, the function assigned will be responsible for the follow up of the case. |
| Action Plan | <ol style="list-style-type: none"> 1. Promote sufficient talents, put the right person in the right place. 2. Conduct trainings regarding relevant regulations include sexual harassment prevention, anti-discrimination, anti-harassment in new employee orientation. 3. In addition to hire talents from domestic colleges, employee is also encouraged to have on-the-job training and improve professional competence. Employee may choose to study in domestic colleges or in the Division of Continuing Education in I-Shou University, a collaborative university with the Group, with paid. The tuition is fully paid by our company in accordance with the “Regulations for Bachelor’s Degree from the Division of Continuing Education in I-Shou University for Production Business Employee”. After receiving a bachelor’s degree, our company will make adjustment on the position upon job opening, as well as grade adjustment on salary. |
| Outcome | <ol style="list-style-type: none"> 1. YIEH HSING held 17 training activities for employee in 2022. 2. In addition to external recruitment, the job opening information is also posted on YIEH HSING intranet in 2022. |



15 Environment Policy/Management System

| | |
|---|--|
| Boundary Restriction | Topic on environmental and occupational safety management system is included in this annual report to disclose the information on ISO 14001 of YIEH HSING's plants. |
| Competent Authority | Industrial Safety & Health Room |
| Management Mechanism and Purpose | YIEH HSING obtained ISO 14001:2015 Environmental Management Systems certificate in 2018. It is moving towards a green corporate direction to ensure sustainable development. |
| Policy and Commitment | Actively promote environmental management, continue to improve manufacturing process and operation environment, also make sure pollution prevention equipment is working properly. |
| Goal | The goal is no pollution or violation against the law. |
| Recourse Mechanism | <ol style="list-style-type: none"> 1. Communication channels for stakeholders are listed on YIEH HSING website, including "supplier, contractor, subcontractor", "employees", "central or local governments", "customer or traders", "community/local groups, media reporters", "non-profit organizations", "industry peer, academic researcher", and "shareholders". 2. Based on the subject of complaint, the function assigned will be responsible for the follow up of the case. |
| Action Plan | <ol style="list-style-type: none"> 1. Get everyone involved in the concept of safety, health and environmental protection with systematized proposal, secured equipment, standardized operation, physical and psychological well-being, environmental and energy saving, and minimized recycling. 2. Implement risk management, enhance overall risk control, eliminate potential hazard, and minimize occupational safety risk. 3. Conduct training, propaganda, and convey message on safety, health and environmental protection policy for employee, customer, contractor, supplier, and carrier to promote cognition on safety, health and environmental protection awareness. 4. Fully implement safety, health and environmental protection management system, promoting continuous improvement and pollution prevention to enhance safety, health and environmental protection performance. 5. Comply the laws and regulations and obligations, enhance correction and prevention, and implement sustainable development. |
| Outcome | There is no pollution or violation against the law in 2022. |



18 Waste Management

| | |
|---|---|
| Boundary Restriction | Topics on waste management, water resource consumption and waste discharge control are included in this annual report to disclose the information on waste reduction and contractor management of YIEH HSING's plants. |
| Competent Authority | Industrial Safety & Health Room |
| Management Mechanism and Purpose | YIEH HSING obtained ISO 14001:2015 Environmental Management Systems certificate in 2018. It is moving towards a green corporate direction to ensure sustainable development. We follows regulations of "Waste Disposal Act" and recycles in cooperation with the national policy. |
| Policy and Commitment | YIEH HSING is in contract with a certified professional waste handling vendor before cleaning and handling waste. We also visit the vendor from time to time and ask for proper documents that indicate the waste from YIEH HSING is taken care of. No violation is found from the waste handling vendor so far. |
| Goal | <ol style="list-style-type: none"> 1. Resource recycle and reuse for sustainable development. 2. Waste handling has met requirement for environmental protection. |
| Recourse Mechanism | <ol style="list-style-type: none"> 1. Communication channels for stakeholders are listed on YIEH HSING website, including "supplier, contractor, subcontractor", "employees", "central or local governments", "customer or traders", "community/local groups, media reporters", "non-profit organizations", "industry peer, academic researcher", and "shareholders". 2. Based on the subject of complaint, the function assigned will be responsible for the follow up of the case. |
| Action Plan | <ol style="list-style-type: none"> 1. YIEH HSING continues to recycle and reuse resource and take sustainable development as our goal. 2. In cooperation with the circular economy policy by the Environmental Protection Administration, YIEH HSING makes resource recovery of waste to reduce, recycle, and reuse the scrap iron and recycles produced onsite, which can effectively recycle and reuse the resource from the plant. 3. Action plan for waste oil bucket usage and management – the bucket should be closed tightly immediately after use to avoid oil leak pollution against the environmental protection regulations. 4. Extend the processing time of waste mixed acid to reduce sludge volume. |
| Outcome | In 2022, the management of solid waste at YIEH HSING conformed to the requirements of environmental protection. |

03 Corporate Governance

3.1 Operating Performance

| | |
|------------------------------------|--|
| Policy/ Commitment | Continue to enhance competitiveness and customer satisfaction, maintain sound and stable operating performance, assure sustainable corporate development. |
| Short, medium, and long-term goals | <ol style="list-style-type: none"> 1. Short-term operational goals: stable growth of gross profit of 5.0% or more. 2. Mid to long-term operational goals: <ul style="list-style-type: none"> ▪ Continue to keep track of trend in the wire market with agile adjustment of the sales portfolio. ▪ Increase the proportion of the sale of products with higher contribution margins for higher profit. ▪ Continue to optimize and update production equipment and promote smart manufacturing to upgrade product quality, reduce product costs and improve service quality. ▪ Enhance preparation to respond to financial risks and opportunities deriving from climate change (TCFD). |
| Assignment of duties | Participation by all. |
| Input of resources | <ol style="list-style-type: none"> 1. Conduct routine analysis of market dynamics and adjust the marketing and promotion of wire products. 2. Call for routine meetings on profit improvement through effective control of different costs. 3. Establish a task force to promote smart manufacturing. 4. Establish a task force to identify financial risks and opportunities in response to climate change. |
| Concrete actions | <ol style="list-style-type: none"> 1. Conduct market surveys and adjust the mode of marketing to increase the sales proportion of niche products. 2. Update manufacturing equipment and optimize production technology. 3. Build up different smart monitoring and control systems and intensify data analysis and application. 4. Better prepared to respond to financial risk and opportunity deriving from climate change (TCFD). |

Comprehensive Income Statement and Balance Sheet of YIEH HSING for the Last Three Years

■ Comprehensive Income Statement of the Last Three Years

(Unit: NTD Thousand)

| Item/Year | 2020 | 2021 | 2022 |
|---------------------------|-------------|-----------|-------------|
| Operating income | 5,589,791 | 7,018,786 | 6,828,696 |
| Operating cost | 5,753,100 | 6,453,502 | 6,895,194 |
| Gross Profit Margin | (163,309) | 565,284 | (66,498) |
| Operating profit and loss | (321,838) | 380,308 | (277,703) |
| Profit before tax | (466,475) | 15,678 | (684,036) |
| Current profit and loss | (470,090) | 13,160 | (694,654) |
| Earnings per share | (0.89) | 0.02 | (1.31) |

■ Balance Sheet of the Last Three Years

(Unit: NTD thousand)

| Item/Year | 2020 | 2021 | 2022 |
|---------------------------|---------------|------------|-------------|
| Current assets | 2,457,761 | 3,074,824 | 2,044,792 |
| Non-current assets | 10,481,456 | 10,073,777 | 9,711,320 |
| Total assets | 12,939,217 | 13,148,601 | 11,756,112 |
| Current liabilities | 2,929,969 | 3,541,478 | 2,631,382 |
| Non-current liabilities | 2,584,687 | 2,153,660 | 2,334,292 |
| Total liabilities | 5,514,656 | 5,695,138 | 4,965,674 |
| Retained earnings | (3,164,448) | 3,374 | (676,918) |
| Total equity attributable | 7,424,561 | 7,453,463 | 6,790,438 |

For more details on YIEH HSING's performance of operation and financial information, please refer to the 2022 annual report or check out YIEH HSING's official website: http://www.yheco.com.tw/YH_Finance.asp

3.2 Corporate Governance

Policy/ Commitment

Support the Corporate Governance 3.0 - Sustainable Development Roadmap plan of the competent authority and enhance the culture of corporate governance incrementally.

Short, medium, and long-term goals

1. Increase the proportion of information disclosure of the Company in English to strengthen the bond with investors.
2. Conduct evaluation of Board performance
3. Improve countermeasures according to the Corporate Governance 3.0 plan.
4. Rank among the top 20% of TWSE-listed companies in the corporate governance evaluation.

Assignment of duties

1. The Financial Division pays attention to the latest amendments to regulations.
2. The Chief Governance Officer is charged with the planning of the evaluation of Board performance.
3. Related functional departments prepare the English version of information for disclosure on the official website.
4. The Financial Division works in collaboration with the President's Office to review the indicators that failed to obtain scores in the corporate governance evaluation.

Input of resources

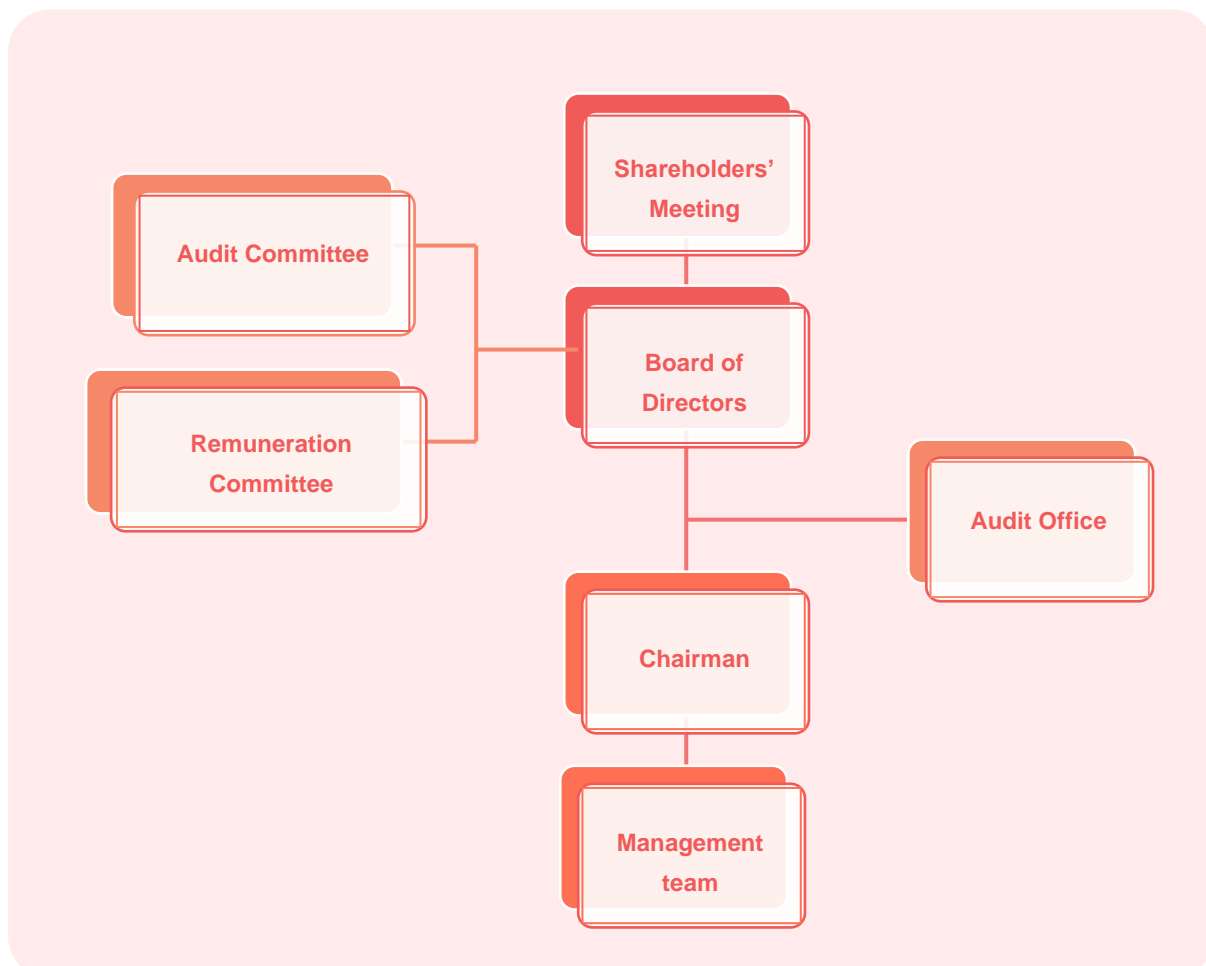
1. Participate in the conferences held by the competent authority or other institutions on the promotion of Corporate Governance 3.0.
2. The President's Office and Financial Division review related measures for the accomplishment of all indicators of the corporate governance evaluation.
3. Assess the risks on topics of the environment, society and corporate governance pertinent to the operations of the Company.

Concrete actions

1. Review the indicators that failed to obtain scores in the evaluation and the new indicators for improvement of corporate governance in action; spare no effort in achieving the goal of ranking in the top 20% in the corporate governance evaluation.
2. Respective functional departments complete risk assessment and the policies in response to risks.
3. Disclosure of information on corporate governance in both Chinese and English simultaneously.

YIEH HSING has a viable framework of corporate governance whereby the Shareholders' Meeting is responsible for the review and decision-making of material issues of the Company such as the Articles of Incorporation, important rules and regulations, and the election and appointment of directors. The Board of Directors is established under the Shareholders' Meeting and is responsible for supervising the management and monitoring the operating performance, prevention of conflicts of interest and assuring the Company's compliance with applicable laws; the Board is accountable to the Shareholders' Meeting. The arrangement of the tasks under the corporate governance system helps to ensure the Board performs its function in compliance with applicable laws, the Articles of Incorporation of YIEH HSING and the resolutions of the Shareholders' Meeting. The Audit Committee and the Remuneration Committee were established under the direct supervision of the Board to assist the Board to perform its function of monitoring. To strengthen the pursuit of the corporate governance policy, the Board resolved to establish the position of Chief Governance Officer on January 29, 2021. Vice President Yu, Ching-Sheng assumed office as the Chief Governance Officer, as he has more than three years of experience in finance, investor services, meeting procedures and other related governance tasks. The primary function of this position is to assist in providing the directors with materials related to the performance of their assigned duties, organize the convention of Board and Shareholders' Meetings and administer related administrative matters under law, assist the directors in assuming office and continuing education, assist in matters on law and compliance, plan the evaluation of the Board performance, compile minutes of the Board and Shareholders' Meeting, and any other tasks as described in the Articles of Incorporation.

3.2.1 Corporate Governance Framework



3.2.2 Board of Directors

Election of Directors and Functions

YIEH HSING adopts the candidate nomination system for the election of directors, and each director has a tenure of three years and may serve a new term of office if reelected. Currently, the Board of YIEH HSING consists of seven directors (including three independent directors). The seven directors are specialized in corporate management, finance and accounting, and law. The Board is the Company's highest governance body and the center of vital decision-making. The current term of office of the directors started on June 17, 2020, and will end on June 16, 2023. The professional skills of the candidates is considered in the nomination for election to the seats of directors. In addition, personal integrity and reputation in leadership are also valued. The state of independence of the independent directors also conforms to the requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

| Organization Director Name | Nationality | Gender | Title | Age | | |
|-------------------------------|-------------------|--------|---|-------|-------|---------|
| | | | | 51-60 | 61-70 | Over 71 |
| Wu, Lin-Maw | Republic of China | Male | Representative of institutional shareholder Yieh Phui | | V | |
| Lin, I-Shou | Republic of China | Male | Representative of institutional shareholder Yieh Phui | | | V |
| Chen, Sen-Long | Republic of China | Male | Representative of institutional shareholder Yieh Phui | | V | |
| Su, Yu-Kun | Republic of China | Male | Representative of institutional shareholder Yieh United | V | | |
| Sun, Chin-Su | Republic of China | Male | Independent Director | | | V |
| Yang, Der-Yuan | Republic of China | Male | Independent Director | V | | |
| Chang, Wei-I | Republic of China | Male | Independent Director | | | V |

Wu Lin-Maw is the Chairman of YIEH HSING. He does not hold any managerial position in the Company. The president is appointed by the Board and performs the duties assigned by the Chairman and is directly accountable to the Chairman.

YIEH HSING's procedures for the election of directors are fair, just and transparent. The system of cumulative votes is adopted to fully reflect the opinions of the shareholders in accordance with the Company Act. Electronic means of balloting are also available to make it convenient for the shareholders to cast votes on the motions presented by the Shareholders' Meeting.

YIEH HSING adopts the candidate nomination system for the election of directors. Shareholders may select the candidates on the list for the seats of directors. The Board convenes at least once per quarter and the Chairman convenes the meeting and acts as the

presiding chair. In 2022, there are seven Board Meetings held and the attendance rate of the directors is 100%. For the proper functioning of the independent monitoring and balance mechanisms and the assurance of the performance of the resolutions by the directors, all motions are subject to reporting and discussion by the Board. Resolutions on material issues by the Board are also posted on the Market Observation Post System for disclosure for the proper implementation of information transparency and timely disclosure. This ensures the protection of the rights of the shareholders and allows the stakeholders to understand the Company better for stronger recognition.

The directors held 73.56% of the outstanding shares issued by the Company in 2022, which is in compliance with the requirements of applicable laws. The restriction on the transfer of shares, the pledging of shares by the directors, and the discharge and change of directors are handled in accordance with applicable laws. All details are fully disclosed.

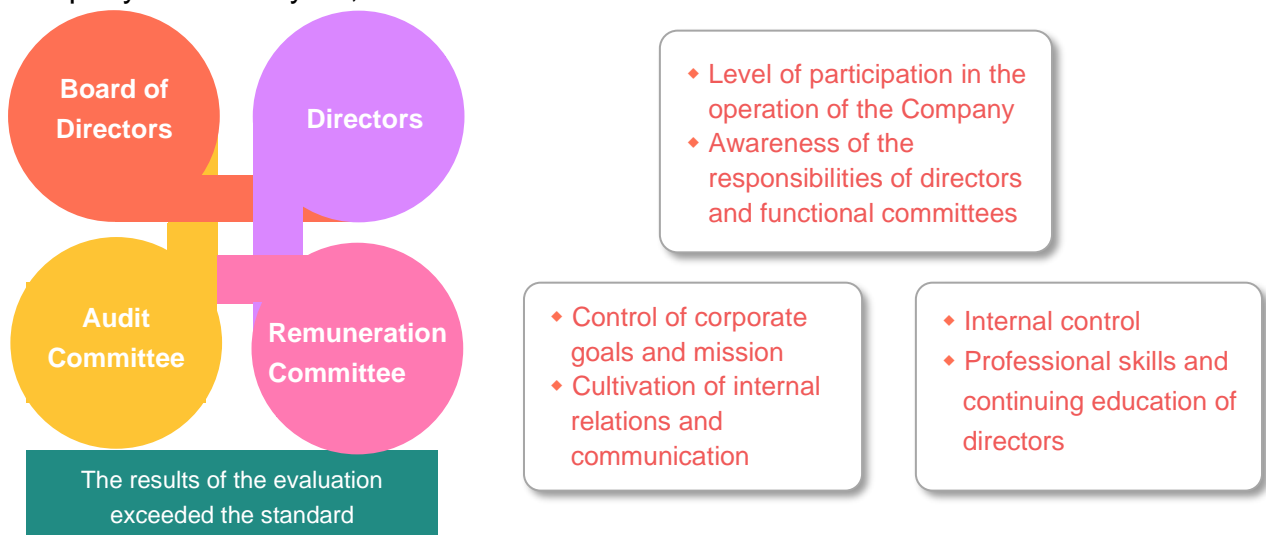
Diversity of the Directors

The directors possess the professional skills, experience, and education required to perform their professed duties. The directors' fields of expertise include corporate management, operations management, industry knowledge, international view of market, taxation, finance and accounting. They possess an international view and decision-making, leadership, and crisis management abilities and can assist in the pursuit of corporate governance and strengthening of corporate management, supervision, assessment of corporate policies and the execution of operational plans. They are also responsible for the operational status of the Company in the economic, social and environmental dimensions from the perspective of the stakeholders. They help to upgrade the level of corporate governance and enhance corporate value. In addition, no independent directors of the Company have held office for more than three terms.

| Title | Name | Gender | Relevant professional skills | | | | | | |
|----------------------|----------------|--------|------------------------------|--------------------------------|--------------------|------------|------------|----------|---------|
| | | | Corporate management ability | Operational management ability | Industry knowledge | Leadership | Accounting | Taxation | Finance |
| Chairman | Wu, Lin-Maw | Male | V | V | V | V | | | V |
| Director | Lin, I-Shou | Male | V | V | V | V | | | V |
| Director | Chen, Sen-Long | Male | V | V | V | V | | | V |
| Director | Su, Yu-Kun | Male | V | V | V | V | | | V |
| Independent Director | Sun, Chin-Su | Male | | V | V | V | V | V | V |
| Independent Director | Yang, Der-Yuan | Male | | V | V | V | | | V |
| Independent Director | Chang, Wei-I | Male | | V | V | V | V | V | |

Board Performance Evaluation Mechanism

For the pursuit of corporate governance and strengthening the functions of the Board, the Company established performance goals in order to enhance the efficiency of the Board and the functional committees in their operation. In accordance with Article 37 of the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”, the Company holds internal evaluation of its performance once a year in indicators covering six dimensions. The evaluation includes the self-assessment of the Board, the self-assessment of individual directors, and the self-assessment of the functional committees. The independence of the Board members is taken into account in the self-assessment. A questionnaire survey adopted and the directors directly respond to the questions. The Financial Division collects the answers, evaluates the results and reports to the Board by the end of the first quarter of the next year. The evaluation results serve as reference for the review of operational performance. The content is disclosed on the official website of the Company. The 2022 evaluation of the Board performance has been completed, reported to the Board, and posted on the official website of the Company on January 11, 2023.



Continuing Education of Directors

In response to the ceaseless update of ideas about corporate governance and sustainable development at home and abroad, it is necessary to assist the directors to understand the importance of corporate governance in the decision-making of the Board and the creation of value for the enterprise. YIEH HSING spared no effort in holding continuing education programs in 2022 by inviting external professionals to give lectures in order to help the directors put a diverse system of continuing education into practice.

Topics of continuing education for the directors of YIEH HSING in 2022



Hours of continuing education for the directors of YIEH HSING in 2022

| Title | Name | Hours of continuing education | Title | Name | Hours of continuing education |
|----------|----------------|-------------------------------|----------------------|----------------|-------------------------------|
| Chairman | Wu, Lin-Maw | 6 hours | Independent Director | Sun, Chin-Su | 6 hours |
| Director | Lin, I-Shou | 6 hours | Independent Director | Yang, Der-Yuan | 6 hours |
| Director | Chen, Sen-Long | 6 hours | Independent Director | Chang, Wei-I | 6 hours |
| Director | Su, Yu-Kun | 6 hours | | | |

Remuneration Policy and Decision-Making Process

| Item | Remuneration policy | Remuneration policy decision-making process | Remuneration to employees and directors in 2022 |
|---------------------------|--|---|--|
| Remuneration to directors | <p>According to the Articles of Incorporation of the Company, the traveling allowance payable to the directors on a monthly basis, the remuneration to the independent directors, and the salaries to the Chairman and vice Chairman are determined by the Board with reference to industry standards and the level of TWSE-listed companies. Other allowances are payable to the Chairman and the vice Chairman in accordance with related rules and regulations of the Company governing salary payment. It is explicitly stated in the Articles of Incorporation of the Company that the Company shall appropriate no more than 0.1% of its profit, if any, as remuneration to the directors. According to the organizational charter of the Remuneration Committee of the Company, the remuneration to the directors is determined in accordance with the "Articles of Incorporation".</p> <p>The remuneration to the independent directors of the Company is determined in accordance with the Articles of Incorporation or the resolutions of the Shareholders' Meeting, which may be a reasonable remuneration different from that of the Directors. Remuneration to the independent directors is paid at a fixed amount on a monthly basis in accordance with the relevant legal procedures; the independent directors do not participate in the distribution of earnings.</p> | <p>From the earnings before taxes and deduction of remuneration to the employees and directors for the year, the Company appropriates at least 0.2% as remuneration to the employees and no more than 0.1% as remuneration to the directors. The amount of remuneration to the directors, managers, and employees is determined on the basis of the operational results of the Company and with reference to industry standards at home and abroad. The amount and the method of payment is reviewed by the Remuneration Committee and forwarded to the Board for the final approval.</p> | <p>The financial statements of 2022 indicated a loss from operations, so the estimate of remuneration to the employees and directors is NT\$0.</p> |

| | | | |
|-------------------------------------|--|--|--|
| Remuneration to managers | <p>The amount of remuneration to the managers of the Company is aligned with their assigned duties, contributions, operational performance for the year, and the risks of the Company in the future.</p> | | |
| Employees Remuneration | <p>The Company makes the best effort to offer remuneration and benefits to the employees higher than the industry standard. External competition, fairness in the organization and legality are also taken into account to provide competitive and diversified salary packages for the employees under the idea of profit sharing with the employees in order to attract, retain, develop, and motivate the employees.</p> <p>The salary packages of the employees include monthly salaries and the remuneration to the employees on the basis of the profit status of the Company for the year. It is explicitly stated in the Articles of Incorporation of the Company that the Company shall appropriate at least 0.2% of the earnings as remuneration to the employees.</p> <p>The remuneration to the employees is a reward for the employees for their contributions and as incentive to keep up their hard work. This links the interests of the employees and the interests of the shareholders so that the Company, shareholders, and employees all win at the same time. The amount paid to individual employees is in line with their assigned duties, contributions, and work performance at work.</p> | | |

Functional Committee

(1) Audit Committee

YIEH HSING's Audit Committee members are composed of three independent directors. The audit committee shall be composed of the entire number of independent directors, and at least one of whom shall have accounting or financial expertise.

The Audit Committee assists the Board of Directors in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices of our company. The Audit Committee is responsible for reviewing the following major matters: financial reports, internal control systems, material asset or derivatives transactions, material lending funds, endorsements or guarantees, offering or issuance of any equity-type securities, legal compliance, matters involving director's self-interest, hiring or dismissal of an attesting CPA, or the compensation given thereto, and appointment or discharge of financial, accounting, or internal auditing officers.

The Audit Committee shall hold a meeting at least once every quarter. 6 Audit Committee meetings were held with 100% attendance rate in 2022.

Audit Committee and Remuneration Committee are fully composed by independent directors:

| Name | Audit Committee | Remuneration Committee |
|--|-----------------|------------------------|
| Yang, Der-Yuan (independent director) | ☑ (Chairman) | ☑ (Chairman) |
| Sun, Chin-Su (independent director) | ☑ | ☑ |
| Chang, Wei-I (independent director) | ☑ | ☑ |

(2) Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities related to the evaluation and compensation of company's directors of the Board and managers.

The members of the Remuneration Committee are appointed by the Board of Directors and consist of three independent directors. The professional qualifications and the independent nature for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The compensation of company's directors of the Board and managers shall be reviewed by the Remuneration Committee first before submitting for Board of Director's approval. 2 Remuneration Committee meetings were held in 2022 with a 100% attendance rate.

3.3 Ethical Corporate Management

YIEH HSING's management team has been paying close attention on domestic and oversea policy and regulations that could have significant impact on company business and finance. We are committed to establish a good corporate governance and risk control mechanism to create an operational environment with sustainable development.

| | |
|---------------------------------------|---|
| Policy/ Commitment | <p>A designated unit has been established to assure compliance with and tracking of updated versions of applicable laws so that no material violations of laws occur.</p> |
| Short, medium, and long-term goals | <ol style="list-style-type: none"> 1. Routine confirmation of the latest amendments to applicable laws. 2. No violations of applicable laws. 3. Establishment of computerized audit of legal compliance through database management. |
| Assignment of duties | <ol style="list-style-type: none"> 1. Collection of information on applicable laws and other legal requirements by the respective designated units charged with legal compliance and distribution of relevant information to respective functional units for auditing to assure compliance. 2. Respective functional units conduct audits on compliance with applicable laws that may affect the Company or are related to the Company and map out related response measures. |
| Input of resources | <ol style="list-style-type: none"> 1. Routine review meetings on the management system (ISO 9001, ISO 14001, ISO 45001, ISO 50001) are held to review compliance with applicable laws. 2. Participate in promotion conferences held by the competent authority to understand the content and direction of any amendments to relevant laws. |
| Concrete actions | <p>Collection of information on legislation/other requirements and regulations governing the examination of compliance and identification of the legal rules, announcements, and notices promulgated by relevant government bodies pertinent to the Company to identify the applicability and assess/audit the compliance of the Company.</p> |

Related Rules and Regulations and Implementation

The Company has instituted the Service Regulations for the employees and also related internal codes as the guide for observation. Regarding applicable laws governing occupational safety and health, the Company has implemented the ISO 14001 and ISO 45001 systems. In the area of energy law, the Company has implemented the ISO 50001 management system. The Company keeps abreast of information on the latest amendments to applicable laws and informs the heads and employees of relevant functions. The enforcement of applicable laws is specified below:

| Item | State of implementation |
|---|---|
| Anti-Corruption | It is clearly stipulated in our company's "Employee Work Rules" that employee shall have honest behavior and shall not take advantage of his or her authority and official position to directly or indirectly benefit himself or herself or others, nor shall he or she accept hospitality from supplier or stakeholder. It is stated in the reward and punishment regulations that demanding, taking, or promising to take bribes, or engaging in malpractices for selfish ends are not allowed in official duty behavior, and it may result in termination for serious violation. YIEH HSING also amended the Codes of Ethical Conduct by the Board of Directors in 2018 to regulate code of ethics for director, supervisor, and manager. It improves the overall behavior literacy and work ethics for all employees and commits to implement corporate governance. |
| Ethical Principles | To implement corporate governance and sustainable operation, we has included relevant information in the Employee Work Rules and reward and punishment regulations in reference to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies for employee to follow. The Board of Directors also established Corporate Governance Best Practice Principles in 2020 and enhancely promote the determination of ethical management to infuse in the corporate culture. |
| Code of Ethics for Employee Behavior | YIEH HSING has established "Employee Work Rules" for service rule standard, as well as "Reward and Punishment Regulations" for employee behavior standard. Both regulations can be found on YIEH HSING's internal website for employee. In addition to "Employee Work Rules" and "Reward and Punishment Regulations", YIEH HSING also set up policies and regulations in reference to other laws and regulations including: internal control, insider trading, corporate information security management regulation, sexual harassment prevention and handling regulation, confidential management regulation, personal data protection management guideline, etc, as well as enhance training of the new employee to reinforce the commitment of work ethics for all employees. |
| Moral Standard of Director and Manager | The Board amended the ethical code of conduct of the Company in August 2018 to strengthen corporate governance as the moral standards for the directors and managers to avoid unethical conduct and other actions that may harm the interests of the Company and shareholders, and to allow the stakeholders to understand the moral standards of the Company better. The Company arranges continuing education for the directors at regular intervals and assists the directors in paying attention to the development of the regulatory environment at home and abroad. In addition, the Company also intensified education and promotion on the prohibition of transactions of the |

| | |
|---------------------------|---|
| | Company's shares before the disclosure of the financial statements in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies in January 2022. |
| Internal education | The Company provides education and training on ethical corporate management and prevention of insider trade from time to time to make sure the employees properly understand and can make right judgments pertinent to applicable laws and integrity. This helps the employees to fully understand the ethical corporate management policy of the Company, the prevention of insider trading and the consequences of any acts of defiance of integrity. In September 2022, the Company organized the “Symposium on Financial and Banking Knowledge and Prevention” of Insider trading to let the employees understand applicable laws and legal rules better. |

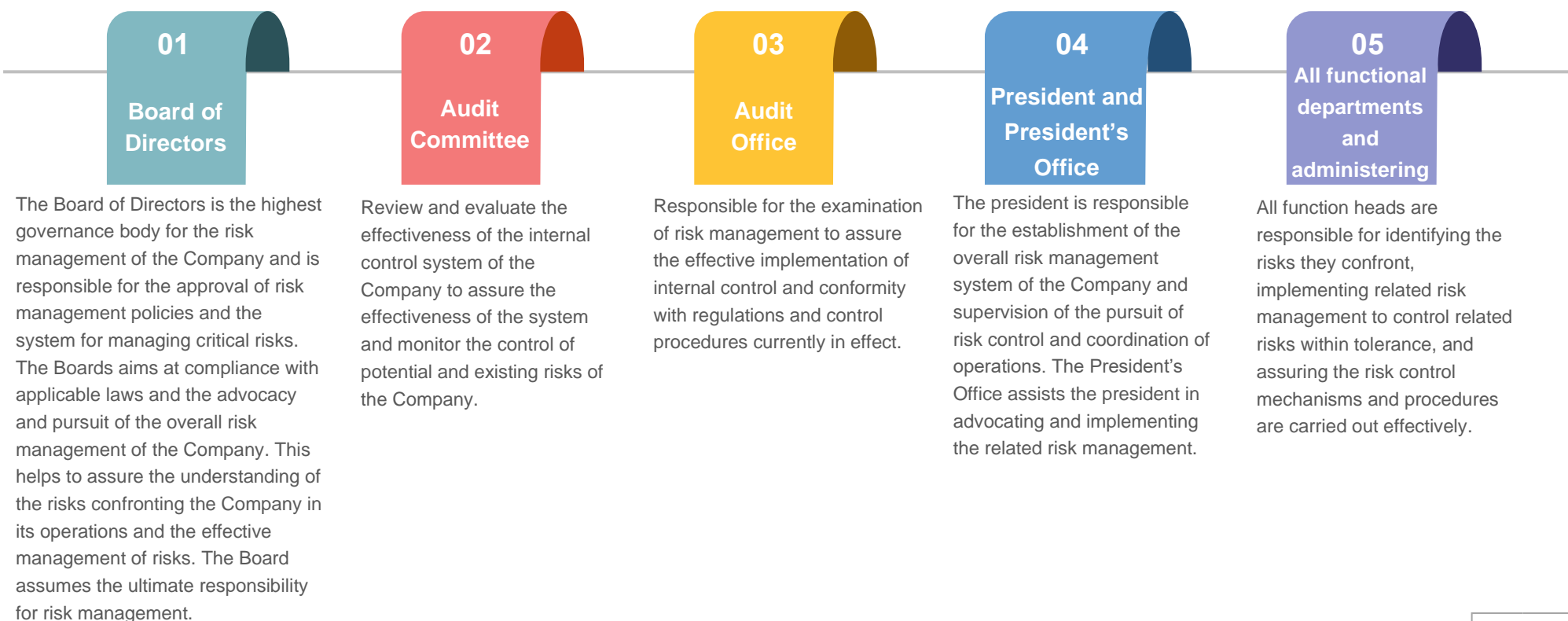
3.4 Risk Management and Management Objectives

Risk Management Policy and Pursuit

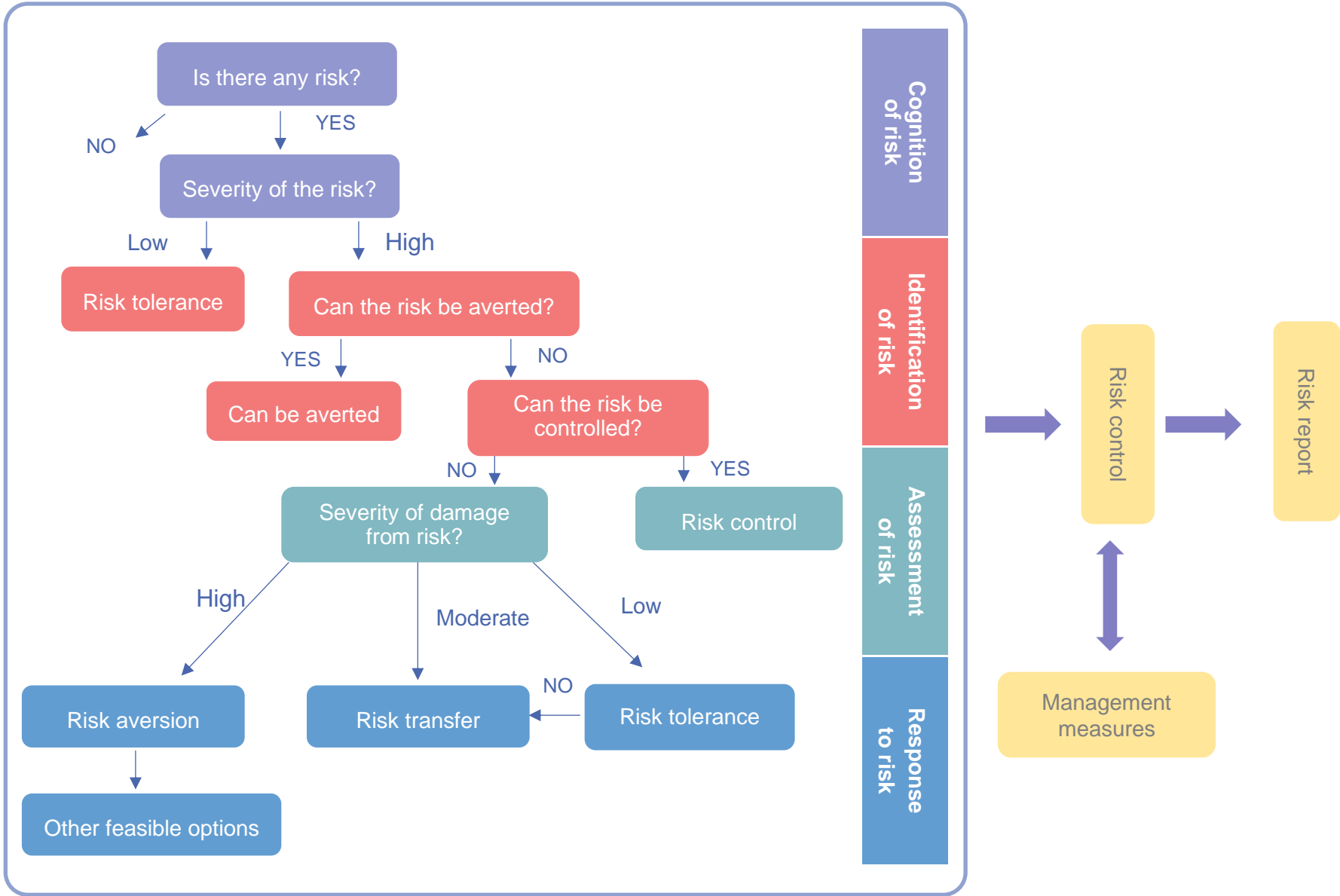
Risk management is critical for the sustainable development of enterprises. Topics internal or external to the organization, including the political, financial, social, and legal aspects and market changes are exposed to relevant risks during operations, meaning that identification of related risks for management is necessary to map out related strategies for dealing with relevant risks.

Respective functional departments of the Company annually conduct analysis of the operating environment of the Company and the needs and expectations proposed by the stakeholders on the basis of the functions and natures of the functional departments and in accordance with the risk management implementation procedures and process flow chart. The functional departments also collect related information for analysis for the design of related risk control measures and management options, and they report to the top management of the Company for instruction.

Risk Management Organizational Structure and Responsibilities



■ Risk Management Procedures and Process Flow Chart



Risk Management Types and Mechanisms

For the mitigation of the impact and influence of internal and external risks, the Company seeks to identify the risks deriving from the topics of governance, environment and society pertinent to the operations of the Company based on the principle of materiality, the business of the Company and the specific nature of the operations. Related management and monitoring measures are designed on the basis of this, and the status of risk management is routinely reviewed and reported to the Board. The types of risks and control mechanisms are summarized in the table below:

| Aspect | Risk type | Control mechanism |
|----------------------------------|---|---|
| Corporate governance and economy | Strategic and operational risk | <ul style="list-style-type: none"> Report to the Board on strategic topics and risk status at regular intervals to reduce strategic risks through the participation, recommendation and supervision of the Directors. |
| | Legal risk | <ul style="list-style-type: none"> Review the laws to be observed by the Company in its operations at regular intervals with proper monitoring, control, and update. Inform related departments of the latest versions of applicable laws and assure related activities are in compliance with applicable laws. The Audit Office conducts routine audit of internal control and the rules and regulations of the Company to assure conformity. Establish an effective internal control system and enhance the prevention of legal risk. |
| | Information and communication security risk | <ul style="list-style-type: none"> The Company has instituted the “Regulations Governing Corporate Information Security Management” and related enforcement rules with irregular review to assure their appropriateness and effectiveness and reduce the risk of information security hazards. Establishment of the system access authority and control mechanism to reduce the risk of leaking sensitive information. Review the weakness of the external service system at regular intervals with appropriate corrective action and preventive action. Provide training on information and communication security at regular intervals and enhance the promotion of the information security policy and emergency response with exercise drills. Conduct routine internal audits of the pursuit of information security to reduce risk and make continuous improvements. |
| | Financial risk | <p>➤ Interest rate fluctuation</p> <ul style="list-style-type: none"> Contain interest expenses within 2% and diversify the use of short to long-term financial instruments with different levels of interest rate sensitivity to mitigate the influence of large interest rate fluctuations. Evaluate significant capital expenditures with caution and proceed with financing instruments at lower cost. Maintain positive relations with banks and negotiate for the best interest rates for financing and deposits. |
| | | <p>➤ Exchange rate fluctuation</p> <ul style="list-style-type: none"> The Financial Division keeps track of exchange rate changes and trends to properly understand exchange rate trends and decide on the conversion of different currencies and keeping foreign currency deposits or borrowing at the right time. The Company has instituted the “Procedures for the Acquisition and Disposal of Assets” to regulate derivatives trading, risk management, supervision and audits to reduce the risks deriving from derivatives trading related to exchange rates. Consult the foreign exchange departments of banks on hedging strategies and adjust the positions of foreign currencies in line with capital requirements and exchange rate fluctuations. |

| | | |
|-------------|-------------|---|
| | | <p>➤ Material price fluctuation</p> <ul style="list-style-type: none"> • Keep abreast of information on the material market through different external sources. • Establish a safe inventory level and keep a suitable level to satisfy the demand in production with agility. • Establish and perfect the material management system of the Company; the Regulations Governing the Purchase, Acceptance and Claim for Compensation of Billets were introduced in 2022 for more effective internal control in risk management. |
| Environment | Hazard risk | <p>➤ Carbon emission management</p> <ul style="list-style-type: none"> • Promote the ISO 50001 energy management system and establish energy management performance indicators for the long-term control of efficiency and performance. • Identify the activities and solutions with high carbon emission factors through the ISO 14001 environmental management system, ISO 14064-1 GHG inventory at the organizational level, and ISO 14067 carbon footprint verification to reduce the emission of GHG. • Invest to establish green power supply to enhance carbon reduction performance. • It is expected that the ISO 14064-1 GHG inventory at the organizational level and the ISO 14067 carbon footprint verification can be accomplished in 2023. <p>➤ Reduction of environmental pollution and energy consumption</p> <ul style="list-style-type: none"> • Continue to search and develop technologies for the recycling and reuse of solid waste to raise the resource recycling rate. • Mitigate the impact on the environment through process technology and fuel substitution. |
| Society | Hazard risk | <ul style="list-style-type: none"> • Provide vocational training in environmental safety and health: assure the environmental safety and health management systems of all plants are consistent, conduct a new round of reviews to identify operational risks at the workplace and continue to make improvements to reduce incidents. • In June 2020, the Company amended its Regulations Governing Contractor Safety and Health Management and demands all vendors and contractors to comply with the rules and regulations governing environmental safety and health for admission to the facilities of the Company so as to reduce the occurrence of hazards. • Adopt the PDCA management cycle to identify hazards, assess risks, make improvements and assure performance, and continue to demand the effective implementation of this management system to create a safe and comfortable workplace and achieve the goal of zero injuries in operations. |

Management Goal

| Management Goal | 2022 Achievement Status | 2022 Key Outcome | 2023 Goal | Mid-Long Term Goal |
|--|-------------------------|---|---|---|
| No penalty from Environmental Protection Agency inspection. | Achieved | No deficiency in air, waste water, and waste audit. | Continue to follow up on additional and amended environmental regulations by the Environmental Protection Administration and demand 100% compliance in each plant. | Meet the environmental protection regulations and the goal is to do better than the requirement. |
| No violation against the law. | Achieved | No violation against the law in 2022. | Competent Authority reviews updates in regulations regularly. Notification on new or amended regulations. Establish and update internal regulations in accordance with the amended regulations. | Regularly review domestic and oversea regulations distribution and update to avoid penalty and maintain good corporate image. |
| Electricity saving rate reach more than 1% per year (2015~2024). | Achieved | Average annual power saving volume in Pingnan Plant: 1.34%. Average annual power saving volume in Gangshan Plant: 1.11%. | Average annual power saving volume 1%. | Continue to promote all kinds of electricity saving measures and keep the annual average power saving rate greater than 1%. |
| No penalty from audit by Inspection Office. | Achieved | No deficiency in Safety and Health audit. | Continue to follow up on additional and amended safety and health regulations by the Council of Labor Affairs and demand for compliance with no disaster and no penalty. | Continue to promote Occupational Health and Safety Management System to meet the regulation requirements. |

3.5 Quality Management

3.5.1 Total Quality Management

YIEH HSING created “Quality Manual” in accordance with ISO 9001: 2015 to establish a complete quality management system. It applies to quality assurance structure to customer on products of wire rods and concrete iron, the company’s production unit and relevant unit for wire rods and concrete iron, quality system business (internal and external issues) of the external groups (raw material supplier and contractor).

Statement and Authorization of Quality Policy and Quality Manual

In order to implement quality policy and maintain operations in quality management system, the President’s Office / Technology Division had compiled a quality manual by the requirement of the international standard of ISO 9001 : 2015. The content includes the scope of quality management system, written procedures for relevant events, and description on process sequence interaction. The company product is produced with international standard and composition, or national standards, or specification and composition by customer’s development request and purchase relevant production equipment and material.

Product Quality and Label Management

After products are shipped by YIEH HSING, a “Quality Certificate” will be systematically produced providing product information such as the type of the steel, size, chemical composition, mechanical nature, and no radiation pollution certificate. Information on type of the steel, size, weight, and heat number will be labelled on the outer packaging.

YIEH HSING’s products (stainless steel/carbon steel wire rods) are analyzed by professional organization regularly on items regulated by RoHS (Pb, Cd, Hg, Cr6+, PBBs, PBDEs). The analysis result has met the requirement by RoHS. In response to customer request, all products have met REACH and SVHC regulations on hazardous substances with inspection proof.

Intellectual Property

The company applied for “Industrial Technology Development Program 440 green process innovation development on stainless steel wire rods” by the Ministry of Economic Affairs in December 2001 and received approval. We applied for patent number I569901 on “steel wire rods for continuous post processing and its manufacturing process” after the program ended in March 2014. The company will keep on researching and apply for other patents.

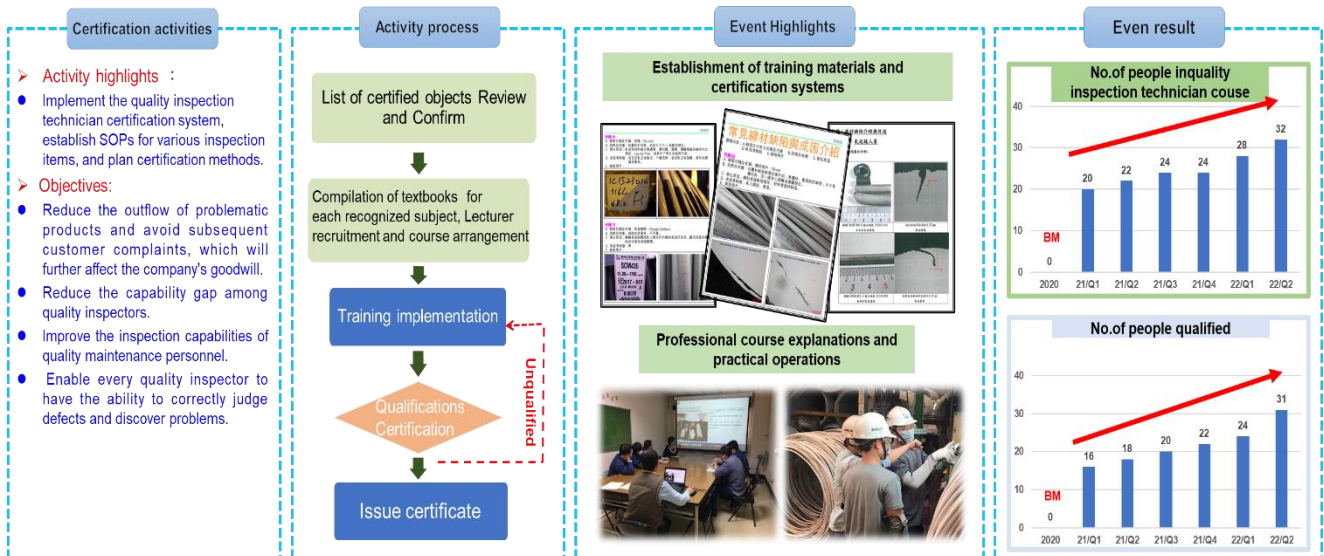
Innovative Research Development

With the motto of the year of the Company “Innovation beyond change, transcend the limit, create new value” as the corner stone, improve quality and develop new products through total productive management. The steel production technologies of industry peers will also be taken as reference to cut down nonconformity rates. Further the differentiation of products and services and collect information on the industry and customer needs to develop eco-friendly products in line with environmental protection trends. Create a positive corporate image of good quality and maximize the common interest of YIEH HSING and its customers while performing corporate social responsibility to make all participants winners.

Initiation of Quality Activity



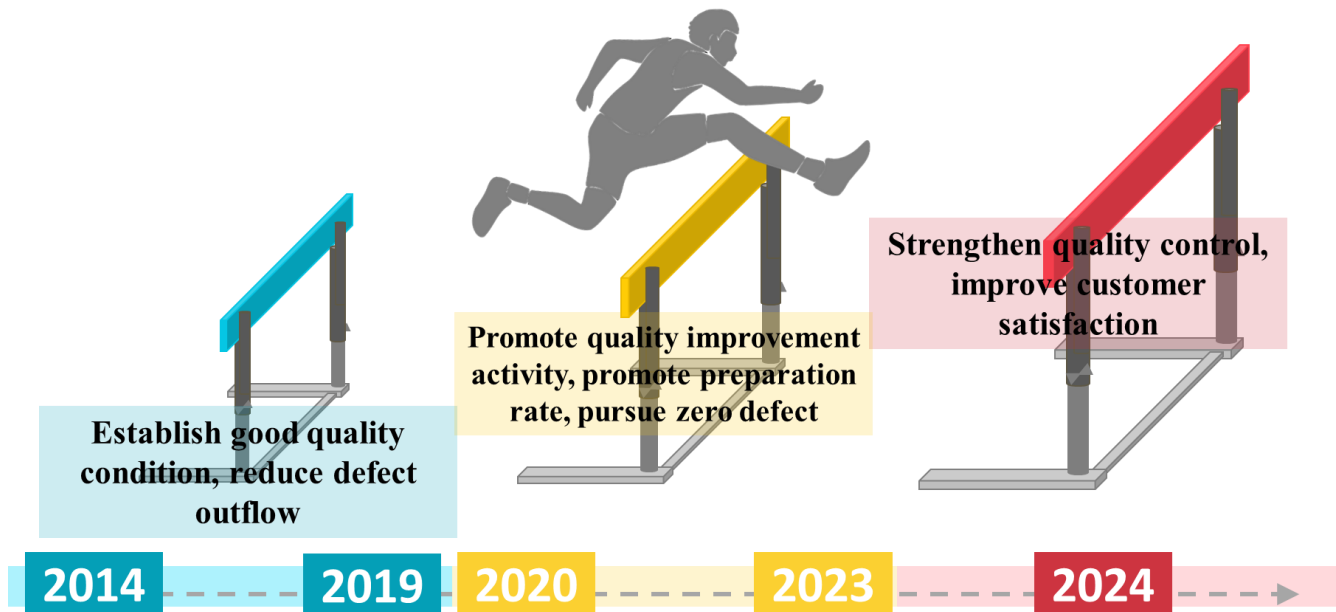
Quality Inspection Technician Certificate



Activities Related to Product Demand by Customer



Future Direction






Quality Management System and Accreditation

Products passed ISO certification

| Authentication system | Certified version | Certification mark | Gangshan Plant | Pingtung Plant |
|---------------------------|-----------------------------|---|----------------|----------------|
| Quality management system | ISO 9001 2015 Certification |  | ● | ● |

Certification marks passed by major products

| Certification mark Classification | Product Classification | Certification mark | Stainless Steel Wire Rod | Alloy Steel Wire Rod | Freecutting Wire Rod | Carbon Steel Wire Rod |
|-----------------------------------|--|---|--------------------------|----------------------|----------------------|-----------------------|
| Certified Product | PED EU Cert |  | ● | ● | ● | ● |
| | BIS India Cert |  | ● | ● | ● | ● |
| | Patent Certificate of the Republic of China Invention No. I56990 |  | ● | ● | ● | ● |

04 Supply Chain and Customer Relation

4.1 Supplier Management

4.1.1 Supplier Management (Direct Raw Material)

Source of the Raw Material Supplier and Percentage

YIEH HSING was founded in 1978, and the wire rod production line was built at Gangshan Plant in 1991. Pingnan Plant joined the production in 1998, currently producing different kinds of wire rods, including stainless steel, carbon steel, alloy steel, and free-cutting steel. YIEH HSING is a single rolled steel plant, so the quality and stability of the supply of materials is vital to the products of YIEH HSING. For this reason, YIEH HSING sees suppliers as vital partners and hopes to cultivate and maintain co-prosperous relations with upstream suppliers to assure both sides are winners in the long run.

(1) Origins of the Supply of Stainless Steel and Carbon Steel Materials

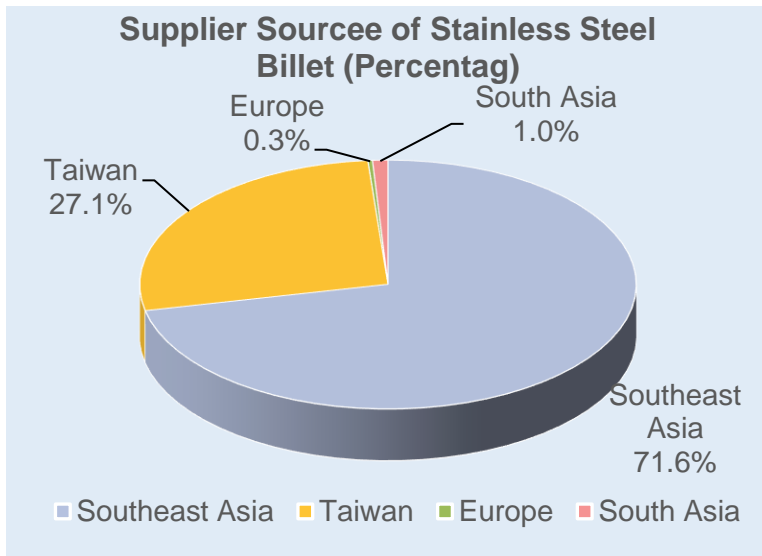
Stainless steel wire rods and carbon steel wire remain the premium products of YIEH HSING. They can be classified into products made through the blast furnace process and the electrosmelting process. The raw material for the blast furnace process is iron ore, which mainly comes from imports. The raw material for the electrosmelting process is scrapped steel, which uses the “billets” from the blast furnace and electrosmelting process to produce stainless wire rod and carbon wire rod products.

Stainless billets are mainly from Taiwan, Southeast Asia and Indonesia. Carbon steel billets are mainly from Russia, China, Southeast Asia and India.

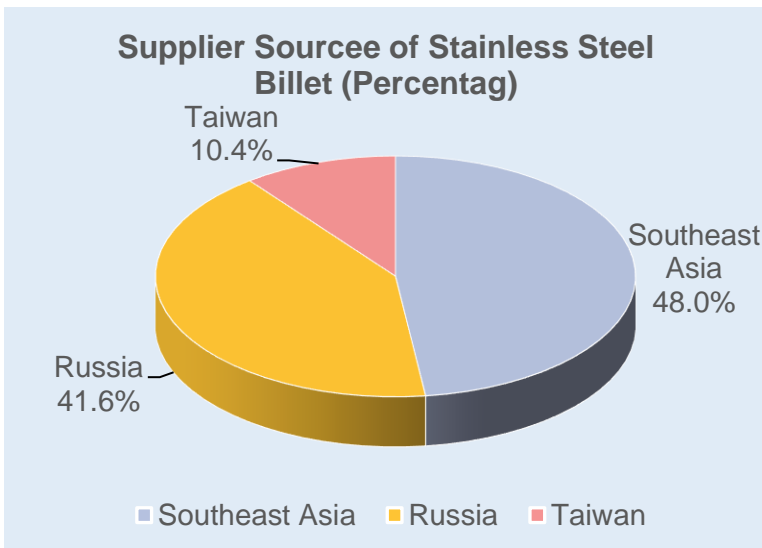
Supplier Source Origin of Stainless Steel and Carbon steel



Supplier Source Percentage of Stainless Steel and Carbon Steel in 2022



| Supply region of stainless steel billet | Percentage (%) |
|---|----------------|
| Taiwan | 27.1% |
| Southeast Asia | 71.6% |
| Europe | 0.3% |
| South Asia | 1.0% |
| Total | 100.0% |



| Supply region of carbon steel billet | Percentage (%) |
|--------------------------------------|----------------|
| Russia | 41.6% |
| Southeast Asia | 48.0% |
| Taiwan | 10.4% |
| Total | 100.0% |

Supplier Management (Direct Raw Material)

Raw material for stainless steel mostly comes from Taiwan; whereas raw material for carbon steel comes from Russia, Southeast Asia, India, and Taiwan. The “quality” and “delivery date” of the raw material are critical for YIEH HSING. Therefore, Yeah Hsing has certain regulations and review standards for its raw material suppliers.

(1) Supplier Management (Direct Raw Material)

YIEH HSING has established a “procurement standards for billet raw material” in terms of the surface quality, dimensional tolerance, identification of furnace number, packaging, and edge color standard. Purchasing personnel will make an agreement with the supplier in accordance with the standards, and the managers of technology and relevant divisions will evaluate the “acceptable quality standard”. If the supplier does not meet the standard, it needs to be discussed and dealt with by the Committee for Quality Assurance. Raw material supplier shall provide “no radiation certificate” before it is qualified for evaluation.

No major change for raw material supply chain so far. The company has formed an evaluation team in accordance with the billet supplier evaluation regulations. It rates suppliers

by items on the evaluation chart such as ISO 9001 certificates, delivery status, and after-sales service, and chooses a qualified supplier. YIEH HSING also audits the suppliers regularly and practically controls the delivery status. If there is a quality concern, in addition to quality certificate, YIEH HSING will also communicate with the supplier and request an improved performance evaluation. All procedure should be inspected by managers of technology and relevant divisions to ensure the delivery date and quality of the raw material are good. If the quality of the final product does not meet contract regulations or deliver on time, the supplier will receive different level of punishments (such as written warning or trading suspension) depending on the severity of the circumstances. If no purchase has been made with a qualified supplier for a long time, it will be listed on a watch list and treated as a new supplier for re-evaluation by the evaluation team for the next purchase.

(2) Understand the Source and Production Method of the Raw Material

YIEH HSING makes evaluation and screening through supply chain vendor management after tracing and learning about the indirect environment such as the source and production method of minerals and raw material. No purchase evaluation will be made for mineral with conflict concerns. We also pay attention and make evaluation on supplier's environmental protection, occupational safety, and labor human rights. Meanwhile, we ask the supplier to provide relevant certification such as ISO 9001:2015 Quality management systems, ISO 14001:2015 Environmental management systems, ISO 45001: 2018 Occupational Health and Safety Management Systems, etc.

After evaluation in 2022, raw materials from all suppliers have met the regulations. In addition, no incident of impact on society or environment such as environmental protection or human rights was found in mineral source or production environment.

Relevant certification of Supplier



| YIEH UNITED STEEL CORPORATION Contents of Hazardous Substances for Environment Care Used in the Materials | | |
|---|------|-------------|
| SURFACE FINISH : STAINLESS BILLET | | |
| Manufacture : YIEH UNITED STEEL CORP. | | |
| Name of Hazardous Substance | Used | Contain |
| Cadmium and Cadmium compounds | X | Cd<0.01% |
| Lead and Lead compounds | X | Pb<0.005% |
| Mercury and Mercury compounds | X | Hg<0.1% |
| Chromium hexavalent and Chromium compounds | X | Cr<0.1% |
| Polybrominated biphenyls | X | PBB<0.01% |
| Polybrominated biphenyls ethers | X | PBDE<0.001% |
| X : not used | | |

4.1.2 Supplier Management (Indirect Raw Material)

Selection of the Supplier

To improve the quality of subcontractor, smooth progress of production and operation, and the purpose of careful selection on subcontractor, the company has established a subcontractor evaluation management regulation.

The regulation applies for items provided to the company and may be classified into four categories:

- Chemical drugs and gasoline (not CPC): hydrochloric acid, sodium hydroxide, rustproofing oil, sulfonated castor oil, and varnish, etc.
- Mechanic processing parts.
- Roller renewal and grinding.
- Packaging material.

Supplier Audit

YIEH HSING adopts a small-batch trial system to screen for qualified supplier. Each division will trace and record trial result and the using status, and a summary report will be sent for management approval before becoming a qualified supplier of YIEH HSING. For any new supplier wants to join the company:

- For chemical drugs and gasoline product: it has to be examined with company standards by quality control division before on-site trial. Evaluation personnel will make subcontractor evaluation in accordance with evaluation standards. After compiling comments from each personnel, the Chairperson will decide whether or not to continue using the product.
- For mechanic processing and roller renewal and grinding or packaging suppliers:
 - ◆ Purchase division will select supplier for trial. An on-site investigation might be done with the subcontractor by the purchase division when necessary. If the purchase division agrees on a supplier for trial, they will sign on the note of the “supplier information chart” for approval.
 - ◆ After inspecting the shipment from the supplier, an evaluation summary made in accordance with evaluation standards will be sent to the Chairperson to decide whether the supplier is qualified or not and whether to continue using the product. If it is qualified, it will be listed on a “qualified supplier list”, if not, it will be listed on an “unqualified supplier list”.
- When evaluating the subcontractor, the score of each evaluating item has reached 70 (included) or more shall be qualified, and may be listed as a “qualified subcontractor”.

Supplier Evaluation:

- Supplier evaluation is done in the “subcontractor evaluation and review meeting” in the 4th quarter each year to decide whether it will continue to be listed in the “qualified contractor”.

Flow Chart for Subcontractor Evaluation



■ Sustainable supplier evaluation:

- ◆ Supplier is an important partner of the company. It creates a long-term and stable supply chain through cooperation. In addition to the supplier's technology competence, quality, delivery date, and price competitiveness, the company also asks the supplier to commit to social responsibilities such as environmental protection and safety and health.
- ◆ To effectively manage the supply chain, we pay attention and makes evaluation on supplier's environmental protection and occupational safety. Meanwhile, we ask the supplier to provide relevant certification such as ISO 9001, ISO 14001, ISO 45001 certifications, etc.

Green Purchase Under the Impact on the Environment

Energy means the higher proportion of the cost of production in the iron and steel industry. The primary form of energy used by the Company is natural gas and electricity, which together account for more than 90% of the total energy consumption. Natural gas is the cleanest form of energy, and electricity is purchased from Taiwan Power Company. To achieve the goal of energy saving and carbon reduction while also reducing the consumption of energy and reducing the cost of production, YIEH HSING proactively purchased high-performance IE3 motors and pumps to replace obsolete or poorly performing equipment. In lighting, YIEH HSING started to replace energy consuming lighting facilities in 2021 with LED lighting. In process improvement, YIEH HSING has also spelled out many options for energy saving since 2017 with positive results.

Improvement projects and results in 2022 (some of the improvement projects cut across calendar years)

1. The lighting at the annealing plant has been replaced with LED lighting.
2. The ventilation fans of the chimneys for the reheating range at Pingnan Plant are controlled by inverter.
3. The CT2 cooling tower for the treatment of water from rolled steel at Gangshan Plant is powered by frequency variation and temperature controlled motors in the cooling process.
4. The rinsing tower of dumped sulfuric acid and air pollutants at the annealing plant is controlled by inverter blower.
5. The Company purchased three high-performance IE3 motors and pumps

The Company will continue to be more eco-friendly to bolster its performance in environmental protection and expects to install a photovoltaic power system at Pingnan Plant in 2023 in response to the call of the government for energy saving and carbon reduction.

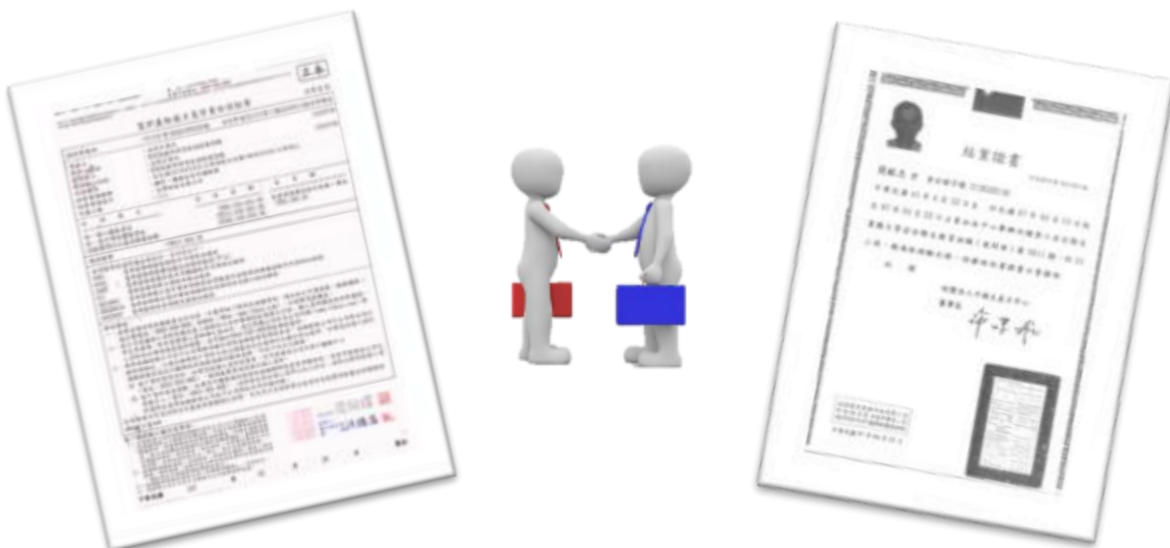
4.2 Subcontractor Management

For many years, YIEH HSING commissioned the transport of steel billets by crane and moving of billets/finished products by forklift to vendors who in turn dispatched their personnel to the plant sites of YIEH HSING to perform the work. YIEH HSING has instituted the “Regulations Governing Contractor Safety and Health Management” for this purpose. In addition, YIEH HSING also holds meetings on contractor safety and health for the education of the personnel of contractors. These personnel shall duly observe the rules and regulations of the Company and be protected by relevant insurance. They must also wear the required safety gear. Major contractors must observe corporate social responsibility on both sides, which is stated in the contracts between these contractors and the Company. If a specific contractor acts in defiance of the policy and causes significant impact on the local community of the supply source or society as a whole, the Company shall terminate or rescind the contracts and related clause at any time.

Vendor/Contractor Contract Management

All personnel dispatched by vendors/contractors to the facilities of YIEH HSING must be protected by insurance as required by law and duly observe the rules and regulations of YIEH HSING governing occupational safety and health, or they will be fined under the applicable rules and regulations. As required, the contracting of crane and forklift operations at YIEH HSING must be supported by the following documents:

- Operation related certificate of conformity – crown block operator must have “fixed crane operation” certification and renewal training record in compliance with the regulations. Hanging operator must have “operators using cranes for slinging operations” certification and renewal training record in compliance with the regulations. Forklift operator must have “forklift operation” certification and renewal training record in compliance with the regulations. Two months prior to the expiration of the service contract binding respective vendors and YIEH HSING, a “Vendor Annual Performance Evaluation Form” will be prepared on the basis of the information on the routine performance of the vendors and the status of contractual performance subject to the approval of the function head. This evaluation sheet serves as reference for the renewal of contracts with vendors.
- Insurance – operators must have labor insurance and additional casualty insurance of NT 5 million dollars, or insurance proof of equal or higher amount.
- Contractor’s safety and health manager – must have “Class-3 manager of Occupational safety and health affairs” certification and perform on-site safety supervision.



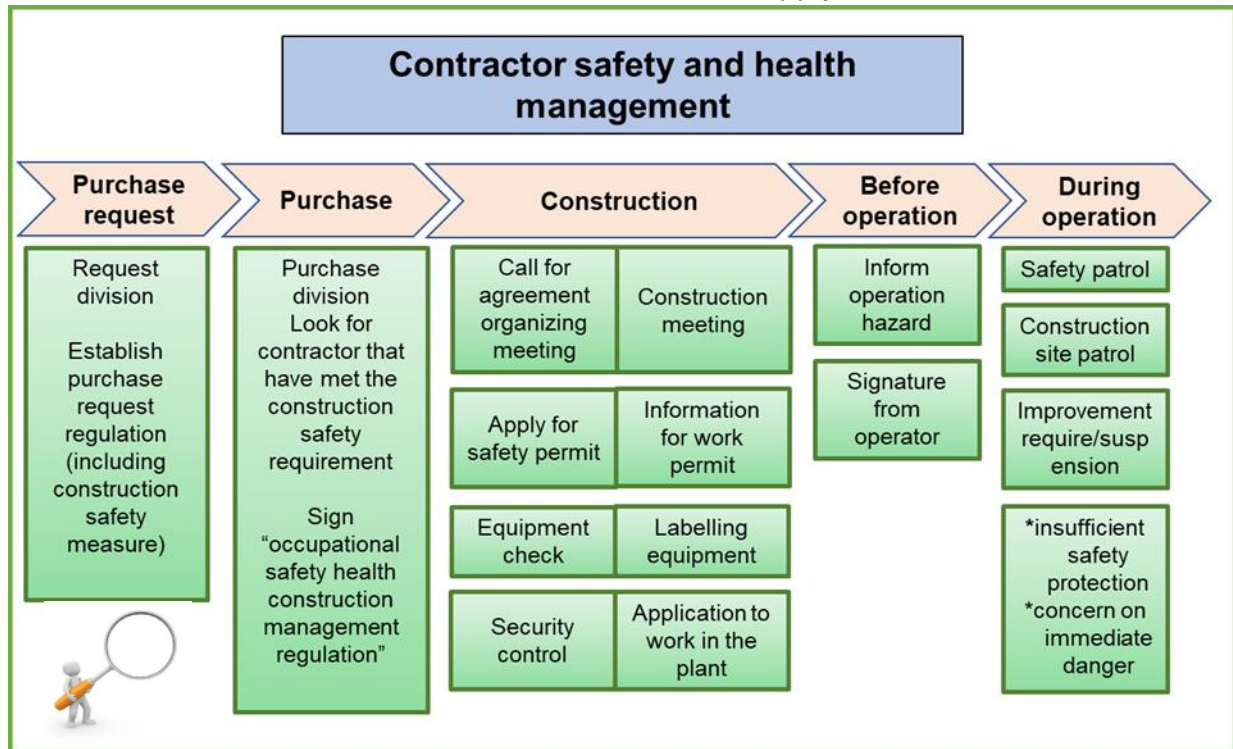
Labor Rights of Vendors/Contractors

The rights of the workers of the vendors/contractors shall be agreed upon by the workers and respective vendors and contractors on their own.

Vendor/Contractor Health Safety and Health

The Company has the following requirements for vendors/contractors in the aspect of occupational safety and health:

- Vendor/contractor safety education - carried out in accordance with the safety and health policy of the Company with monthly meetings for the notification of updated knowledge on safety and health and the requirements of the Company.
- Evaluation of the certification of the personnel of vendors - the personnel of the vendors/contractors shall participate in safety and health training and have interviews with the person in charge of certification.
- Inspection of the validity of personnel certification - inspection is conducted at the time of the annual renewal of contracts, before the admission of personnel to YIEH HSING facilities, and changes in personnel to assure the validity of the certificates.
- Safety and care - monthly event.
- Advocacy of fundamental safety - the personnel of vendors/contractors are required to comply with the rules and regulations of the Company governing occupational safety and health, and inspection is intensified to reduce occupational hazards.
- Safety observation - management personnel at all levels conduct inspection at the workplace where the vendors/contractors perform their duties and keep records for filing.
- To assure vendors/contractors understand the occupational safety and health risks pertinent to their work and comply with the safety rules and regulations of the Company, YIEH HSING has instituted the "Regulations Governing Contractor Safety and Health Management", demanding contractors to provide the document numbers of their "Occupational Safety and Health Guide" approved by a relevant accreditation body. In addition, respective vendors/contractors (including subcontractors) shall take insurance for the protection of each of their personnel dispatched to YIEH HSING with the amount insured at NT\$5,000,000 for bodily injury or death. In addition, as employers, the contractors shall provide the necessary education and training in occupational safety and health for their employees, and each worker shall receive training of this kind for at least three hours with records made. Before being admitted to YIEH HSING facilities, respective vendors/contractors shall confirm the number of personnel they dispatch to YIEH HSING, the related insurance coverage, and the related licensing and certification requirements of the personnel. Those who do not meet the standards will not be admitted to YIEH HSING facilities. If a specific contractor acts in defiance of the "Regulations Governing Contractor Safety and Health Management", it will be punished with a penalty fee under the "Notice of Penalty on Violations of Occupational Safety and Health Regulations and Laws by Contractors". This serves to prompt vendors/contractors to make additional effort in screening the labor conditions of their employees and compliance with applicable labor rules and regulations.



Contractor training material for elevated work



Contractor training material for hot work



Convene a pre-operation safety meeting for contractors



Implement on-the-job training for contractors

Existing Vendor/Contractor

Gangshan Plant

Pingnan Plant

Crane

Yu Cheng

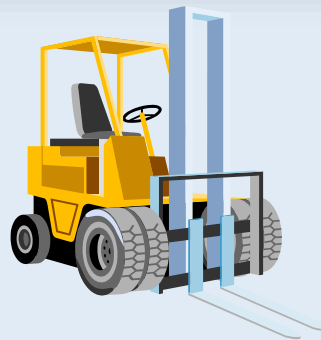


Crane

Yu Chen

Forklift

Heng Tai &
Jau Shin



Forklift

Yu Chen

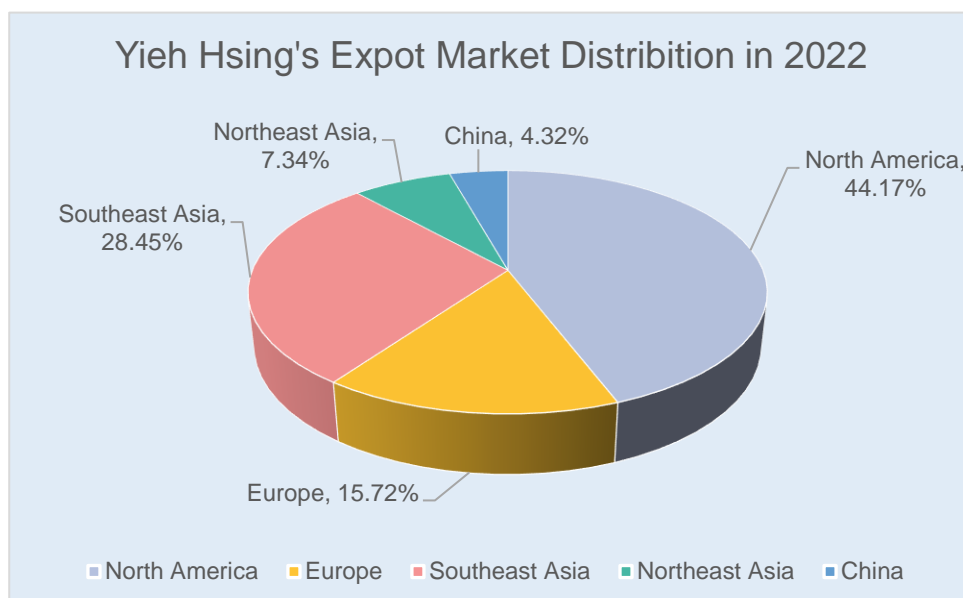
4.3 Customer Service

4.3.1 Export Service

Distribution and Shares of the Export Market

Stainless steel wire rods constituted a large proportion of the export sales of YIEH HSING. In 2022, the export volume of stainless steel wire rods accounted for 29.75% of the total stainless steel wire rods sale of the Company. The main market covers Southeast Asia, Northeast Asia, North America, the EU, and China. The Company continues to develop the service area of its products. The customers are wire drawing firms and semi-finished or finished products firms. The materials are used to make screws, nuts, polished rods, spring wire, cable, strokes, and welding rods.

- Wire Drawing: Cold Drawing of the Drawer – Bright Annealing of the Annealing Furnace.
- Screw: Drawing – Annealing – Cold hitting.
- Nut: Warm hitting.
- Small Hand Tools: Drawing – Annealing – Forging.
- Net Production: Rough – Annealing – Fine Drawing – Annealing Weaving.
- Spring: Rough – Annealing – Fine Drawing – Shape Rolling.



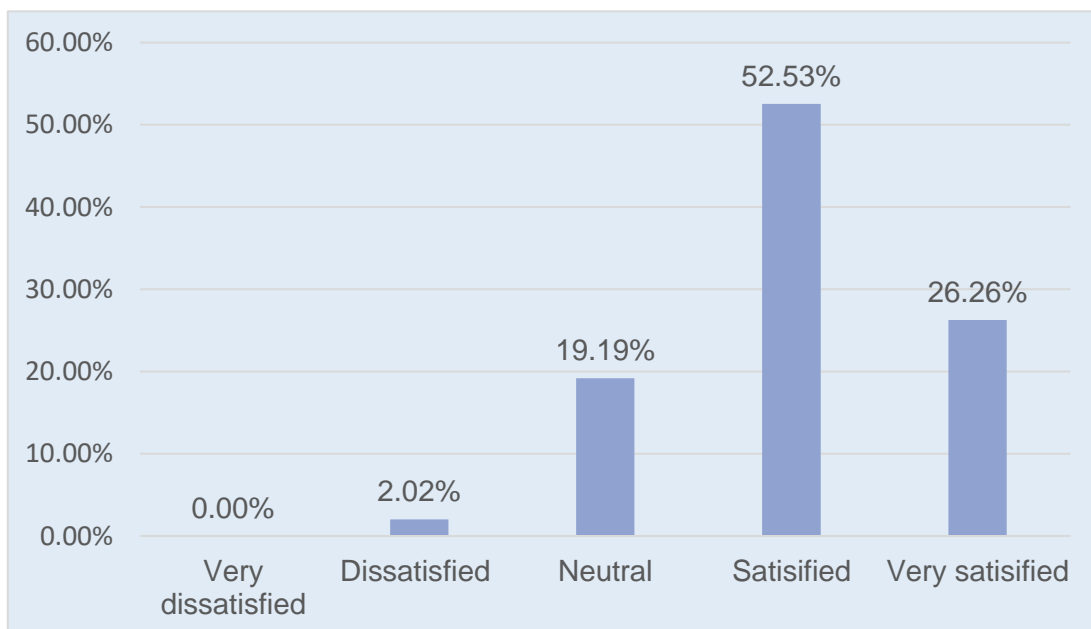
Customer Relation Management

(1) Order Production and Sales Process Management

Our customers are from different parts of the world and their requirements for wire products vary. Our sales personnel communicates with the customers on every detail of their needs before creating their profile for customer information management, and they supply the customer with the most appropriate type of steel products to best meet their needs. In addition, we also put together information on customer feedback about possible improvements of our products or the recommendations for the development of new products. This information will be referred to related technical experts and managers for discussion. We also consult the customers to set the acceptance criteria and proceed to develop or improve our products to meet the demands of customers in product quality and earn the trust of customers in YIEH HSING all over the world.

Export services highly value the comments of customers on product quality, price and delivery (production schedule, shipment, customs clearance, preparation of pickup documents and shipping date adjustment) all over the world. In the customer satisfaction survey on product quality, delivery timing, professional skill of the sales personnel, and technical support (investigation of customer claims and response to queries) conducted in 2022, 78.79% of the respondents indicated they were very satisfied with YIEH HSING. The top three items of satisfaction were the professional skill of the sales personnel, the service attitude of the sales personnel, and the completion of customer orders. YIEH HSING spares no effort in making improvements and enhancing our export services, and we expect to achieve 100% customer satisfaction in 2023.

Customer Service Satisfaction Survey in 2022



(2) Quality Management

Under the ISO 9001, ISO 14001, and ISO 45001 management systems, the products of YIEH HSING are manufactured under strict and meticulous process control, quality inspection, risk assessment, and hazard prevention. As such, all stainless steel wire rods delivered to all parts of the world pose no harm to the health of customers and there have been no violations of any rules and regulations governing safety.

(3) Customer Information and Privacy Management

The sales personnel build up the customer profile form to manage customer information, and they duly observe the GRI Standards to protect the privacy rights of the customers. In addition, the channels and contact points for communication with the stakeholders are also arranged on the official website of the Company. The findings from our investigation indicated no violations of the privacy of customers in 2022, and there were no complaints from customers on violations of their privacy rights.

4.3.2 Domestic Sales Service (Carbon Steel, Stainless Steel)

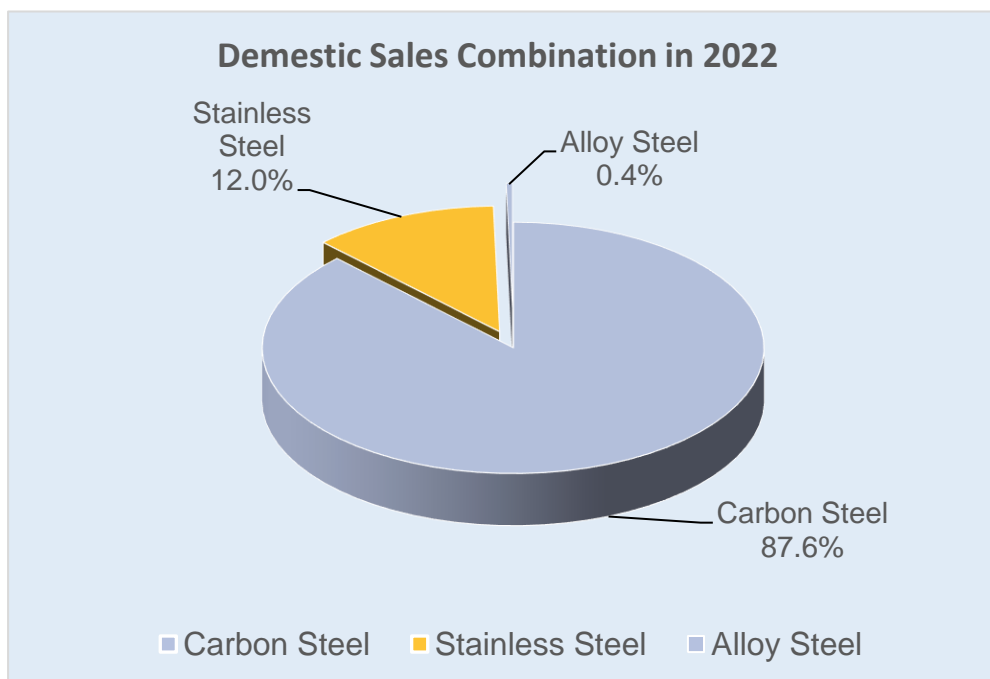
Product item and Sales Combination

Wire material is a global industry that mainly provide to downstream customer to reprocess into all kinds of screw, nut, thin wire, spring, polishing stick, and welding rod, etc., and widely apply in basic parts of industrial product, electronic product, aerospace, transportation, medical and biochemical device, hand tools, home appliances. Taiwan is known to be the kingdom of screw and nut, and YIEH HSING has made some contributions as well.

(1) Wire Rods Item:

- Stainless Steel Wire Rods
- Stainless Steel Wire Rods For Welding
- Alloy Steel Wire Rods
- Free-Cutting Steel Wire Rods
- Carbon Steel Wire Rods

(2) Domestic Sales Combination in 2022



Customer Relation Management

(1) Order Production and Sales Process Management

We fully communicate with the customer before product sales in order to provide the most appropriate steel supply with the most competitive price. During production, we provide real-time tracking and delivery date, as well as status on shipping, brokerage, document for shipment pickup, and changes in shipping schedule. If there is customer complain after sales, the defective sample will be sent to professional technician for precision instrument analysis. An investigation report of the complain will be sent to customer, and technician and sales personnel will discuss the follow-up with the customer, so the customer would know our determination and sincerity to solve the problem.

We collect customers' feedback on existing steel improvement or new steel development for technician and manager to discuss the acceptable standard with the customer and further develop or improve the product. It meets the demand and trust in YIEH HSING by customer.

In a tremendous competitive environment, the key to the success or failure of business operations is to provide customers with the most valuable services. The three-speed service advertised by YIEH HSING is the best choice for customers.

- Quick Response: Quick processing saves valuable time.
- Fast Delivery: Provide timely service to save customers' capital hoarding.
- Quick Reaction: Provide customers with the fastest technical data, timely and market information.

(2) Quality Management

Under the ISO 9001:2015 quality management system, YIEH HSING guarantees all products are manufactured under strict and meticulous process control and quality inspection. All products are accompanied by "Quality Certificates" generated by the system upon shipment with information on the name of the steel type, dimensions, chemical properties, mechanical properties, and proof of no radioactive contamination provided. All products also conform to relevant international standards.

(3) Customer Information and Privacy Management

YIEH HSING has a strict protection management system on all customer's sales information. Written or electronic transaction information for both parties are managed and kept properly. Information such as customer profile, sales price, transaction record stored in the information system are not available for unauthorized personnel to access and modify. Transaction contracts are kept according to the number of years in regulations. Expired contracts will be destored under the supervision of management to prevent customer information breach. Through regular review on information security and execution of security check, the company has reduced treats on information security from the technology and procedure perspectives and safely protecting customer's privacy.

05 Environmental Protection

5.1 Occupational Health and Safety Management system

Safety, Health, and Environmental Management Policy

YIEH HSING established in July 1978, is one of the professional manufacturing plants in the world with the most available sizes and steel types in rods. With its philosophy of management of “Innovation, growth, responsibility, and sustainability”, it truly realizes that people are the most valuable resource for a corporate and must not be harmed. The earth is the only living environment shared by human, and we should pursue sustainable development that would last for generations. Therefore, we actively promote occupational safety and health management and continue to improve manufacturing process and operation environment, also make sure pollution prevention equipment is working properly. Our goals are zero disaster and zero pollution. By the co-efforts of all employees, we are committed to improve the occupational safety and health performance to prevent occupational hazard and environmental pollution, while keep the employee safe and healthy and strengthen environment protection. In order to implement Safety, Health, and Environmental Management Policy, a safety, health, and environmental declaration is made “full participation, continuous improvement, safety first, zero disaster, energy saving and waste reducing, and environment caring”, as well as committed to the following actions:

- I. Get everyone involved in the concept of safety, health and environmental protection with systematized proposal, secured equipment, standardized operation, physical and psychological well-being, environmental and energy saving, and minimized recycling.
- II. Implement risk management, enhance overall risk control, eliminate potential hazard, and minimize occupational safety risk.
- III. Conduct training, propaganda, and convey message on safety, health and environmental protection policy for employee, customer, contractor, supplier, and carrier to promote cognition on safety, health and environmental protection awareness.
- IV. Fully implement safety, health and environmental protection management system, promoting continuous improvement and pollution prevention to enhance safety, health and environmental protection performance.
- V. Comply specific commitments of segment, the laws and regulations and obligations, enhance correction and prevention, and implement sustainable development.

The company promote greenhouse gas emission reduction and environmental protection activity based on this policy to prevent climate changes and environmental pollution.

Safety, Health, and Environmental Management Policy



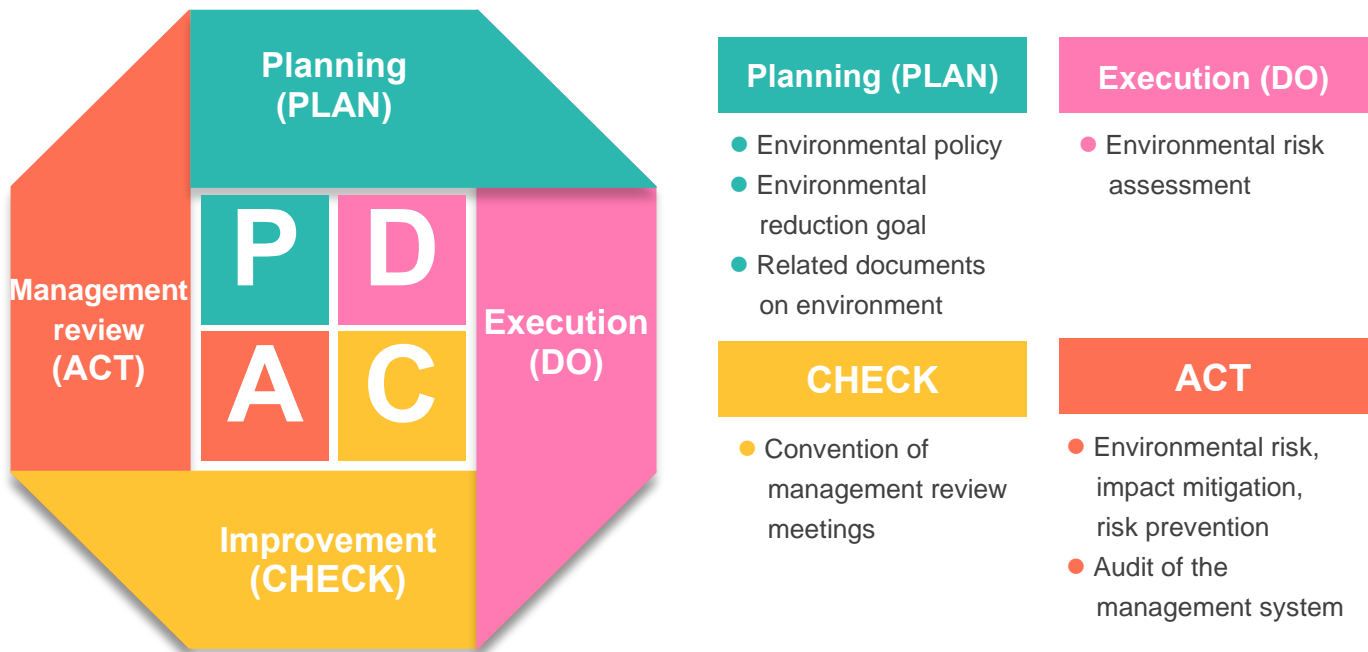
ISO 14001 Environmental Management System Certificates



5.1.1 Environmental Management System (ISO 14001)

YIEH HSING launched the ISO 14001 environmental management system in 2017, integrating the management of the environmental and occupational safety and health systems in alignment with international trends to establish the Company's safety and health and environmental management policy. Systematic operations are performed under the environmental management system to address the environmental management policy, impact on the environment, and compliance with applicable laws. In addition, items on the top of the list for management have also been sorted out from the cycle system to establish management procedures and make improvements under different projects to mitigate the impact on the environment surrounding the plants and upgrade the environmental performance of the organization. Under the efforts of everyone, the Company was accredited with the ISO 14001:2015 standards in January 2018 and passed the audit for accreditation again in January 2021. YIEH HSING will orient itself towards the goal of an eco-friendly enterprise to assure the sustainable development of the Company.

Implementation of ISO 14001 environmental



5.1.2 Occupational Health and Safety Management System (ISO 45001)

YIEH HSING received the "Safety and Health Model Award" on October 24, 2011 from the Industrial Development Bureau, MOEA; both OHSAS 18001 and TOSHMS certifications in January 2012; Excellence Award from occupational safety performance evaluation by Taiwan Steel & Iron Industries Association in November 2019 for the pickling line plant; management system version changed in 2020; obtained ISO 45001/ TOSHMS (CNS 45001) certifications in January 2021.

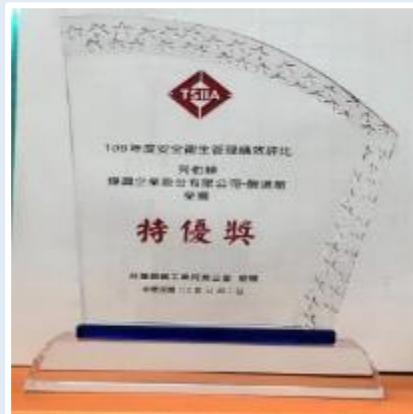
YIEH HSING has set up the "Occupational Safety and Health Committee" to review and coordinate business regarding occupational safety and health, as well as to promote its performance while continuous running the Occupational Health and Safety Management System. To ensure employee's rights of occupational safety and health, the committee is composed by both employees and the management board. A total of 24 committee members

with 14 from the management and 10 from labor. It complies requirement of the regulations one-third of labor representatives in committee members. The Company has about 446 workers at the plant sites and about 38 workers from contractors.

Rolled steel plant in December 2021 Won the “High Distinction Award” from the Taiwan Steel and Iron Industries Association in the evaluation of occupational safety performance



Pickling and Annealing plant in December 2021 Won the “High Distinction Award” from the Taiwan Steel and Iron Industries Association in the evaluation of occupational safety performance



Pingnan Plant in December 2021 Won the “Improvement Award” from the Taiwan Steel and Iron Industries Association in the evaluation of occupational safety performance



Received ISO45001/ TOSHMS (CNS45001) certificate in January and renew annually.



“High Distinction Award” by Steel & Iron Industries Association in occupational safety performance evaluation for rolling steel line plant in November 2019.



5.2 Friendly Environment

5.2.1 Environmental Safety and Health Management

YIEH HSING upholds the belief in doing well in Environmental safety and health management, and implement corporate's social responsibility to manage and promote environment, safety, and health activities and carry out various management work to reduce the environmental impact from production. We fulfill our duty in environmental protection and the obligation as a global citizen.

YIEH HSING mainly uses energy and resources such as sulfuric acid, nitric acid, hydrofluoric acid, water, electricity, and NG, etc., to produce carbon steel and stainless steel wire rods. When the company plans for plant building, a specialty division was set up to be in charged of work safety and environmental protection management, which is know as "Occupational Industrial Safety & Health Room" now. The "Environmental Protection Division" was also established to maintain and manage the plant environment.

YIEH HSING spares no effort in reducing air pollutants and wastewater discharge and continues to promote the cleanup of solid waste for recycling into renewable resources. The Company has established a viable set of pollution control measures to avoid polluting the environment and advocates for energy saving to reduce GHG emissions. In addition, the Company has also stepped up the protection of the environment as its corporate responsibility and enhanced the training of employees for a higher level of awareness of environmental protection.

After properly disposed at the sweage treatment plant and exhaust gas treating equipment, the waste water and gas from the production process have met the emission standards. We follow national environmental regulations for business waste treatment.

In addition to continuous investment for improvement in pollution prevention, we have been coping with the national policy of energy saving and carbon reducing with the government and conduct greenhouse gas emission check and energy saving projects to reduce greenhouse gas emission.



Quality of raw water and effluents
Routine inspection and testing by third-party institutions



Commissioning for the cleanup of industrial solid waste, Clean up by qualified treatment service providers



Industrial solid waste is classified for storage in accordance with applicable rules and regulations



Routine inspection and testing of air pollutant emission ducts by third-party institutions



Arrangement of emergency response exercise drills annually



In-process inspection of storage facilities on ground level

5.2.2 Climate Change Risks and Opportunities

In support of the Corporate Governance Road Map 3.0, YIEH HSING introduced the “Task Force on Climate-related Financial Disclosures” (TCFD) to establish a management model for climate related risks and opportunities. Through the four central elements of “governance”, “strategy”, “risk management”, and “indicators and objectives”, the Company seeks to identify significant risks and opportunities deriving from its operations and take action to mitigate climate change with proper adjustment for the continued reduction of climate related risks and to upgrade and create sustainable development.

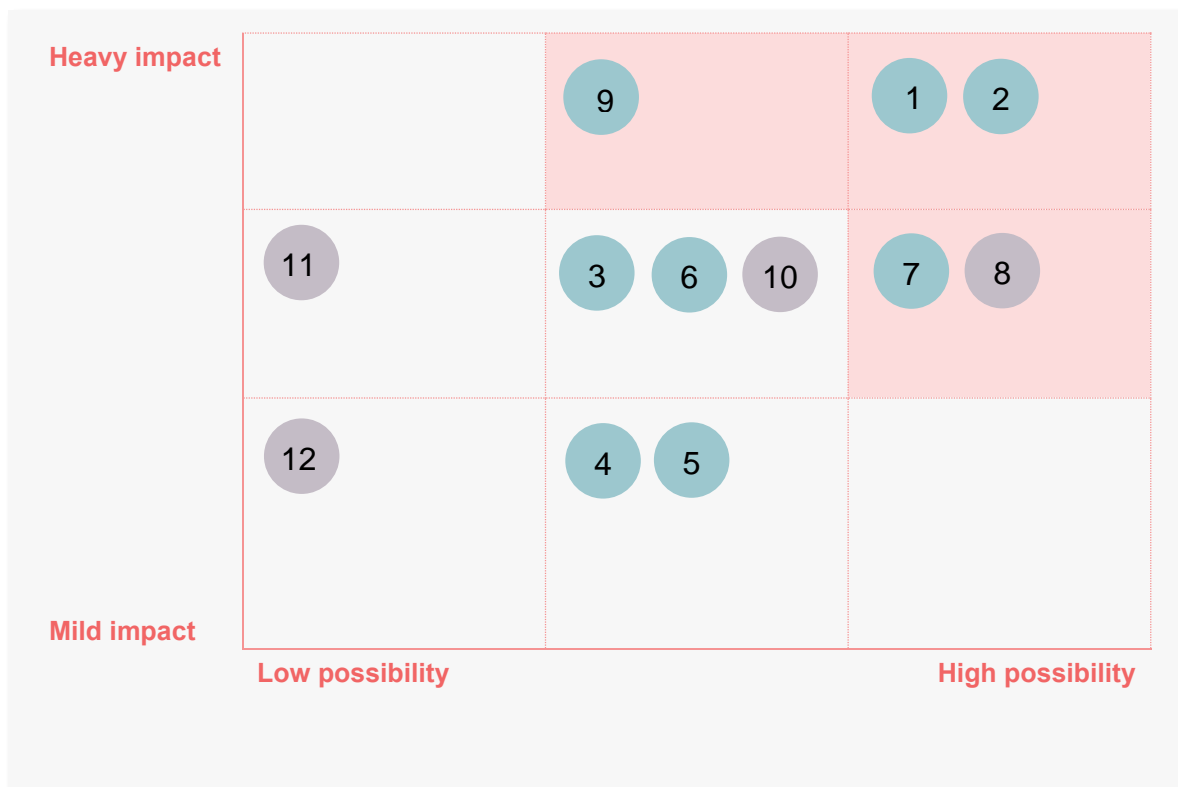
| Governance | strategy | Risk management | Indicators and objectives |
|---|--|--|--|
| <ul style="list-style-type: none"> ▪ The Company established the “Sustainable Development Committee”, which is responsible for the establishment of the strategy and vision for sustainable corporate development for the promotion of ESG related tasks and management. ▪ Regularly report to the Board on the state of the pursuit of corporate social responsibility, including on climate change issues. ▪ The “Sustainable Development Committee” monitors significant climate related risks and supervises the management strategy, vital action plans, and attainment of goals. | <ul style="list-style-type: none"> ▪ Introduce a climate related financial disclosure evaluation model with reference to at least two scenarios of climate change and complete the identification of climate related risks and opportunities. | <ul style="list-style-type: none"> ▪ Call for meetings with related functional departments for discussion on 12 climate related risks and six climate related opportunities with significant impact on the operations of the Company. ▪ The degree of influence of related risks and opportunities on the operations, products and services, employee safety and corporate reputation are considered as a whole to evaluate the probability of the occurrence in cross analysis with a focus on climate related risks and opportunities. | <ul style="list-style-type: none"> ▪ Establish an energy management mechanism. ▪ Upgrade the utilization rate of renewable energy resources. ▪ Pursue a policy of energy saving, carbon reduction and water saving. ▪ Conduct GHG inventory in accordance with ISO 14064-1 and commission a third-party accreditation body to conduct inspection for validation and verification for the accreditation certificate. ▪ Fortify the equipment for disaster prevention at all plant sites and office buildings. ▪ Optimize the process capacity.  ▪ Management of water resources: Reduce water consumption by 5% by 2025 from the base year of 2020. ▪ Energy saving and carbon reduction: Carbon reduction by 15% per year from the base year of 2014 to 2025. ▪ Installation of renewable energy for power generation at 8%. |

Management of Climate Change Related Risks and Opportunities

Set up different scenarios on climate in accordance with the suggestions of TCFD, and collect information on the trend of climate change in Taiwan and related trends of the steel and iron industries at home and abroad to assess the topics of the concern of different categories of stakeholders, and identify climate related risks and opportunities. In the future, the Company will evaluate the probability of occurrence and the degree of impact on the basis of the risks and opportunities identified and map out strategies and plans in response to climate change on the basis of the evaluation of the material topics.

The climate related risks identified in 2022 were “GHG and carbon emission issues”, “renewable energy”, and “unstable supply of electricity”, “typhoons/rainstorms”; the climate related opportunities identified were “use of energy efficient equipment”, “use of low carbon fuels”, and “continued investment in renewable energy”. The following is an explanation of the impact of the various risks on the financial position, description of the risks, the countermeasures to the risks, and the costs incurred.

Climate Change Related Risk Matrix

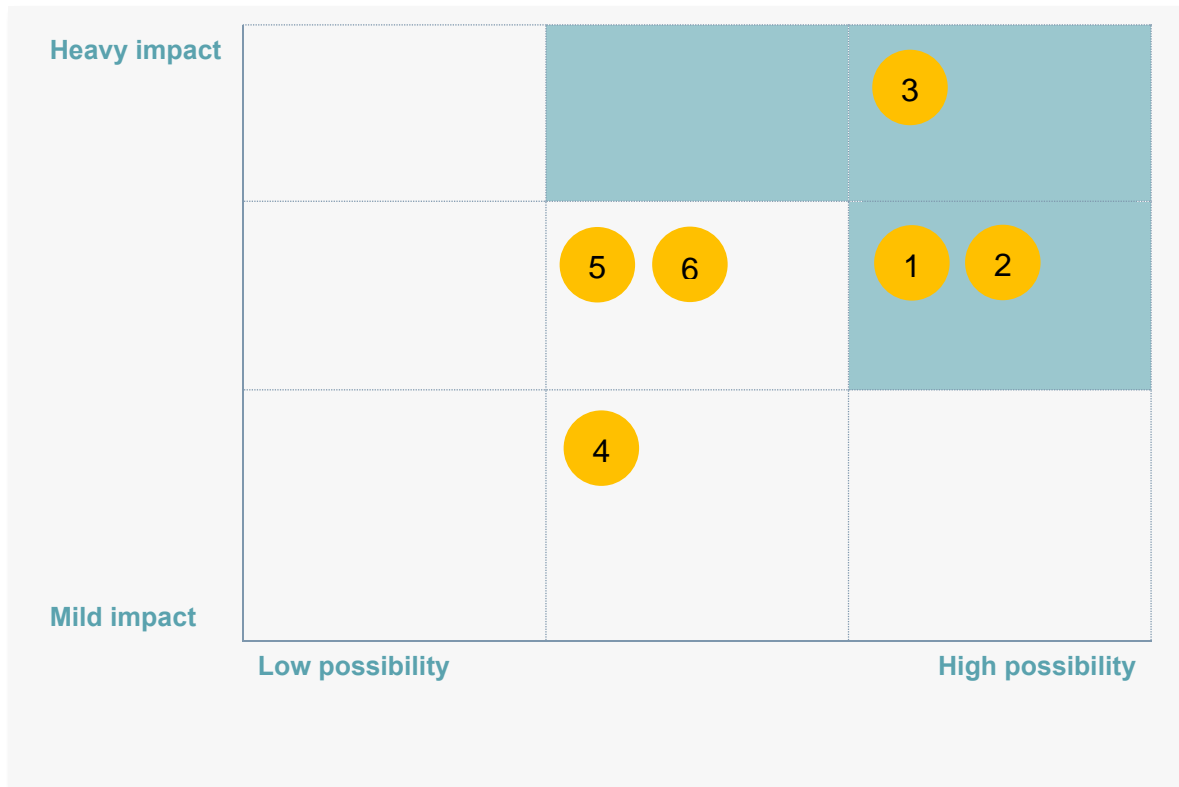


| Number | Risk type | Number | Risk type | Number | Risk type |
|--------|---|--------|--|--------|------------------------|
| 1 | Control of total GHGs/ carbon emission trade | 5 | Change in customer behavior or demand to use low carbon products | 9 | Typhoons/rainstorms |
| 2 | Carbon tax/carbon fee | 6 | Increasing cost of transportation | 10 | Drought/water shortage |
| 3 | Rising cost of materials | 7 | Use of renewable energy (green electric power) | 11 | Rising temperature |
| 4 | Investment in new technologies | 8 | Unstable supply of electricity | 12 | Rising sea level |

Climate Change Related Risks and Responses

| Risk | Risk description | Scenario simulation | Scenario explanation | Time of impact | Financial impact | Response |
|---------------------|---|---------------------------------|--|------------------------|---|--|
| Transformation risk | Control of total GHGs/carbon emission trade | IEA APS | Increase of greenhouse gases was challenged by the competent authority which restrained the taking of customer orders. | Short-term (1-3 years) | Decline of revenue Increase of expenditure | <ul style="list-style-type: none"> • Routine assessment and tracking the performance of the significant use of energy under ISO 50001. • Strengthen management and enhance operational resilience. • Continue to optimize process capacity. |
| | Carbon tax/carbon fee | IEA APS | Additional cost of trading due to the CBAM, CCA and the levy of carbon tax by the government. | Short-term (1-3 years) | Increase of expenditure | <ul style="list-style-type: none"> • The cost incurred from the intensification of reducing GHG emissions to mitigate the impact of government policy and legal rules on the organization in the future. • Enlarge the proportion of using low carbon materials. |
| | Renewable energy (green electricity) | IEA APS | Major consumers of electricity install renewable energy facilities or purchase green power, or pay a substitution fee. | Mid-term (3-10 years) | Increase of expenditure | <ul style="list-style-type: none"> • Installation of photovoltaic power generators or power generators fueled by recycled heat. • Promote the energy saving plan. |
| Substantive risk | Unstable supply of electricity | No power supply for 1 whole day | Possible inadequate loading of Taiwan Power Company that triggers the risk of voltage drop and power outage. | Mid-term (5-10 years) | Increase of expenditure | <ul style="list-style-type: none"> • Install additional renewable energy equipment or power storage facilities. • Install uninterruptible power supplies for important equipment to reduce the risk of voltage drop. |
| | Typhoons/rainstorms | RCP 8.5 | High ratio of heavy and sudden rainfall to the extent that the drainage system cannot handle the runoff and results in flooding at the plant site. | Mid-term (5-10 years) | Increase of expenditure | <ul style="list-style-type: none"> • Install water pumps and perform routine maintenance to reduce the probability of flooding. • Clean up sludge from ditches at regular intervals. |

Risk Matrix for Climate Change Related Opportunities



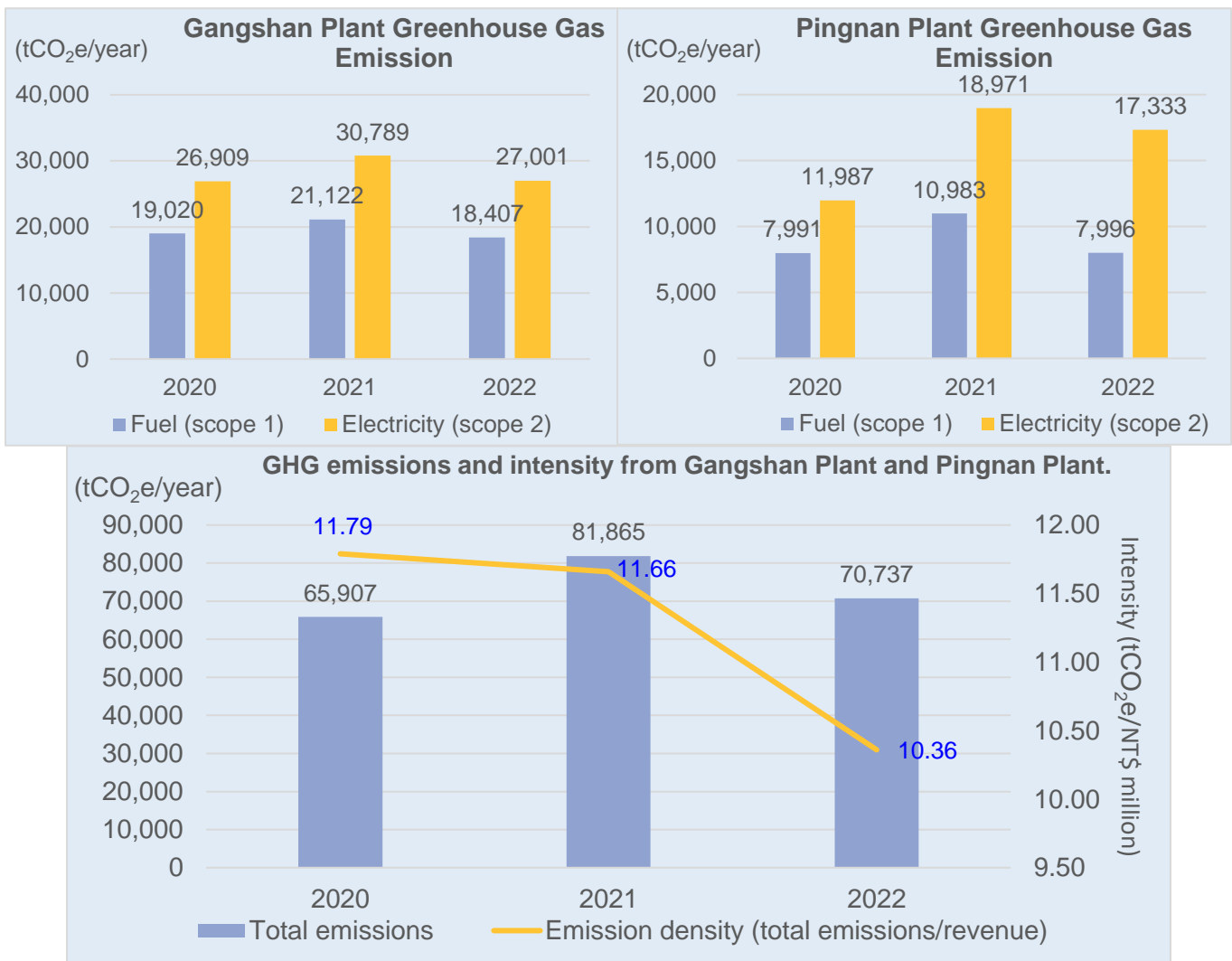
| Number | Risk type | Number | Risk type | Number | Risk type |
|--------|-----------------------------------|--------|--|--------|--|
| 1 | Use of low carbon fuels | 3 | Continued investment in renewable energy | 5 | Proper pursuit of water resource recycling |
| 2 | Use of energy efficient equipment | 4 | Entry to new markets | 6 | Replacement of obsolete equipment |

Risks Related to Climate Change and Responses

| Type | Description of opportunity | Time of impact | Financial impact | Response |
|-------------|--|------------------------|---|---|
| Opportunity | Continued investment in renewable energy | Mid-term (5-10 years) | Increase of revenue | <ul style="list-style-type: none"> Installation of renewable energy power generation capacity (photovoltaic power generation and power generation from recycled heat) to reduce the carbon footprints of products and upgrade the competitive strength of products. |
| | Use of low carbon fuels | Long-term (10 years) | Reduction of costs Increase of revenue | <ul style="list-style-type: none"> Use low carbon liquefied gas to reduce carbon footprints. Develop H2 fuel. |
| | Use of energy efficient equipment | Short-term (1-3 years) | Reduction of costs Increase of revenue | <ul style="list-style-type: none"> Continue to promote and purchase energy efficient equipment such as inverter systems and high performance motors/pumps to replace obsolete equipment. Routine assessment and tracking of the performance of the significant use of energy under ISO 50001. |

5.2.3 Greenhouse Gas Emissions

In response to global climate change and in support of the national policy with the long-term goal of GHG reduction, YIEH HSING started to conduct inventory of the GHG emissions at the organization level in 2006 for the proper control of emissions. Through the identification of the sources of emissions, establishment of a database on the intensity of GHG emissions, and related data, YIEH HSING quantified the emission of GHG. The sources of GHG emissions from the Company can be classified into fixed combustion sources (Scope 1) and indirect emissions from the electricity purchased from Taiwan Power Company (Scope 2). The quantified data of GHG emissions over the years are shown in the chart below:



Note :

1. Scope 1 is direct energy and scope 2 is indirect energy. The source of greenhouse gas emission is CO₂.
2. Emission unit: metric tons CO₂e/year.
3. Method to summarize the greenhouse gas volume: operation control method.
4. Source of emission coefficient reference is from greenhouse gas inventory tool by Industrial Development Bureau, MOEA.

The total GHG emissions from YIEH HSING were 70,737 tCO₂e in 2022, which was a decline of 11.128 tCO₂e from the same period in 2021. The total GHG emission intensity in 2022 was 10.36 tCO₂e/NT\$ million, which was a decline of 1.3 tCO₂e/NT\$ million from the same period of 2021.

YIEH HSING is on the list of the Environmental Protection Administration of the Executive Yuan in the 2nd batch of enterprises on inventory and reporting on GHG emissions. The Company plans to commission a professional consulting firm in 2023 for counseling, as well

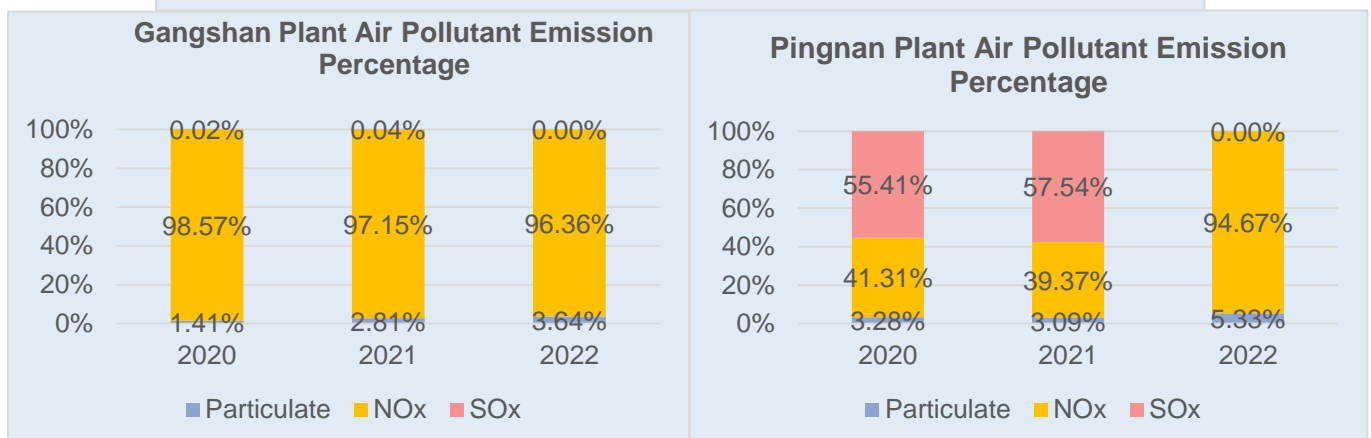
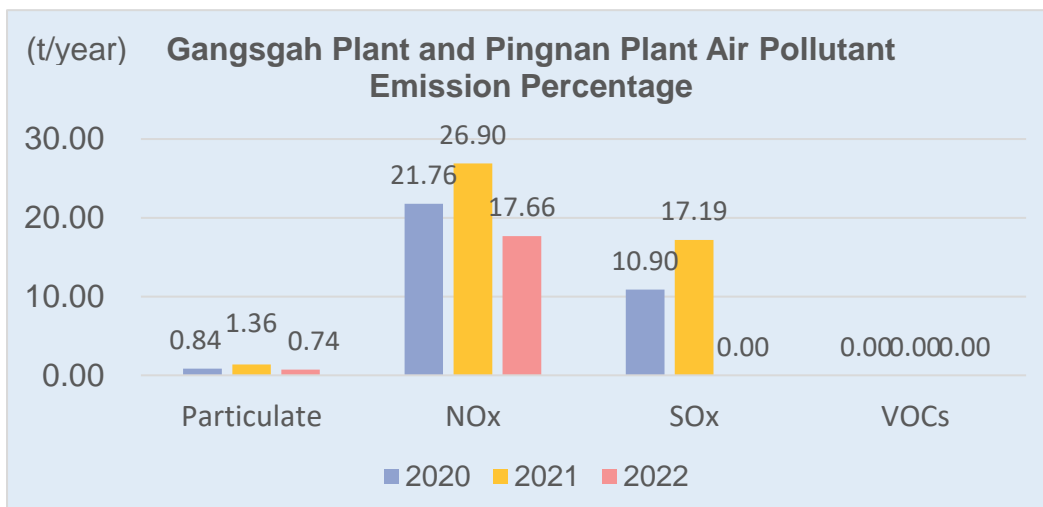
as a third-party accreditation body for proper certification. The year of inspection for inventory and reporting and the result will be set as the base year and the base standard for assuring the accuracy and reliability of the inventory and reporting of GHG emissions. The result will serve as reference for further reduction and the rolling revision of our management policy.

5.2.4 Air Pollution Prevention

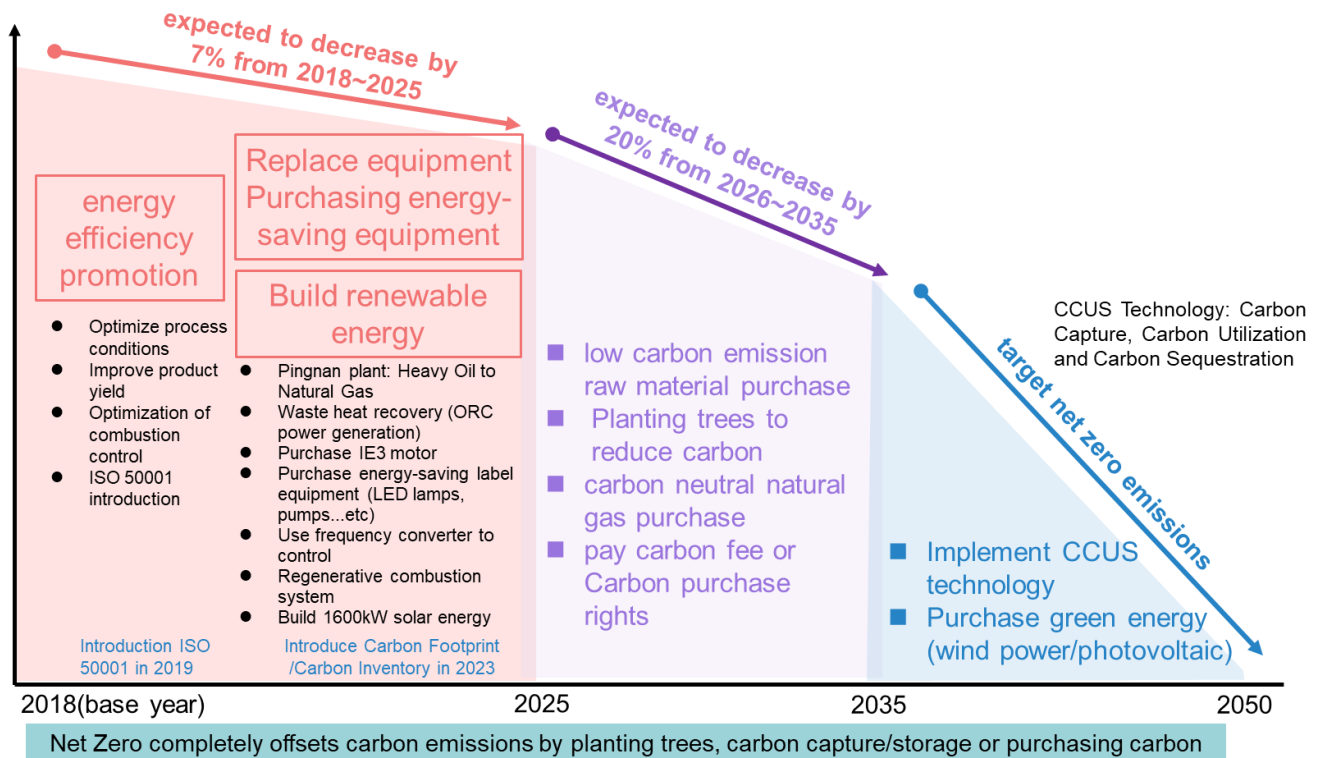
The company conducts business in cooperation with Air Pollution Control Act and relevant regulations by the domestic environmental protection authority. Each plant has obtained manufacturing and facility operating licenses, and has been testing in accordance with the Air Pollution Control Act and reporting emission volume from stationary source. Air pollutant from each plant has been properly disposed before emission to reduce impact on natural environment.

In order to reduce emission from various air pollutants, the fuel used by all production lines is clean fuel from natural gas that has lower impact on environment. Selective Catalytic Reduction (SCR) System was set up in the pickling production line in Gangshan Plant to dispose pickling waste gas to reduce nitrogen oxides emission in the waste gas, as well as reduce impact on natural environment. The total emission of air pollutants in 2022 was 18.40 tons, which was a decline of 27.05 tons from the same period of 2021. The improvement is the result of the wire line at Pingnan Plant switching from the use of fuel from heavy oil to natural gas which helped to significantly reduce the emission of air pollutants.

Air pollutant emissions by YIEH HSING include nitrogen oxides, sulfur oxides, particulate, and volatile organic compounds. Emission percentage of various air pollutants by YIEH HSING from 2020 to 2022 is as follows:

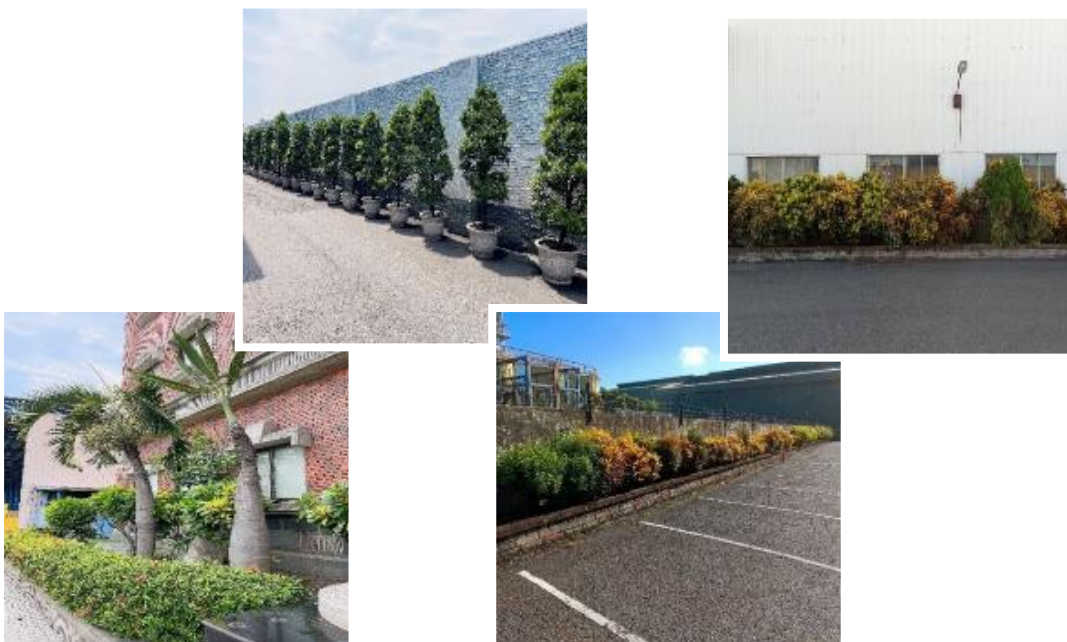


5.2.5 Carbon Net Zero Path Design



5.2.6 Green Environment

To beautify the environment around the plant, upgrade the overall quality of the physical environment, and mitigate global warming to achieve the corporate goal of green environmental protection, we commissioned a professional landscape designer to design color paintings on the walls of the plants and keep plants such as *Ixora parviflora*, croton, and *Sabina chinensis* to create a green and comfortable environment and also help to clean up ambient air quality.



5.2.7 Regulation Compliance

The ISO management system demands for assessment and commitment to abiding applicable legal rules and identifying applicable legal rules and other requirements in the operations at the organization level and environmental concerns.

Regulation compliance is the most basic principle and requirement when running a company, as well as the basic step to do well in Environmental Management Systems and further improve in environmental performance. YIEH HSING is very concerned about all environmental protection regulations. The methods for collecting environmental protection regulations are as follows:

- I. Visit Environmental Protection Administration, Executive Yuan website for the latest announcement, amendment, and abrogation of regulation.
- II. Participate in regulation workshop or seminar for timely regulation information held by the Environmental Protection Administration/Bureau.
- III. Have Occupational Industrial Safety & Health Room issued letter to competent authority for ambiguity explanation.

YIEH HSING holds regulatory seminar monthly to discuss and confirm the latest announcement and amendment on environmental protection related regulations and other requirements from government. We also update and review on the latest regulation every month, and comprehensive check on relevant regulation compliance every year.

Occupational Industrial Safety & Health Room also audits the implementation status of environmental protection regulations irregularly in each plant to avoid violation and prevent environmental pollution.

From 2020 to 2022, the company has met the regulation standard for plant inspection by Environmental Protection Bureau and reached the goal of zero penalty and low environmental pollutant emission.

| Year | Number of audits | Number of fines issued |
|------|------------------|------------------------|
| 2020 | 11 | 0 |
| 2021 | 6 | 0 |
| 2022 | 15 | 0 |

06 Energy Management

6.1 Energy Management and energy Saving Performance

The energy products for consumption at the Gangshan Plant and Pingnan Plant of YIEH HSING are natural gas and electricity, with the former accounting for a much higher proportion. Pingnan Plant modified the fuel system of the reheating range in October 2021, thereby using electricity and natural gas in lieu of electricity and low sulfur fuel. The Company does not use any renewable energy for the time being, but expects to respond to the obligations of the “Renewable Energy Development Act by Major Electrical Power Consumers Act” in 2023 by installing roof-top photovoltaic plates at Pingnan Plant for power generation. It is expected that the capacity introduced will be 1,600 kWp with generation of electrical power amounting to 1,850,000 kWh. This will be a significant contribution to net-zero carbon emissions.

- The total saving of power consumption in 2022 at Gangshan Plant and Pingnan Plant of YIEH HSING is 1.60% (the calculation is based on the equation of the Bureau of Energy).
- Power saving at Gangshan Plant in 2022 was 0.93%, and the average power saving rate from 2015 to 2022 was 1.11%.
- In 2022, Gangshan Plant launched two energy saving projects with an investment of NT\$243,570, reducing power consumption by 230,353 kWh and saving energy amounting to 829 GJ (CT-1 cooling tower: 126,633 kWh = 456 GJ; pickling and annealing plant rinsing tower: 103,720.448 kWh = 373 GJ). Gangshan Plant pursued the policy of loading management in response to demand, which helped to cut down power consumption by 139,548 kWh. As a result, total power consumption at Gangshan Plant in 2022 was 369,901 kWh.
- Power saving at Pingnan Plant of YIEH HSING in 2022 was 2.64%, and the average power saving rate from 2015 to 2022 was 1.34%.
- Pingnan Plant of YIEH HSING recognized two options for energy saving in 2022, which helped to cut down power consumption by 680,483 kWh and saving energy amounting to 2,450 GJ.

Statistics on energy consumption of YIEH HSING in 2022

Unit: 1 GJ = 10⁹ J

| Type of energy | Gangshan Plant | Pingnan Plant | Total | Ratio |
|------------------|----------------|---------------|---------|--------|
| Natural gas (GJ) | 299,485 | 154,143 | 453,628 | 66.12% |
| Electricity (GJ) | 141,972 | 90,435 | 232,407 | 33.88% |

Statistics of energy consumption at YIEH HSING in 2020-2022

Unit: 1 GJ = 10⁹ J

| Type of energy | 2020 | 2021 | 2022 |
|----------------------|---------|---------|---------|
| Natural gas (GJ) | 309,578 | 373,880 | 453,628 |
| Electricity (GJ) | 202,729 | 260,560 | 232,407 |
| Low sulfur fuel (GJ) | 104,792 | 141,697 | 0 |
| Total | 617,099 | 776,137 | 686,035 |

6.1.1 Gangshan Plant

Energy Management

(1) Introduction of International Standard Management System

■ Environmental Management Systems (ISO 14001)

In cooperation with government's energy saving and carbon reducing policy and green manufacturing, Environmental Management Systems (ISO 14001) is introduced. Internal and external audits are conducted every year to complete the ISO 14001 Environmental Management Systems establishment and certificate. We look forward to reaching the goal of improving environmental performance, energy saving, and natural environment protection.

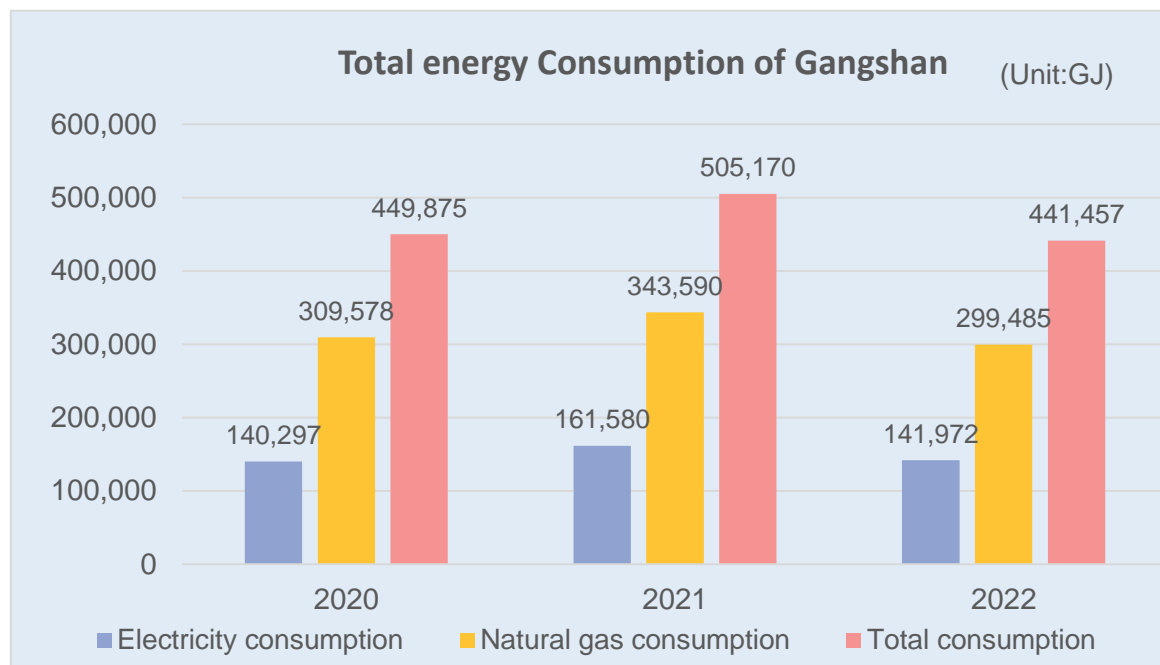
■ Energy Management Systems (ISO 50001)

ISO 50001 Energy Management Systems was introduced, established, and given ISO 50001 certificates in 2019. We look forward to reaching the goal of energy saving, cost reducing, and protect environment targets.



(2) Energy Consumption Volume

The major source of energy supply is electricity and natural gas. In 2022, energy consumption was approximately 39,436.8 MW of electricity and 7.3747 million cubic meters of natural gas. After conversion, the total consumption of energy was 441.457 GJ. In light of the poor performance of the market for the steel and iron industries, production capacity declined and energy consumption was down by 12.6% as compared with the same period of 2021.

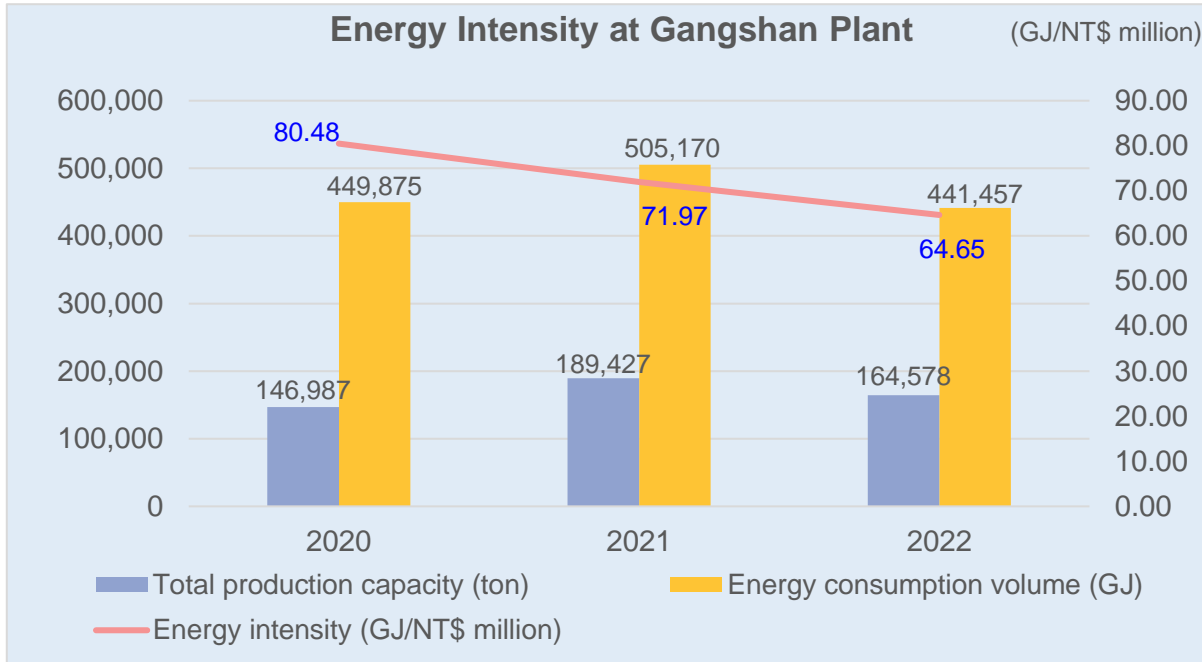


Note :

1. Heating value , Taiwan : 1 kWh = 3.6 MJ
2. Natural gas heating value , Taiwan : 1 m³ = 40.61 MJ
3. 1 MJ=10⁻³ GJ

(3) Energy Intensity

Revenue amounted to NT\$6,828.7 million in 2022, and the energy intensity was 64.65 GJ/NT\$ million. In light of the poor performance in the market of the steel and iron industries, production capacity declined and the energy consumption rate in 2022 (note 2) was down by 10.17% from the same period in 2021.



Note :

1. Energy intensity = total consumption (GJ)/total production (metric ton).
2. Energy intensity is inversely proportional to energy consumption.

Performance of Energy Saving Promotion and Short, Medium, and Long-term Energy Plans

(1) Performance of Energy Saving Promotion

Gangshan plant completed two items “motor fixed frequency change control” project, improved total investment amount NT\$ 243,570, and total energy saving was 829GJ in 2022. Gangshan Plant of YIEH HSING has met the legal requirement of the Establishment of Energy Saving Objectives and Action Plans by Major Power Consumers by 2022 and the “average power saving rate of more than 1% per annum in average from 2015 to 2024”.

| Energy type | Improvement item | Energy saving capacity in 2022 (GJ/year) | Amount of investment |
|-------------|---|--|----------------------|
| Electricity | Motors changed from constant frequency to variable frequency control. | 829 | 24.357 |

(2) Short, Medium, and Long-term Energy Plans

Enhance the efficient use of energy and production efficiency through continued upgrade and introduction of equipment. Achieve the goal of “upgrading environmental performance, energy saving and maintaining the natural environment” through proper management systems.

Short, Medium, and Long-term Energy Plans of Gangshan Plant

Short-term

- The cooling tower at the water treatment plant is controlled by variable frequency devices to reduce the consumption of electrical power.
- The coating by RTO at the reheating furnace helps to cut down the consumption of natural gas.

Medium-term

- The direct control of the wind capacity at the cooling zone was switched to variable frequency control to cut down the consumption of electricity.
- Improve the mechanical action speed of the production line equipment and add new equipment to cut down the no-purpose combustion of natural gas to save energy.
- Reduce the cooling speed of wires and set up lower temperature for the reheating furnace to save natural gas consumption.

Long-term

- Change the burner of the reheating furnace to a regenerative thermal device to cut down the unit consumption of energy.
- Increase the spots for burners in the reheating furnace to cut down the preheating time, improve production capacity, and reduce the unit consumption of energy.
- Change all constant frequency devices at the plant to variable frequency control to reduce power consumption.
- Install photovoltaic power generators and couple them with the power grid.

6.1.2 Pingnan Plant

Energy Management

(1) Introduction of International Standard Management System

■ Environmental Management Systems (ISO 14001)

In cooperation with government's energy saving and carbon reducing policy and green manufacturing, Environmental Management Systems (ISO 14001) is introduced. Internal and external audits are conducted every year to complete the ISO 14001 Environmental Management Systems establishment and certificate. We look forward to reaching the goal of improving environmental performance, energy saving, and natural environment protection.

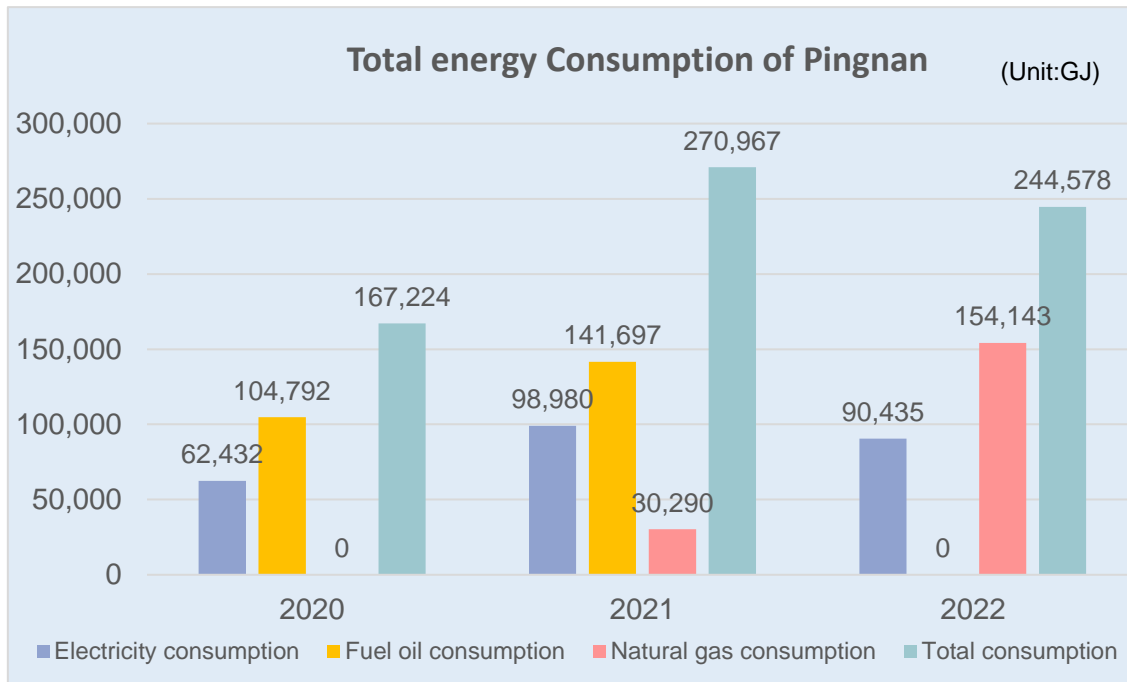
■ Energy Management Systems (ISO 50001)

Effective energy management can enhance the efficiency of power consumption at the organization level and mitigate the impact on the environment. Pingnan Plant has been accredited with the ISO 50001 system in 2019 and will continue to comply with applicable laws on environmental protection, cut down energy consumption, and reduce costs.

(2) Energy Consumption

Pingnan factory completed reformation of heating furnace fuel system in October, 2021, and the main energy was changed from electricity and low-sulfur fuel oil to electricity and natural gas. For energy usage, electricity usage of year 2022 was 25.1208 million degrees, and natural gas was 3.7957 millions of cubic meters, after converted, the sum of energy usage

was 244,578 GJ, COVID-19 and Ukrainian-Russian War, energy consumption decreased 9.7%, and compared with 2021.

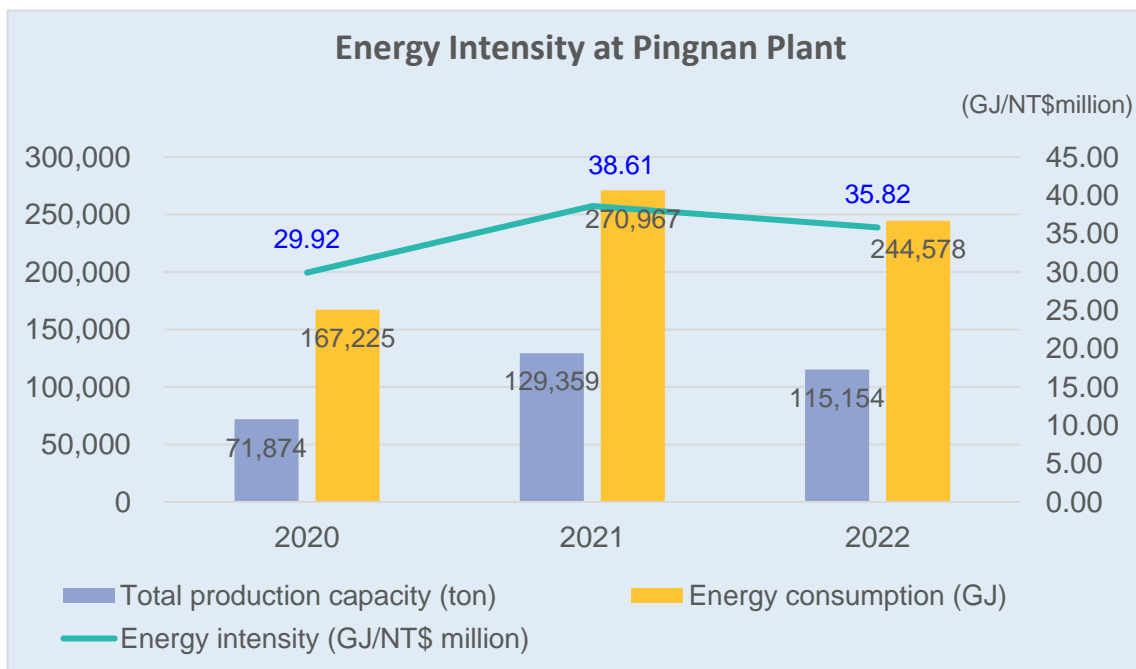


Note :

1. Heating value , Taiwan : 1 kWh = 3.6 MJ
2. Low sulfur fuel oil heating value , Taiwan : 1 liter =41.42 MJ
3. Natural gas heating value , Taiwan : 1 m3 = 40.61 MJ
4. 1 MJ=10⁻³ GJ

(3) Energy Intensity

Revenue amounted to 6,828.7 million in 2022, and the energy intensity was 35.82 GJ/NT\$ million. Clouded by COVID-19 and the war between Russia and Ukraine in 2022, relative capacity declined so that the energy intensity in 2020 indicated a decrease of 7.23% from the same period in 2021.



Note :

1. Energy intensity = total consumption (GJ)/ revenue (million dollar)
2. Energy intensity is inversely proportional to energy consumption

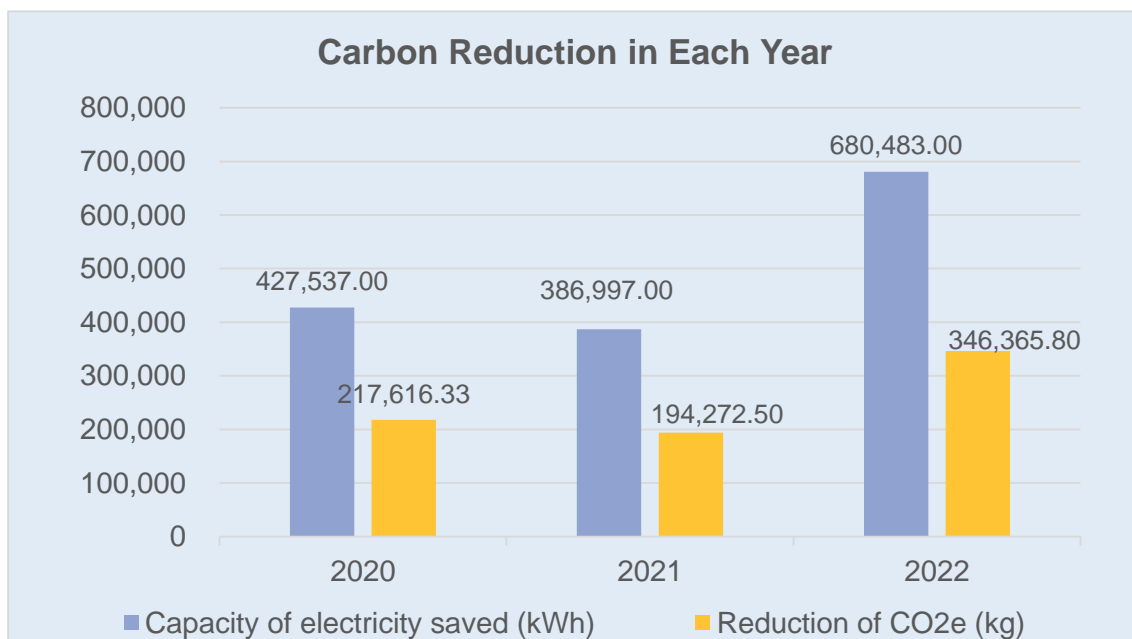
Performance of Energy Saving Promotion and Short, Medium, and Long-term Energy Plans

(1) Performance of Energy Saving Promotion

Equipment improvement at the plants continued from 2021 to 2022. “The fuel system of the reheating furnace was changed to natural gas”, changing the fuel from fuel oil to natural gas with 10 months recognized for the improvement. This helps to cut down the consumption of fuel oil for heating and the transport of natural gas, and also the cost for air compression for humidifying the fuel oil. With the introduction of natural gas as the fuel, the cost of energy consumption reduced significantly with recognition of electricity consumption at 665,535 kWh in 2022. In production process, the improvement of the “ST2-ST3 rolling station in the blowing of oxide coating” for billets was launched. A method of electricity control was introduced to make the activation and deactivation of the time for blowing the oxide coating more accurate. Three months were recognized for the improvement with an investment of NT\$32,015 thousand, which could help to cut down electricity consumption by 14,948 kWh per year. In 2022, power saving was 680,483 kWh in total.

| Energy type | Improvement item | Energy saving capacity in 2022 (GJ/year) | Amount of investment |
|-------------|---|--|----------------------|
| Electricity | The fuel system of the reheating furnace was changed to a natural gas system. | 2396 | 3,200 |
| Electricity | Improvement of the oxide coating blowing at the ST2-ST3 rolling station | 54 | 1.5 |

Average power saving rate of Pingnan factory was 1.34% from 2015 to 2022 and it meets the regulation of 1% annual electricity saving for energy- heavy industries, the sum of electricity saving was 3,469,671 kWh from 2015 to 2022 electricity carbon discharge coefficient announced by Bureau of Energy, Ministry of Economic Affairs in 2021, 1 kWh emission amount was 0.509 kg CO_{2e}/kWh, after converted, the sum of emission reduction of year 2022 was 346,365.8 kg CO_{2e}.

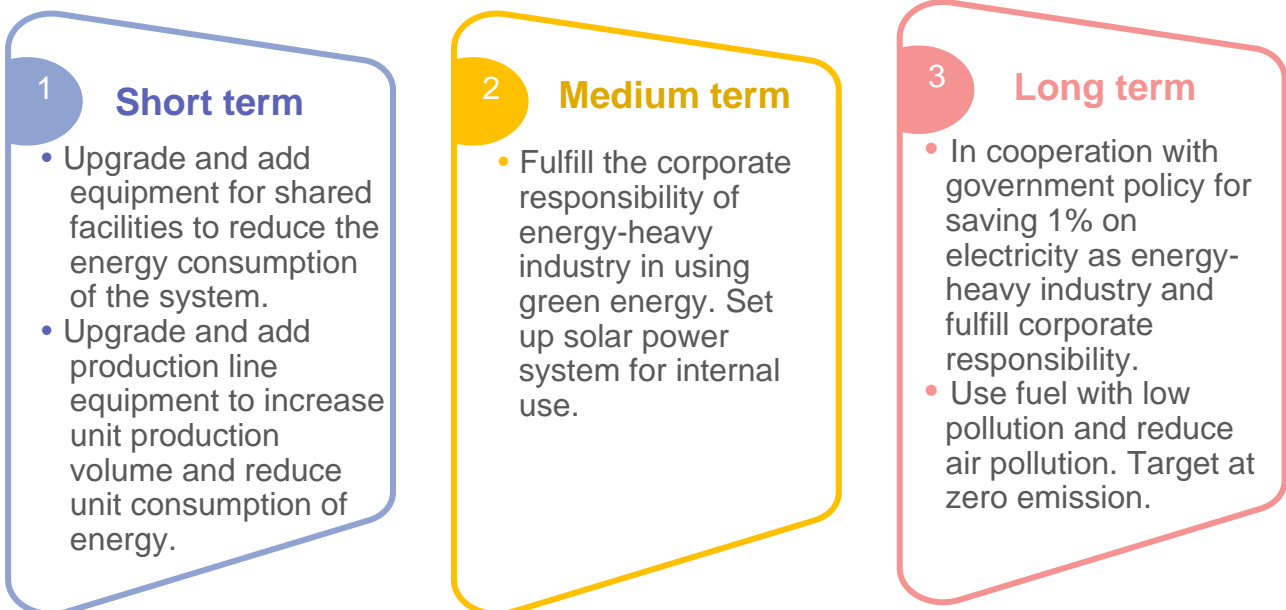


Pingnan Plant modified the fuel system of its reheating furnace from fuel oil to natural gas and no longer needs to consume energy for the transport of fuel and support for combustion. With the use of natural gas for combustion, the source of pollutants no longer contains sulfides. This yields a two-pronged result in energy saving and carbon reduction at a high level of improvement. Under the obligation of the Renewable Energy Development Act, the Company will install 1,600 kWp photovoltaic plates on the rooftop of Pingnan Plant for power generation. It is expected that this system could generate 1.85 million kWh of electricity and reduce carbon emissions by 950 tons. Renewable energy is one of the factors vital for the competitive power and production of enterprises all over the world in the future. Electricity consumers are urged to increase the proportion of using green energy, upgrade the environmental value of products, strengthen the competitive power in the world market, and emerge as a part of the international green supply chain. This will be essential for fulfilling the vision of sustainable development and performance of corporate social responsibility to its entirety.

(2) Short, Medium, and Long-term Energy Plans

Pingnan Plant plans to add production equipment to the factory in 2023. Enhance the efficient use of energy and production efficiency through continued upgrade and introduction of equipment. Achieve the goal of “upgrading environmental performance, energy saving and maintaining the natural environment” through proper management systems.

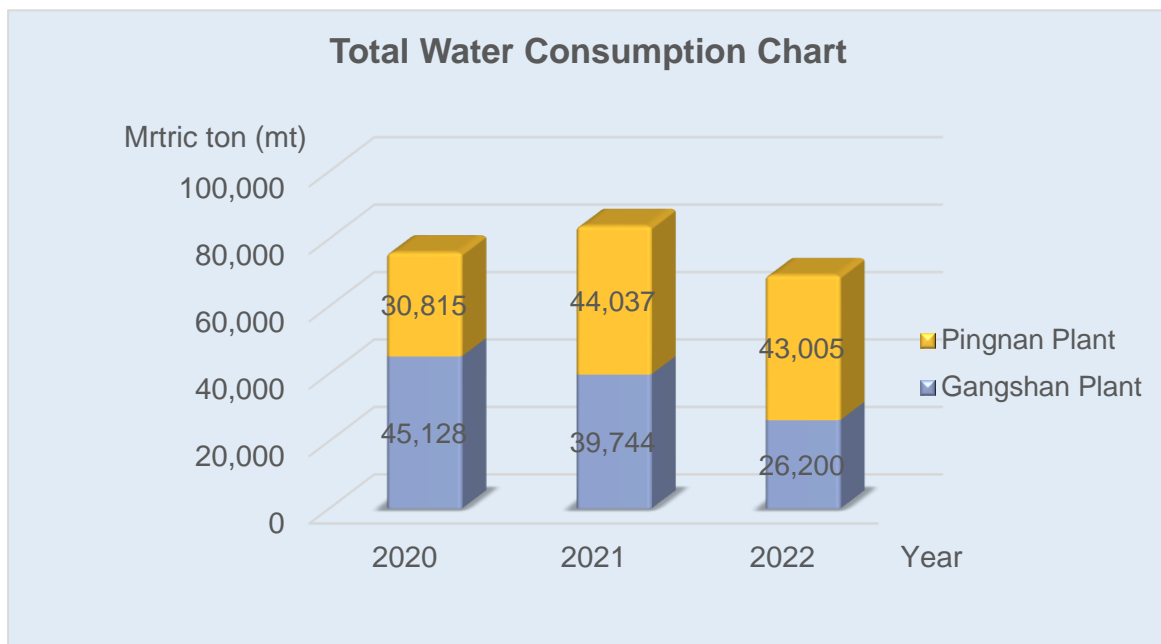
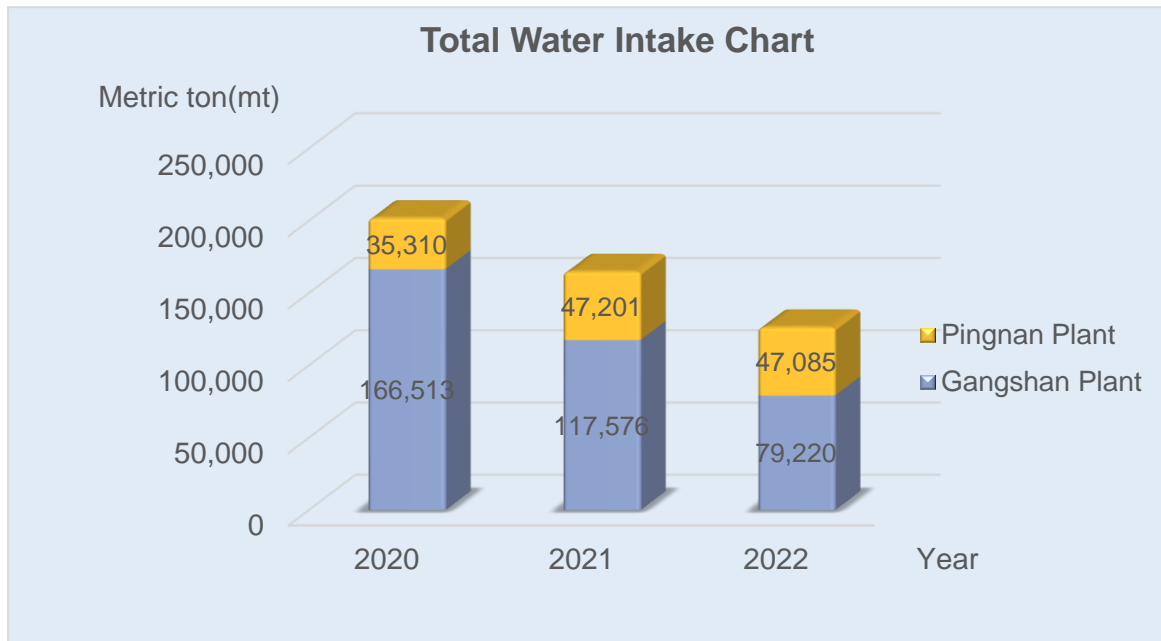
Short, Medium, and Long-term Energy Plans of Pingnan Plant

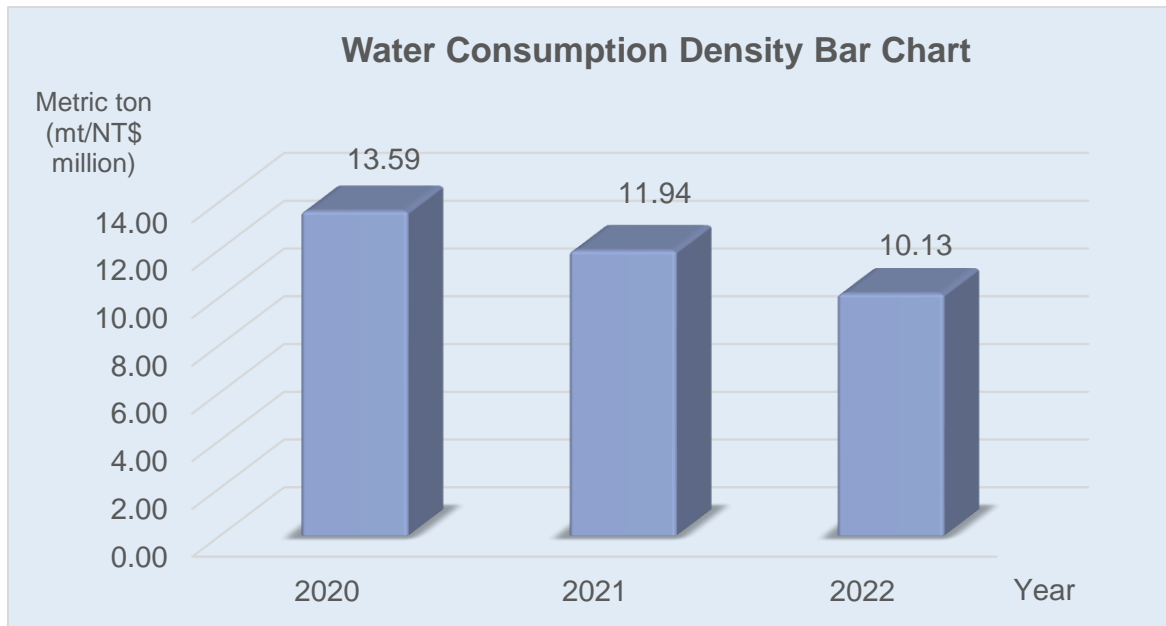


6.2 Water Resource Consumption and Control of Wastewater

Water Resource Consumption Management

Water used by Gangshan Plant and Pingnan Plant of YIEH HSING is supplied by Taiwan Water Corporation. The standard is in conformity with the running water standard of national laws. In 2022, the total water intake capacity was 126,305 metric tons, which was a decline of 38,472 tons from the same period in 2021. The following bar chart shows the total intake, consumption, and water productivity intensity in the period of 2020 to 2022.





Note:

1. Water productivity intensity = water consumption volume / revenue (NT\$ million)

Assessment of the Risk of the Primary Source of Water Supply

| Plant site | Drainage basin | Substantive risk | Water shortage | Declined ground water level | Risk of drought | River flooding Risk stress | Risk of flooding at coastal areas |
|----------------|----------------|---------------------|----------------|-----------------------------|-----------------|----------------------------|-----------------------------------|
| Gangshan Plant | Dianbao River | Moderate-high (2-3) | High (40-80%) | Negligible trend | Moderate - high | Low - moderate | Low - moderate |
| Pingnan Plant | Lumang River | Moderate-high (2-3) | High (40-80%) | Negligible trend | Moderate - high | Low - moderate | Low - moderate |

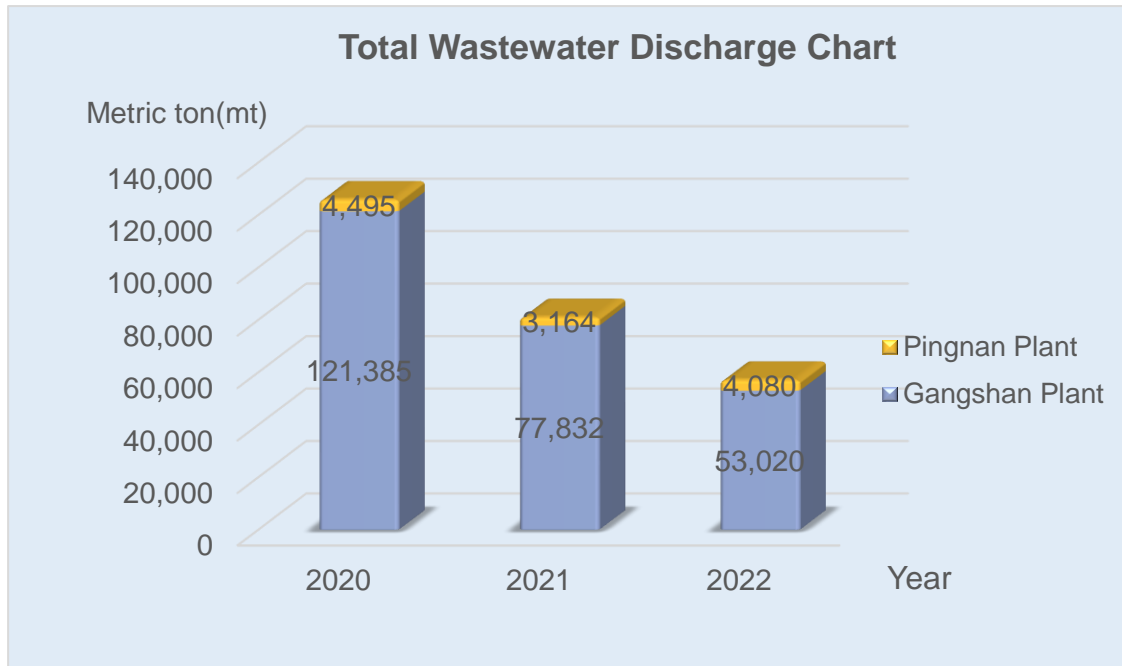
Explanation: An assessment of the risk of water shortage was conducted at the plant on the basis of WRI. The overall capacity of water intake in this area is less than 5% so there is no significant impact on the water supply. Likewise, there is also no significant impact on the suppliers or the stakeholders. However, it is necessary to prepare for the risk of water shortage due to the droughts in southern Taiwan.

From 2000 onward, the frequency and duration of droughts worldwide increased by 29%. According to the forecast of scientists, the water consumption gap will reach 40% in 2030, and a population of about 700 million people will be compelled to migrate due to the severe shortage of water. In 2050, droughts will affect more than three-fourth of the world population. The struggle for water triggered by water shortage may stir up political trouble, scarcity of food supply and recession. Due to the declining rainfall in southern Taiwan year after year and the rising consumption of water all over Taiwan, preparation in advance is a pressing matter.

Wastewater Discharge Control

Waste water emission destination is a river (Dianbao River) after disposing production line of wire pickling in Gangshan factory, for total emission not reutilized by other organization, sewage disposal method in wastewater treatment plant is chemically and physically (mechanically) treating toxic and harmful substances, such as waste liquid of NO₂⁻, Cr₆⁺ (quenching water source of bath salt water), sulfuric acid, generated in acid cleaning process, nitric acid and hydrofluoric acid, and after disposing by equipments, like oxidation, reduction,

neutralization and coagulation, gelatinization, precipitation, press and dehydration and sand filtration, etc., emitting to meet requirements of environmental protection. The table below shows the total wastewater discharge in the period 2020-2022 and the standard of the control of discharged water.



Water Discharge Control Standard

| Item | pH value | Water temperature (°C) | | COD (mg/l) | Suspended solids (mg/l) |
|---------------|--------------------|------------------------|---------------------|--------------------|-------------------------|
| Control value | 6~9 | (5~9 month) 38°C | (10~4month) 35°C | 100 mg/l | 30 mg/l |
| Item | Fat | Fe | Mn | Anionic Surfactant | |
| Control value | 10 mg/l | 10 mg/l | 10 mg/l | 10 mg/l | |
| Item | Fluoride | Cyanida | Hexavalent | Cadmium | Lead |
| Control value | 15 mg/l | 1.0 mg/l | 0.5 mg/l | 0.02 mg/l | 0.5 mg/l |
| Item | Copper | Nickel | Chromium | Mercury | Arsenic |
| Control value | 1.5 mg/l | 0.7 mg/l | 1.5 mg/l | 0.005mg/l | 0.35 mg/l |
| Item | NO ₃ -N | Mo | Boron | Ammonia | Zinc |
| Control value | 50 mg/l | 0.6mg/l | 12 mg/l | 150 mg/l | 3.5 mg/l |
| Item | Phenol | Selenium | Silver | Sulfide | Lead |
| Control value | 1 mg/l | 0.5mg/l | 1 mg/l | 1 mg/l | 0.5 mg/l |

6.3 Waste Management

YIEH HSING has established strict control and audit mechanism in terms of waste treatment and qualified vendor selection. The company is in contract with a certified professional waste handling vendor before cleaning and handling waste. We also visit the vendor from time to time and ask for proper documents that indicate the waste from YIEH HSING is taken care of. No violation is found from the waste handling vendor so far.

6.3.1 Waste Output Structure

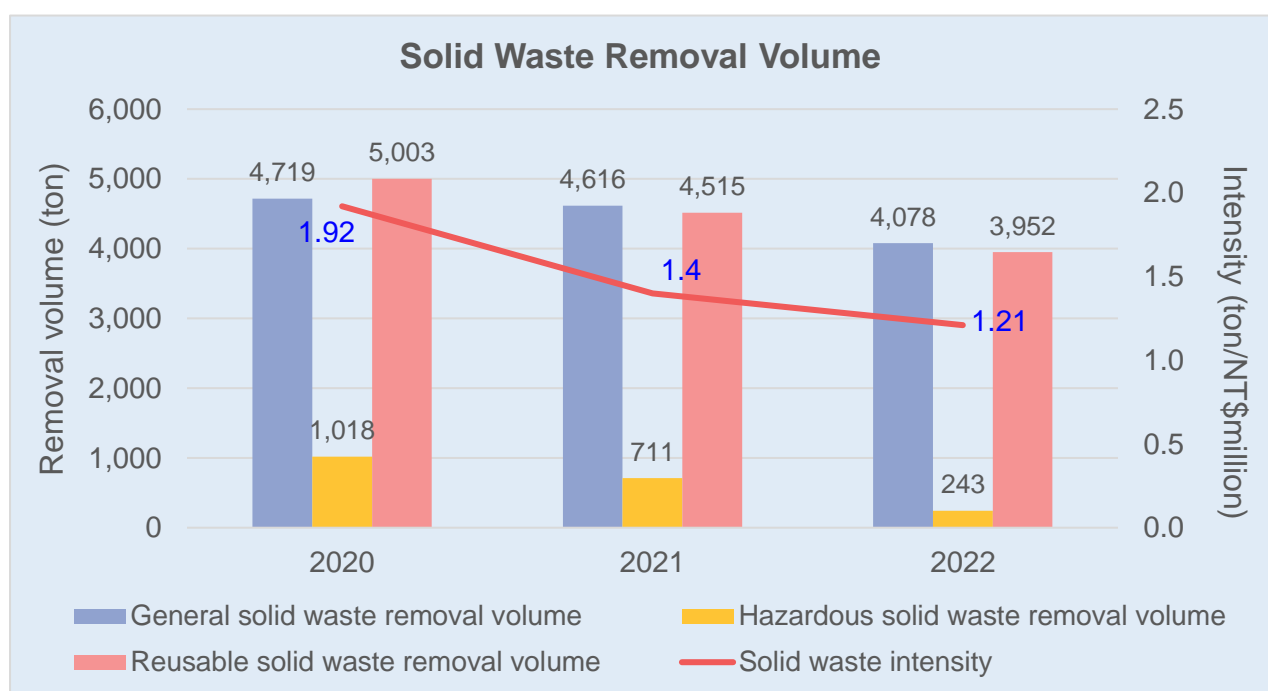
In response to circular economy policy of Environmental Protection Administration, YIEH HSING continues to regard waste resource recycling and sustainable development as goals, field unit outputs scrap iron, waste mixed acid and resource recycling, and uses methods of reduction, recycling and reusing, and effectively recycles resource waste in factories.

In 2022, a total of 8,273 tons of solid waste was generated, which was a decline of 1,569 tons from the same period in 2021. Solid waste intensity declined from 1.40 ton/NT\$ million to 1.21 ton/NT\$ million. In addition, hazardous waste accounted for 2.9% of the total treatment volume of solid waste. The recycling rate of solid waste at the plant was 50.7%.

| Attribute | Type of solid waste | Treatment method |
|----------------------------------|--|---|
| General industrial solid waste | Fire retardant materials, inorganic mud | Landfill, physical treatment, thermal treatment |
| | Dumped lubricants, dumped cables and wires, non-hazardous sludge | Physical treatment |
| | Dumped barrels | Cleanup |
| Hazardous industrial solid waste | Dumped mixed acids | Reuse |
| Reusable solid waste | Scrapped iron, scrapped wood | Reuse |

Note:

1. Excluding household waste from office areas



6.3.2 Source Reduction

YIEH HSING regards waste resource recycling and sustainable development as goals for reducing waste output to reach waste reduction, we will continue to promote source reduction and waste recycle in the future, and along with overall supply chain power, decrease raw material consumption and reduce environmental load caused by production, and continue to create environmental technology project, and implement circular economy concept, except continuously reinforcing sustainable strength, we have established strict management and control and auditing system for waste flow and filtering of qualified manufacturers to assure property and legality of waste flow.

Waste Reduction Measure in 2022

Extend waste mixed acid using time to reduce sludge.

Waste Reduction Measure promotion in 2023

Extend waste mixed acid changing time to reduce mixed acid.

6.3.3 Contractor Management

YIEH HSING complies with the “Regulations for Defining Due Diligence of Enterprises in Commissioning for Cleanup”, thereby conducting on-site inspection of the contractors for solid waste removal and treatment once a year to understand the management of the storage, cleanup, treatment, and recycling of solid waste and to make records.

The items for inspection are focused on the management of the solid waste storage zone and equipment for the treatment of solid waste and the running of the anti-pollution facility with related interviews with the contractors to assure the quality of the contractors and the proper treatment of the solid waste generated by YIEH HSING.

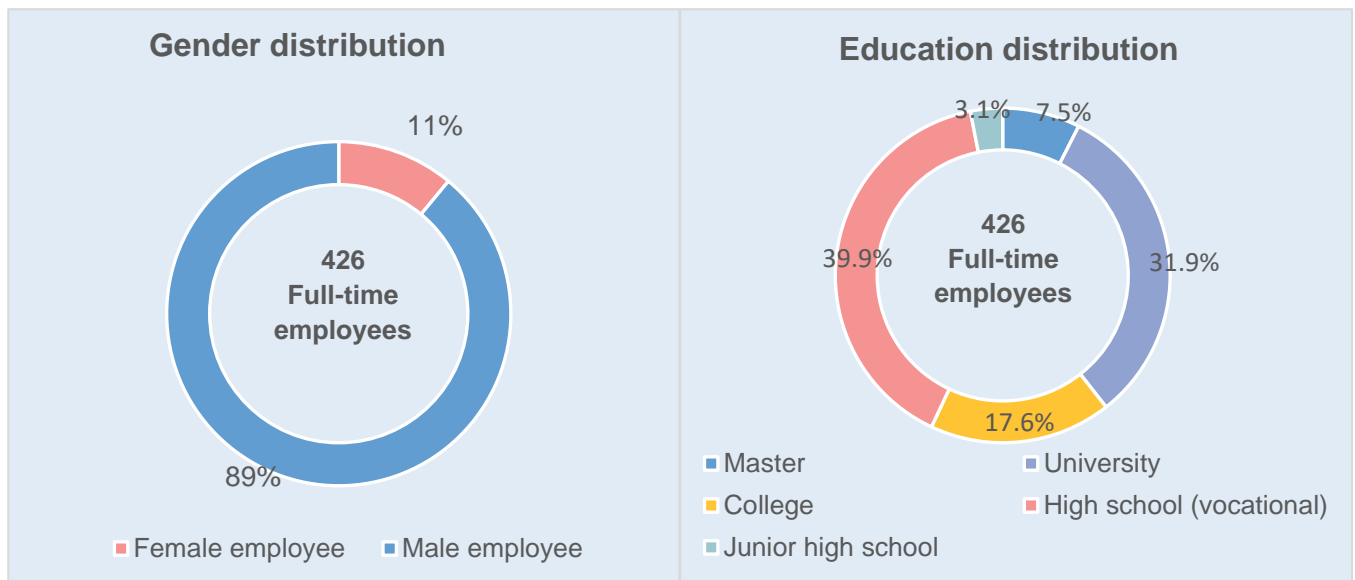
07 Employee Care

7.1 Labor Relation

YIEH HSING values labor relation harmony and provides multiple feedback channels. It respects employee's rights to organize clubs, and also establishes "Employee Welfare Committee" and "Retirement funds preparation supervision committee". There are members in both committees from labor representatives to supervise and ensure employee rights. Communication channel between labor and management is good. There is no labor dispute or loss because of it. According to relevant labor regulations, management and labor council is held quarterly in Gangshan and Pingnan Plants. 8 management and labor councils were held in 2021. With the principle of good faith, representatives from labor and management discuss on proposals and find solutions together, so the company's measures are more complete. Reply rate on proposal is 100%. For management team, labor management council is the best time to promote production and management policy. It could increase employee's awareness in the operation status of business unit, product development, and marketing. It can also response to employee's feedback, and turn the constructive feedback into practical policy.

7.1.1 Human Resource Management

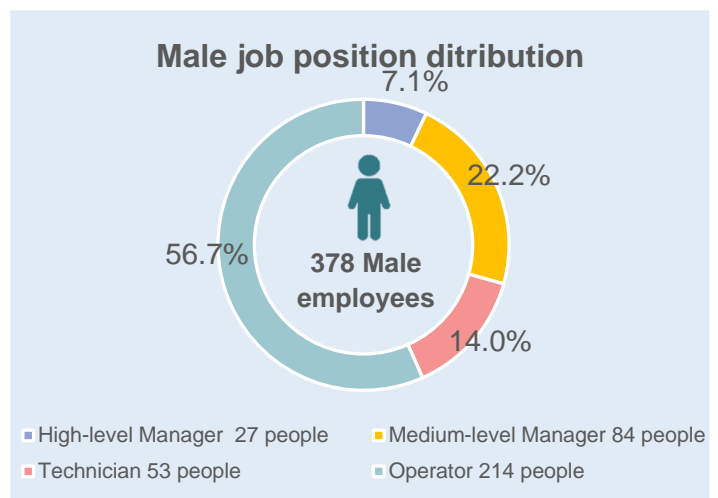
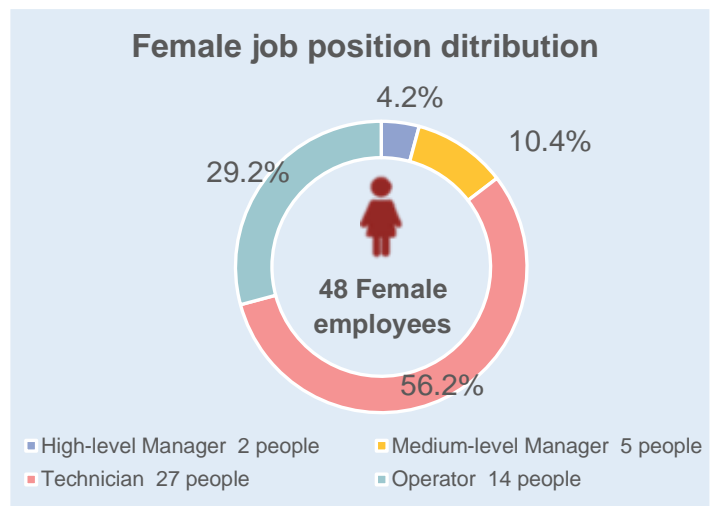
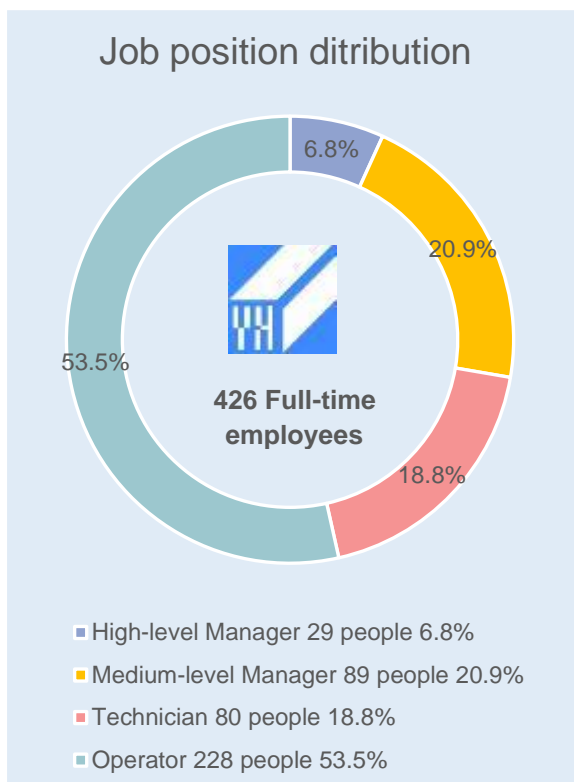
As of December 31, 2022, YIEH HSING has a total workforce of 446 persons of whom 426 are full-time employees (378 men and 48 women) and 20 are contract-based temporary employees, accounting for 4.69% of the total workforce (20 are male foreigners, no female foreigners, and none in a managerial capacity). The average age of the full-time employees is 44.7 years old and the average years of service is 15.3 years. The gender, education level, and age of the full-time employees of the Company are shown below:

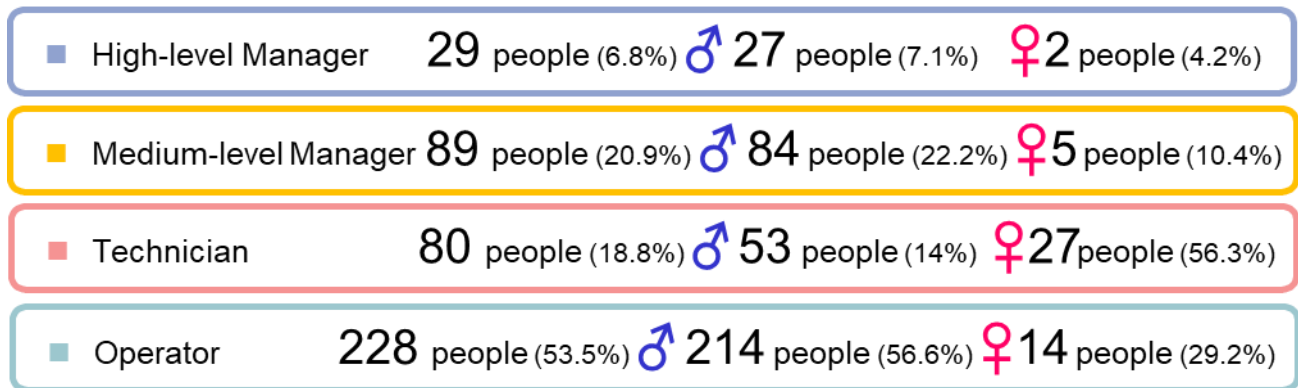


| Full-time Employee Structure Analysis | | | | | | | |
|---------------------------------------|--------------------------|---------------|--------|-----------------|----------|-------|-------|
| Category | Item | Male employee | Male % | Female employee | Female % | Total | % |
| Age distribution | 20~29 years old | 53 | 14.0% | 4 | 8.3% | 57 | 13.4% |
| | 30~39 years old | 70 | 18.5% | 15 | 31.3% | 85 | 20.0% |
| | 40~49 years old | 109 | 28.8% | 12 | 25.0% | 121 | 28.4% |
| | 50~59 years old | 126 | 33.3% | 13 | 27.1% | 139 | 32.6% |
| | 60 years old and above | 20 | 5.3% | 4 | 8.3% | 24 | 5.6% |
| Education distribution | Master | 27 | 7.1% | 5 | 10.4% | 32 | 7.5% |
| | University | 114 | 30.2% | 22 | 45.8% | 136 | 31.9% |
| | College | 64 | 16.9% | 11 | 22.9% | 75 | 17.6% |
| | High school (vocational) | 160 | 42.3% | 10 | 20.8% | 170 | 39.9% |
| | Junior high school | 13 | 3.4% | 0 | 0% | 13 | 3.1% |

Gender Status

YIEH HSING is based on industrial characteristics, employee gender distribution appears larger difference, on the whole, the ratio of male and female employees is 8:1.



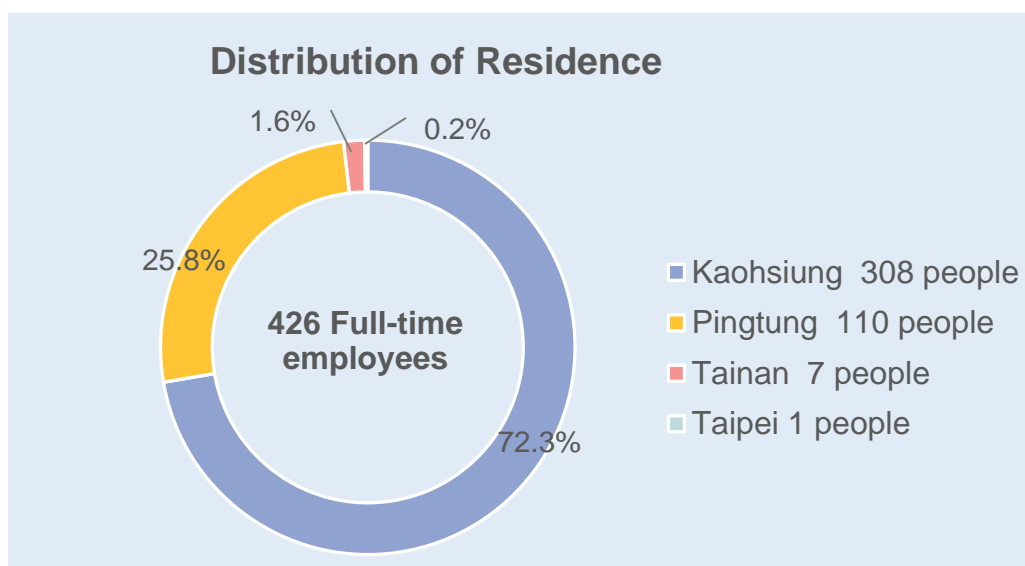


Note: 「High-level Manager」 is defined as executives at the level above managers; 「Mid-level Manager」 is defined as executives at the level of section (team) managers.



Distribution of Employee Resident

YIEH HSING has two plants: Gangshan Plant and Pingnan Plant, located in Baimi Village, Gangshan District, Kaohsiung City and Pingnan Industrial Park in Pingtung County respectively. Upholds the belief in localized business development and create job opportunity, most of the employees are local citizen. In terms of resident location, 99.8% of the employees live in the south, especially in Kaohsiung City with 308 people, 72.3% of all employees. There are 110 people live in Pingtung County, which is about 25.8% of all employees; 7 people live in Tainan City (1.6%), and 1 people in Taipei City (0.2%).



Employment of Human Resources in the Neighboring Area of the Company

Conceived with the idea of rooting in place and creating job opportunities for the local residents, YIEH HSING recruits extensively outstanding people in the neighborhood. The statistics indicated that Gangshan Plant (Baimi Village, Gangshan District, Kaohsiung City) employs 307 persons of whom 112 or 36.5% are from the nearby area. Pingnan Plant (Pingnan Industrial Park in Pingtung County) employs 119 persons of whom 61 or 51.3% are from the nearby area. The statistics of Gangshan Plant and Pingnan Plant indicated that both employ a total of 173 local residents, with 4.6% holding positions at the senior management level.

| Gangshan Plant | | Pingnan Plant | |
|----------------|------------------|-------------------|------------------|
| Nearby area | Number of people | Nearby area | Number of people |
| Ziguan Dist | 40 | Fangliao Township | 44 |
| Gangshan Dist | 32 | Jiandong Township | 15 |
| Qiaotou Dist | 28 | Linbian Township | 2 |
| Mituo Dist | 12 | | |

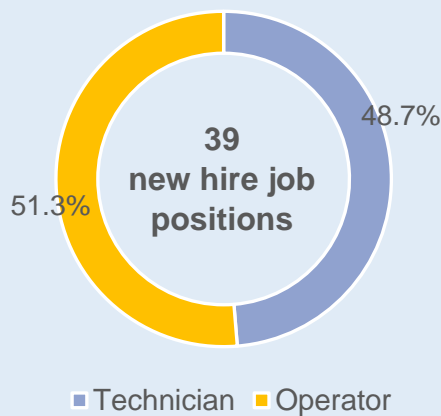
7.1.2 Talent Recruits and Retains

Due to operational needs, YIEH HSING has to recruit new employees from time to time. There were 39 new employees (33 males and 6 females) in 2022. In terms of job position, zero of them is senior supervisor, 19 professionals, and 20 operators. In terms of age, 20 of them are between 20~29 years old, 10 of them are between 30~39 years old, 7 of them are between 40~49 years old, and 2 of them are over 50 years old. 32 of them live in Kaohsiung, 1 live in Tainan, and 6 live in Pingtung. The production division of E United Group responded to the call of the government to invest in Kaohsiung. Under the advocacy of the founder, Mr. Lin I-Shou, the starting salary for new employees is over NT\$30,000, excluding allowances and payment for overtime duties. This level is much higher than the mandatory level of salary.

| New Hire Structure Analysis | | | | | | | |
|-----------------------------|--------------------------|------|--------|--------|----------|-------|------------|
| Type | Item | Male | Male % | Female | Female % | Total | Percentage |
| Age | 20~29 | 19 | 57.6% | 1 | 16.7% | 20 | 51.3% |
| | 30~39 | 6 | 18.2% | 4 | 66.6% | 10 | 25.6% |
| | 40~49 | 6 | 18.2% | 1 | 16.7% | 7 | 18.0% |
| | 50~59 | 2 | 6.0% | 0 | 0% | 2 | 5.1% |
| | Over 60 | 0 | 0.0% | 0 | 0% | 0 | 0.0% |
| Education | Master | 5 | 15.2% | 1 | 17% | 6 | 15.4% |
| | College | 14 | 42.4% | 5 | 83% | 19 | 48.7% |
| | Junior college | 3 | 9.1% | 0 | 0% | 3 | 7.7% |
| | High school (vocational) | 10 | 30.3% | 0 | 0% | 10 | 25.6% |
| | Below junior high school | 1 | 3.0% | 0 | 0% | 1 | 2.6% |
| Total | | 33 | 100.0% | 6 | 100% | 39 | 100.0% |

Note: Foreign employee, driver, consultant and other contract employee are not included.

New hire job position analysis

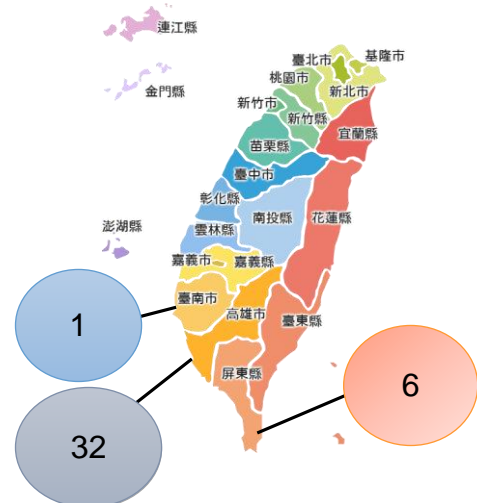
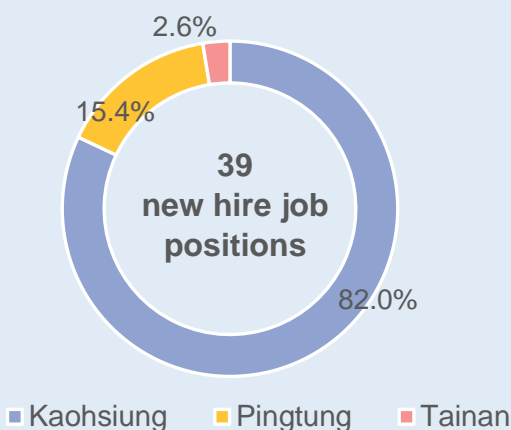


Male 33 people
Technician 13 people (39.4%)
Operator 20 people (60.6%)

Female 6 people
Technician 6 people (100%)
Operator 0 people (0%)



New hire resident area analysis

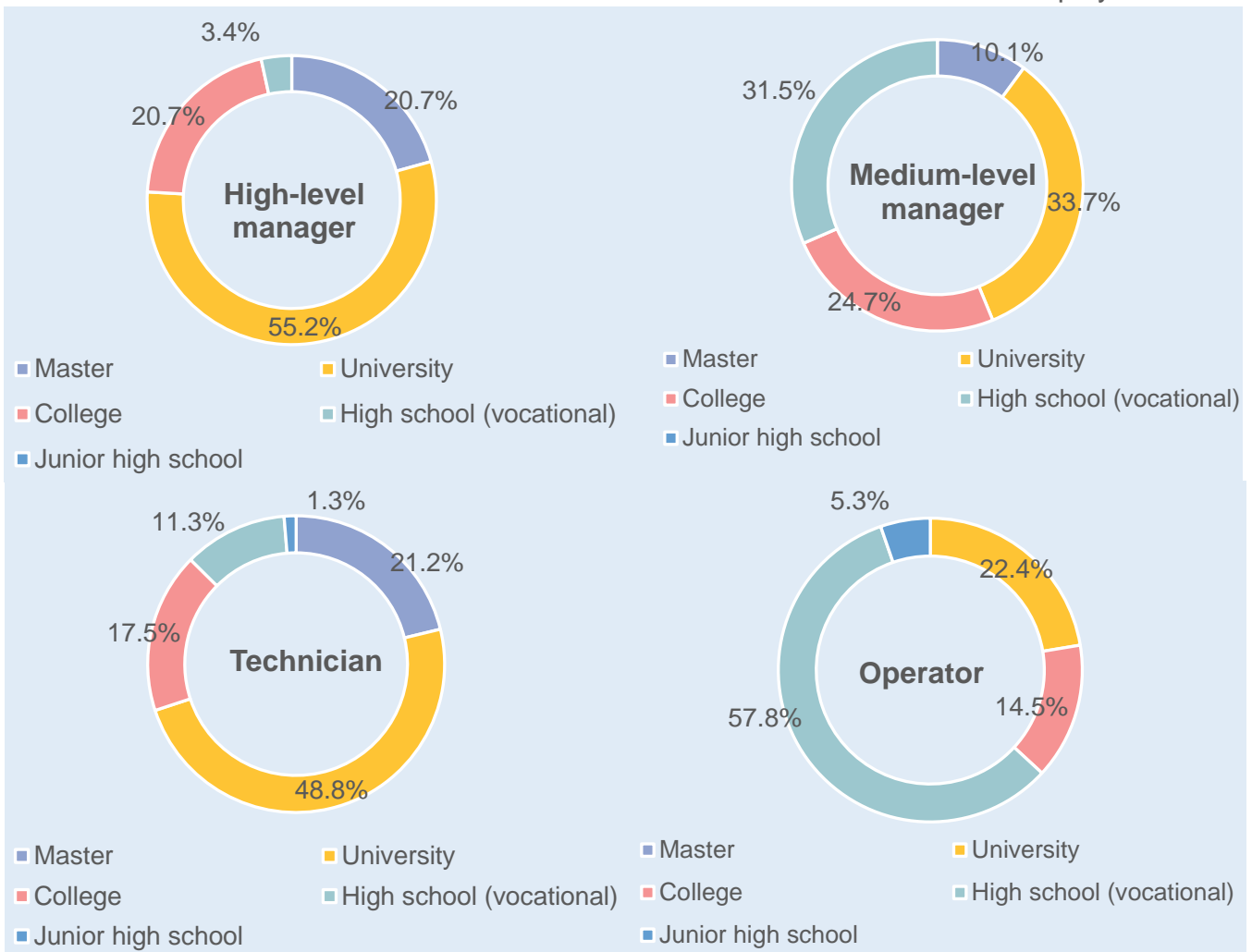


Employee Education Distribution

YIEH HSING takes advantage of the E United Group's resource for more media exposure, and initially participates in various talent recruitment events to attract more talents to join us. There are 168 employees with bachelor's degree (including master's degree), which is about 39.4% of the total employees. 32 among them have a master's degree. The education distribution is moving towards higher level.

The distribution of education levels of the employees of YIEH HSING is shown in the chart below. The majority of the senior executives are graduates from universities, while most of the middle-rank executives are either graduates from universities or senior high schools. Most of the employees in non-managerial positions and professionals are graduates from universities and the majority of the rank and file are graduates from senior high schools.

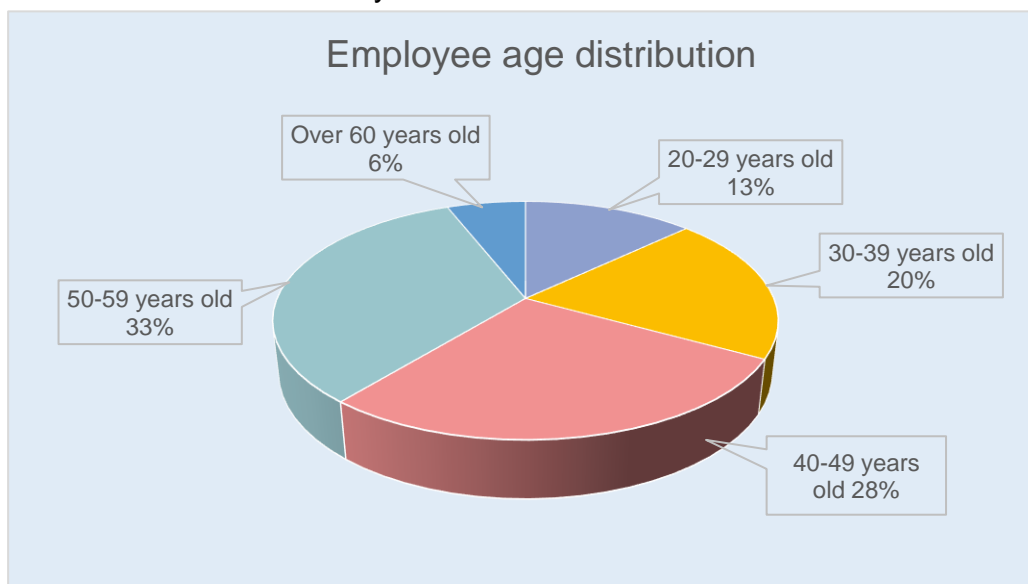
In addition to hire talents from domestic colleges, employee is also encouraged to have on-the-job training and improve professional competence. Employee may choose to study in domestic colleges or in the Division of Continuing Education in I-Shou University, a collaborative university with the Group, with paid. The tuition is fully paid by the company in accordance with the "Regulations for Bachelor's Degree from the Division of Continuing Education in I-Shou University for Production Business Employee". After receiving a bachelor's degree, the company will make adjustment on the position upon job opening, as well as grade adjustment on salary.



Employee's Age Distribution

Employees at YIEH HSING are very stable. The average age in 2019 was 43.4 years old; whereas in 2020 was 44.4 years old; whereas in 2021 was 44.7 years old; whereas in 2022 was 44.7 years old

Most of the non-management personnel (operation/master personnel) are between 40 and 49 years old, and the same applies to medium-level managers. Most of the high level managers are between 50 and 59 years old.



7.1.3 Job Management and Resign and Retirement

There were 40 people resigned (including 13 people retired) in 2022. They were 35 males and 5 female, which was 9.4% of the total employees. In terms of job position, they were 0 high level managers, 2 medium level managers, 13 master personnel, and 25 operation personnel. In terms of age level, 9 of them were between 20 and 29 years old, 10 of them were between 30 and 39 years old, 9 of them were between 40 and 49 years old, 12 of them were more than 50 years old. In terms of resident area, most of the resigned and retired employees lives in south region. 32 of them live in Kaohsiung City, and 8 of them live in Pingtung County.

| Resigned and Retired Employee Structure Analysis | | | | | | | |
|--|---------|---------------|------------|---------------|------------|---------------|------------|
| Year | | 2020 | | 2021 | | 2022 | |
| | | No. of people | Percentage | No. of people | Percentage | No. of people | Percentage |
| Gender | Male | 32 | 91.4% | 26 | 100.0% | 35 | 87.5% |
| | Female | 3 | 8.6% | 0 | 0.0% | 5 | 12.5% |
| Age | 20~29 | 7 | 20.0% | 0 | 0.0% | 9 | 22.5% |
| | 30~39 | 9 | 25.7% | 6 | 23.08% | 10 | 25.0% |
| | 40~49 | 6 | 17.1% | 2 | 7.69% | 9 | 22.5% |
| | Over 50 | 13 | 37.1% | 18 | 69.23% | 12 | 30.0% |
| Total | | 35 | 100.0% | 26 | 100.0% | 40 | 100.0% |

Note: Foreign employee, driver, consultant and other contract employee are not included

7.1.4 Human Rights and Regulation Compliance

The company provides equal opportunity for all candidates based on the human rights principle of the national's equal opportunity in employment, and fully in compliance with the "Labor Standards Act", "Employment Services Act", and "Act of Gender Equality in Employment" in order to provide a friendly working environment and fulfill human rights protection. Implementing new hire orientation for all new hire employees on the on board day, including explanation of employees' employment rights, relevant labor regulations and personal information protection measures of the company, and accepting relevant trainings of human rights, so every employee can establish correct human rights concept as soon as he or she is on board. No incident of discrimination or violation on human rights in 2022.

7.2 Employee Benefits and Salary

7.2.1 Workplace Diversity and Equality

Human Rights Policy

YIEH HSING devoted to maintain human rights principles of national employment opportunities, when employing employees, fully according to professional ability and experiences, giving different considerations, we never employ child labor from establishment of the Company, when employing employees in 2022, circumstances of human rights violation or discrimination events never occur, and we fully follow relevant regulations of "Labor Standards Act", "Employment Service Act" and "Act of Gender Equality in Employment". Except local regulations, the Company supports and follows all internationally recognized bill and guidelines of human rights, such as "Universal Declaration of Human Rights", The "United

Nations Global Compact” and “ILO Convention”, etc., and establishes spirits of fairly, reasonably and friendly treating and respecting all staff, the implementation methods are as follows:

■ Establish Safe and Healthy Work Environment

Providing safe and healthy work environment, and encouraging employees to seek and eliminate unsafely points when working, establishing AED first-aid station and giving educational training necessary health and first-aid measures to decrease occupational disaster risk.

■ Provide Fair and Reasonable Salary and Work Conditions

Implementing equality of employment, salary and benefits, training, assessment and promotion, and providing an effective grievance mechanism, avoiding circumstances of harming employee rights.

■ No discrimination and assurance of equal opportunity for employment

The Company will not tolerate discrimination against race, ideological inclination, religion, political affiliation, ancestral origin, place of birth, gender, sexual preference, marital status, physical appearance, and disability in any form and in any way.

■ Prohibition of using child workers

The Company duly observes the Labor Standards Act in employment of people in terms of age requirement and has never employed child workers since its establishment.

■ No Forced Labor

Following government labor regulations, periodically concerning employees’ attendance, and do not force labor.

■ Respect Freedom of Association

Respecting protection of employees’ basic human rights, and providing diversified communication mechanism and platform, assuring harmony of labor relation.

■ Protect Privacy and Prevent Harassment

When new arrivals came on board, implemented education training of relevant regulatory advocacy, including courses, like sexual harassment prevention, anti-discrimination and anti-harassment, etc. Preventing occurrence of occupational unlawful infringement, periodically implementing propaganda and education training, and announcing statements, disclosing complaint line and mail box to create good working environment.

■ Provide Grievance Mechanism and Channel

Setting a grievance mail box for employees, periodically holding labor conference and welfare committee meeting, etc., and establishing sexual harassment prevention committee for providing employees to reflect problems.

■ Help Employees Maintain Physical and Mental Health and Balance of Work and Life

Periodically concerning employees’ physical and mental health, and positively holding employee health lecture, except providing employees free health examination, conducting activation activities, such as environmental protection walking and fun competitions, etc., it not only can enhance interpersonal interaction of all departments, enrich delight in work, but also take care of employees’ physical and mental health.

■ Friendly Working Environment

In order to build a safe, healthy, and fair job environment for employees to find a balance between work and life as well as being healthy in body, mind, and spirit, YIEH HSING promotes the following measures:

■ Establish Various Communicational Channel

YIEH HSING values employee’s voice and opinion. In addition to give feedback to the manager, there is also a complaint mailbox and irregular seminars for face to face

communication and discuss the problem together. It helps to strengthen the communication and coordination between labor and management to build a good interaction relation and secure rights and interests of both parties.

■ Unpaid Parental Leave System

YIEH HSING's unpaid parental leave system is in compliance with the government regulations. There were 6 employees who applied for unpaid parental leave from 2019 to 2022. They were 3 female employees and 3 male employees. One of them passed away and did not resume to the job, the others have returned to work on time. Return rate is 83.3%, which indicates the friendly working environment and good adaption after returning to work.

| Unpaid parental leave analysis | | | | | | | | | |
|--|------|--------|-------|------|--------|-------|------|--------|-------|
| Status | 2020 | | | 2021 | | | 2022 | | |
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| No. of employee met unpaid parental leave criteria | 375 | 44 | 419 | 383 | 47 | 430 | 378 | 48 | 426 |
| No. of employee applied for unpaid parental leave | 1 | 0 | 1 | 1 | 2 | 3 | 1 | 1 | 1 |
| No. of employee expected to return to work (A) | 1 | 0 | 1 | 1 | 2 | 3 | 1 | 1 | 1 |
| No. of employee who applied to return to work(B) | 0 | 0 | 0 | 1 | 2 | 3 | 1 | 1 | 1 |
| Return Rate (B/A) | 0% | - | 0% | 100% | 100% | 100% | 100% | 100% | 100% |
| No. of employee who returned to work in the previous year (C) | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 2 | 3 |
| No. of employee who returned to work in the previous year and still in service at the end of this year (D) | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 2 | 3 |
| Retention Rate (D/C) | - | 100% | 100% | - | - | - | 100% | 100% | 100% |

Note:

1. Retention Rate = No. of employee who returned to work and still in service for more than 1 year / No. of employee who returned to work in the previous year.
2. No. of employee applied for unpaid parental leave: no. of employee still in unpaid parental leave.

■ Flexible Vacation System

The company provides flexible system for employee to arrange annual vacations and find a balance between work and life. In compliance with the regulations, there are normal leave without pay, family care leave, sick leave, hospitalized sick leave for cancer or pregnancy, menstrual leave, occupational injury leave, official leave, maternity/miscarriage leave, maternity check leave/paternity leave, unpaid parental leave, funeral leave, wedding leave, special leave, personal leave, compensatory leave, and epidemic leave, etc., so employee doesn't have to worry if he or she has leave request.

■ Ensure Job Opportunity for People with Disability

In accordance with "People with Disabilities Rights Protection Act", there were 5 employees with disabilities in 2022, which accounted for 1.2% of the total employees. It met the regulation requirement for corporate with more than 100 employees to "fixed employee

number” hire people who have work ability with disabilities no less than 1% of the total employees.

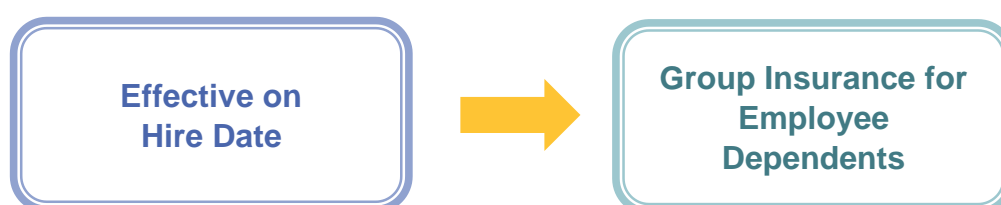
■ Establish “Sexual Harassment Prevention and Handling Regulation”

A guideline is established in accordance with “Act of Gender Equality in Employment” and the “Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace” by Council of Labor Affairs, as well as a sexual harassment prevention committee. It provides a friendly working environment by establishing sexual harassment prevention at workplace and punishment measures to prevent sexual harassment.

■ Group Insurance Benefits

Group insurance for employee and family members includes term life insurance, accident insurance, accident clinic treatment insurance, hospitalized treatment insurance, major disease insurance, cancer preventive insurance and cancer treatment insurance, etc. In addition to employee, it is also available to employee’s family members (spouse, child, and parents) with preferential plans. The insurance is available to purchase on every July 1st, so employee can take care of one’s self and family without worry.

YIEH HSING Enterprise Group Insurance



Employee Basic Insurance (Premium Paid by EWC)

| Content | Insured Amount |
|--|-----------------|
| Term life insurance | NT\$1.2 million |
| Accident insurance | NT\$2.2 million |
| Accident clinic treatment | NT\$10,000 |
| Hospitalized treatment | NT\$2,500/day |
| Significant disease insurance | NT\$500,000 |
| Cancer hospitalization | NT\$2,000/day |
| Cancer operation | NT\$4,000/time |
| Cancer recuperating compensation after discharge | NT\$1,200/day |
| Cancer radiation therapy | NT\$1,500/day |
| Cancer clinic treatment | NT\$1,500/day |
| Death of cancer | NT\$200,000 |

Employee Insurance

| Content | Insured Amount |
|------------------------|-----------------------------|
| Term life insurance | NT\$600,000~2.4 million |
| Accident insurance | NT\$1.6 million~3.4 million |
| Hospitalized treatment | NT\$2,000~3,000/day |

Note:(selective purchase by employee at NT\$468~1004/month)

Employee Dependent Group Insurance – Spouse Basic Insurance

| Content | Insured Amount |
|--|-----------------------|
| Term life insurance | NT\$600,000~1 million |
| Accident insurance | NT\$600,000~1 million |
| Accident clinic treatment | NT\$10,000 |
| Hospitalized treatment | NT\$2000~2800/day |
| Significant disease insurance | NT\$500,000 |
| Cancer hospitalization | NT\$2,000/day |
| Cancer operation | NT\$10,000/time |
| Cancer recuperating compensation after discharge | NT\$1,200/day |
| Cancer radiation therapy | NT\$1,500/day |
| Cancer clinic treatment | NT\$1,500/time |

Note:(selective purchase by employee at NT\$346~640/month)

Employee Dependent Group Insurance – Children

| Content | Insured Amount |
|--|-----------------|
| Accident insurance | NT\$10,000 |
| Hospitalized treatment | NT\$2,000/day |
| Cancer hospitalization | NT\$2,000/day |
| Cancer operation | NT\$10,000/time |
| Cancer recuperating compensation after discharge | NT\$1,200/day |
| Cancer radiation therapy | NT\$1,500/day |
| Cancer clinic treatment | NT\$1,500/time |

Note:(selective purchase by employee at NT\$282~441/month)

Employee Dependent Group Insurance – Employee's Parents

| Content | Insured Amount |
|------------------------|----------------|
| Hospitalized treatment | NT\$800/day |
| Accident insurance | NT\$500,000 |

Note: (selective purchase by employee at NT\$53~129/month)

7.2.2 Employee Welfare Committee

Employees are important assets for YIEH HSING Enterprise Co., Ltd. In order to take care of employees with secured living condition and good working condition to meet their needs, various benefit plans are promoted in addition to basic protection by regulatory requirements. Employee Welfare Committee is established to conduct various employee beneficial events and compensation. The current beneficial plan includes:

Considerate Benefits

- Scholarship for employees and their children – qualify only for full-time employees in service for over 3 months and their children.
- Holiday cash and gift vouchers for 4 major holidays – Labor Day, Dragon Boat Festival, Moon Festival, and Chinese New Year. The amount is determined by annual budget.
- Birthday cash – for full-time employees in service for over 3 months.
- Funeral compensation – full-time employees in service for over 3 months.
- Travel compensation – full-time employees in service for over 3 months.
- Retirement compensation – condolence cash is provided in the name of the Employee Welfare Committee regardless of the job tenure.
- Health check compensation – special compensation for full-time employees when the sum of the job tenure at this company and employee's age is greater than 70 (included).

Complete Insurance System

The company provides the best care and insurance for employees. In addition to regulatory requirements of labor insurance and health insurance, we also purchase group insurance for employees, which includes term life insurance, accident insurance, accident clinic treatment insurance, hospitalized treatment insurance, major disease insurance, cancer preventive insurance and cancer treatment insurance, etc. In addition to employee, it is also available to employee's family members (spouse, child, and parents) with preferential plans. The insurance is available to purchase on every July 1st, so employee can take care of one's self and family without worry.

Special Discount for Designated Shops

E United Group and YIEH HSING has signed special agreements with various business and shops for employee discount, so employee can enjoy shopping, dining, and travel leisure with family and friends and experience life. Besides shop discount, we also arrange bulk purchase discount with vendors irregularly to provide more benefits for employees.

Discount with E United Group

Employee can enjoy various discounts with E United Group such as E-da World ticket discount, E-da Skylark Hotel and Royal Hotel room discount, and other exclusive discount packages for employee of E United Group, such as movie and theater performance, etc.

Opportunity for Employees in Schooling in Employment (Continuing Education)

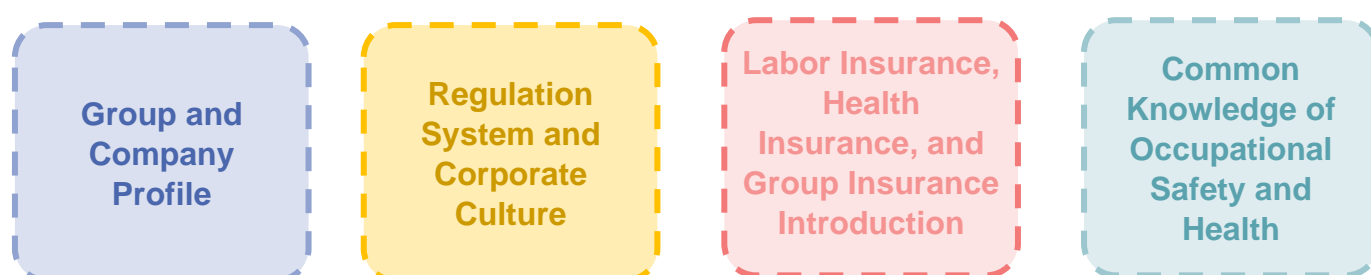
The Company seeks to develop talent, encourage employees to continue learning, and upgrade their professional capacity. In addition, the Company also provides the opportunities for the management and managers-in-training to take continuing education at I-Shou University. Those enrolled in a study program will enjoy the benefit of a deduction or waiver of tuition and miscellaneous fees in part.

7.2.3 Cultivation and Development

Many senior employees in YIEH HSING have reached the retirement standard. Therefore, the company will focus on knowledge management and talents cultivation for future manpower development. It sets up a complete educational training system for skills required for every job and position, as well as “Training Promotion Regulations” to gradually begin training courses. It includes new hire orientation, professional on-the-job training, general education training, and management competency training. We hope to improve employee’s knowledge and skill required for the job through a complete training system.

New Hire Orientation

To assist new employees quickly adapt to the new environment and unleash their full potentials, the company has a “mentor system” for guidance in knowledge and experience sharing culture to incent individual learning enthusiasm and bright up the atmosphere of the organization. A new hire orientation will be arranged on the day, including:



Professional Skill Training

In order to improve employee’s professional skill and in compliance with regulatory requirement, the company has planned professional know-how training by job position to assist employee to obtain required certification for the job, including:

Professional skill training at the department level

Different professional training programs were designed for the requirements of different job functions. Both internal and external training is held for learning from the outside to strengthen the professional skills of the Company. This will help employees refine their occupational skills and enhance their work efficiency and quality.

Specific Job Training

All operational condition in the plant has to meet the regulatory requirement, and operational personnel in specific position shall be trained and certified by regulations to prevent occupational injury. In order to build a safe working environment for all employees and prevent from abnormal situation, an emergency response organization is set up to conduct drills regularly, so the personnel are familiar with the emergency response process.

General Education Training

Besides improving employee’s professional know-how, YIEH HSING also pays attention to employee’s health in body, mind, and spirit, and the career development. General education training is held irregularly every year, including:

Safety and Health

Necessary work-related safety and health trainings and fire drills are held for new and existing employees in order to provide work safety and health awareness and emergency response ability and achieve the ultimate goals of zero disaster and zero pollution.

Health Seminar

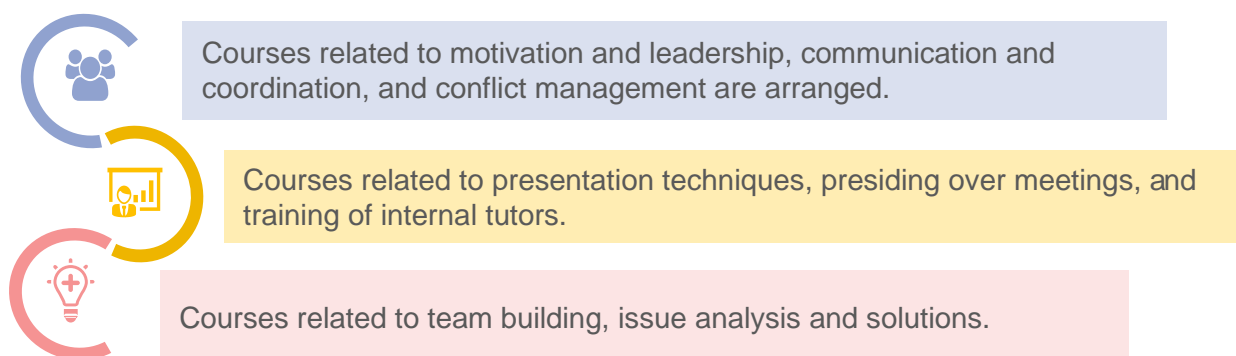
We hire external doctors or professionals for lectures on various health issues to strengthen employee’s health awareness.

■ Self-Development

To keep employee sharpening professional knowledge and cultivate second skill, the company encourages employee to go for in-service training at I-Shou University, an E United Group alliance. E United Group also holds seminar on various topics, and invites field expert for speech from time to time to broaden employee's knowledge culture.

■ Management Competency Training

The company plans management training for high-level and medium-level managers according to the skill requirement every year. It helps to cultivate manager's ability in each level to integrate resource, solve problem, and lead a team, including:



■ Training Material Knowledge Platform

To pass on employee's professional know-how and experience and promote knowledge flow within the organization, the company focuses on collecting professional material from each division and building knowledge management system through knowledge platform. It takes inventory, storage, pass-on, and innovation on talents and documents of professional know-how with a systematic approach, so the knowledge can be shared with new comers and existing employees. The company plans on using digital integration appliance and making video and audio material in the future to systematically utilize, manage, and pass on knowledge assets.

■ Training Hour

There were 268 trainings with a total of 5,251 training hours held in 2022. Total cost for the training was \$603,690. Average person/hour in accordance with job position and gender is as follows:

| Employee Training Average Man-Hour | | | |
|------------------------------------|------|--------|------------------|
| | Male | Female | Average man-hour |
| High-level manager | 5.85 | 4.5 | 5.60 |
| Medium-level manager | 5.60 | 6.5 | 5.74 |
| Technician | 7.23 | 5.9 | 6.98 |
| Operator | 3.23 | 4.5 | 3.29 |
| Contractor | 2.15 | 0 | 2.15 |

Performance Evaluation

YIEH HSING has established a performance evaluation system with four levels: A+, A, B+ and C+ to fairly reward, punish, and effectively motivate employee. Individual performance is the basis for salary adjustment, promotion, transfer, or dismissal, bonus incentive, and training development. Performance evaluation applies to all employees except for those full-time employees who are not employed with the company for a full year, contract employee, and part-time employee.

| Employee evaluation structure analysis | | | | | | |
|--|---------------|------------|---------------|------------|---------------|------------|
| Year | 2020 | | 2021 | | 2022 | |
| | No. of people | Percentage | No. of people | Percentage | No. of people | Percentage |
| A+ | 109 | 27.9% | 115 | 29.2% | 108 | 27.3% |
| A | 274 | 70.3% | 268 | 68.2% | 279 | 70.4% |
| B+ | 6 | 1.5% | 9 | 2.3% | 9 | 2.3% |
| C+ | 1 | 0.3% | 1 | 0.3% | 0 | 0.0% |
| Total | 390 | 100.0% | 393 | 100.0% | 396 | 100.0% |

Note :

- 1.The duration of full-time employee performance evaluation is from January 1 to December 30 every year.
- 2.No performance evaluation on full-time employees who are not employed with the company for a full year, contract employee, and part-time employee.

7.2.4 Salary System

YIEH HSING's salary covers basic salary (including basic salary, supervisor allowance, subsistence and various allowances), production and sales bonus, year-end bonus, performance bonus and incentive bonus. YIEH HSING's salary amount is based on employee's professional skill, job responsibility, performance, and goal achievement on operation. It should not be differentiated by gender, race, political party, thoughts, religion, sexual orientation, or marriage status. Among employees with the same position and rank, the ratio of basic salary plus bonus for women to men is 1:1.

- Fixed monthly salary.
- Allowance: various allowance including shift allowance, work allowance, certificate allowance, etc.
- Bonus: year-end bonus and sales bonus are distributed based on the operation of the year.
- The difference in the number of non-management full-time employee and the average salary between this year and the previous year.

| Year | 2021 | 2022 | Difference (2021-2022) |
|---------------------------------------|------|------|---------------------------|
| No. of Full-time Employee (person) | 425 | 419 | -6 |
| Average Salary (thousand dollar) | 662 | 652 | -10 |
| Median Salary (thousand dollar) | 627 | 615 | -12 |

Note: The term "Non-management full-time employee" has excluded "manager", which consistent with the scope of manager declared by the company and the manager disclosed in the annual report of the shareholder's meeting.

7.3 Health Check and Health Care

7.3.1 Health Check

YIEH HSING has been cooperated with E-da Hospital and Da-chang Hospital of the E-Da Healthcare Group to take care of employee's healthcare for many years. The company holds employee health check that is better than regulatory requirements every year, including general health check and special operation health check, to provide a health working environment. Top 10 items with abnormal value for most employees will be used for health improvement guideline next year to assist employee to implement self care management.

The total expense of employee health check in 2022 was more than NT\$ 3.11 million dollars, including regular health check, welfare committee health check plan, and E-da health care management service. Employee dependents can also sign up for health check at their own expense with employee discount price.

7.3.2 Health Care

Follow up on Individual Case after Health Check

For employees to have timely medical treatment on health check result, the Health Check Center has a notification system that could contact employees as soon as there is anything abnormal that require medical attention, so they could have early diagnosis and treatment and follow up afterwards.

Special Operation Health Care

Health care result will be divided by grades. In accordance with Article 19 of Employee Health Protection Regulation, occupational doctor on-site will perform individual hearing health guidance.

Follow-up on 3 High

E-da Healthcare Group takes care of health management service, including on-site service once a month, telephone caring, health counselling, and assistance for occupational injury.

Regular on-Site Visit by Occupational Doctor

Occupational doctor will identify and evaluate if there is dangerous factor affecting health at workplace and come up with improving advise, providing occupational evaluation for employee returns to work, assisting employee to perform proper work, answering health check related problems, and providing one- on-one counselling.



Professional physician evaluation of job adaptation



Professional physician seminar on health and prevention of disease

Set up Nursery Room

In accordance with “Act of Gender Equality in Employment”, nursery room is set up with medical personnel to provide relevant health education.

Provide Medical Information Regularly and Conduct Various Health Education Activity

It includes information on disease prevention, nutritious diet, and health promoting activities to improve employee health.

Health Seminar



Health education on high blood pressure, blood sugar and blood lipids, and examination on the four common forms of cancer



Diet management for good health

7.3.3 Protection from Infectious Disease

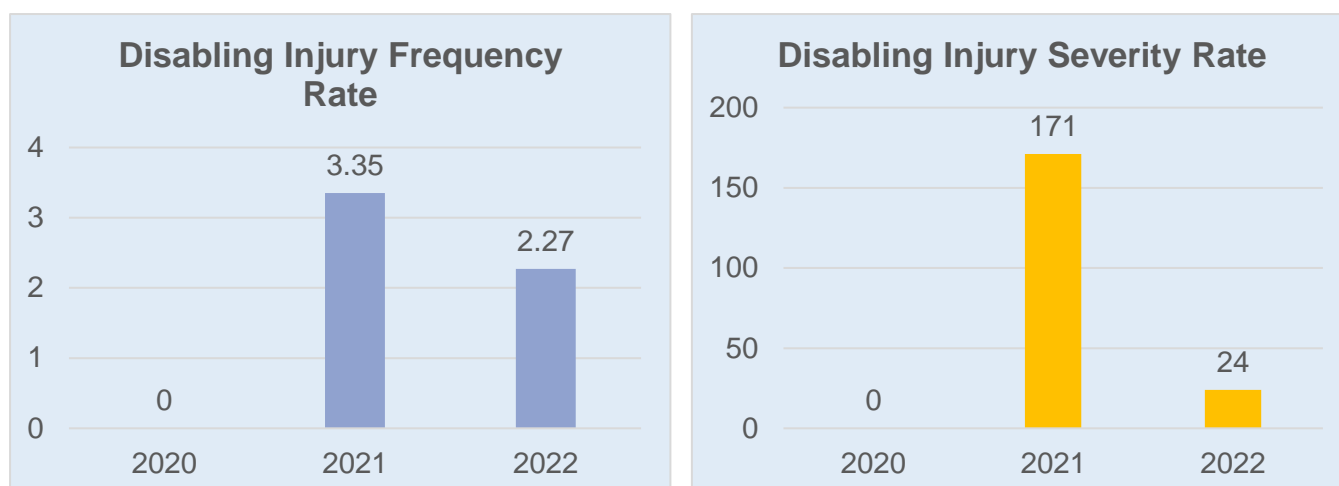
Employee safety is the biggest asset of the company. Working in a safe environment is the commitment and care that we can do for them and our partner. We make irregular announcement in response to COVID-19. All personnel come in to the office shall wear masks and have their temperature checked. Guest/Visitor/Supplier shall make a self-administered health registration form. Relevant information is regularly posted on the internal website to fully protect employee's health.

7.4 Safety and Health

YIEH HSING's industrial safety policy: “Fulfill responsibilities of safety and health management, enhance equipment protection to reduce hidden danger, create a safe and healthy working environment, and improve employee's safety awareness and behavior to avoid any harm”.

Statistic Data on Occupational Injury from 2020 to 2022 is as Follows:

There were 0 occupational injuries in 2020, 3 in 2021, and 2 in 2022. Each injury case has preventive measure and spread out to every relevant division. We will continue to strengthen employee's knowledge to reduce risk and prevent accident to fulfill the goal of “zero work injury”.



※ Disabling Injury Frequency Rate (FR) = Disabling Injuries x 1,000,000 / Employee-hours of exposure.

※ Disabling Injury Severity Rate (SR) = Total days charged x 1,000,000 / Employee-hours of exposure.

Safety Management

Occupational disaster management goal was zero disaster as a starting point, and it became an index of improving all safe activities, and continued to decrease to zero for goals of incapacitating injury frequency and incapacitating injury severity rate.

There was no death event occurring in 2022, counting all staff in work, disability event was 2, minor accident was 0, medical treatment event was 0, contractor Incapacitation Accidents was 0, minor accident was 0, medical treatment event was 0, and review and improvement of the preceding events were completed. Full investigation is conducted to find out the causes of all accidents and to provide education and improvement horizontally in the organization on the basis of the findings from the investigation. Experience training, safety motion management, and joint process quality control, bottom-up occupational safety activities, near miss, self-management in 5S improvement are provided regularly to yield the result of continued improvement.

| Historical data on injury category and times | | | |
|--|----------|----------|----------|
| Category/year | 2020 | 2021 | 2022 |
| Crush | 0 | 1 | 1 |
| Cut | 0 | 1 | 0 |
| Pinch | 0 | 0 | 1 |
| Spray/Sting | 0 | 0 | 0 |
| Contact with hazardous substance | 0 | 1 | 0 |
| Total | 0 | 3 | 2 |

Note :

1. Injured employees above are all male. No injury occurred in female employees.
2. Traffic accident to and from work is not included in the statistics.
3. No disabling injury occurred for non-employed workers.

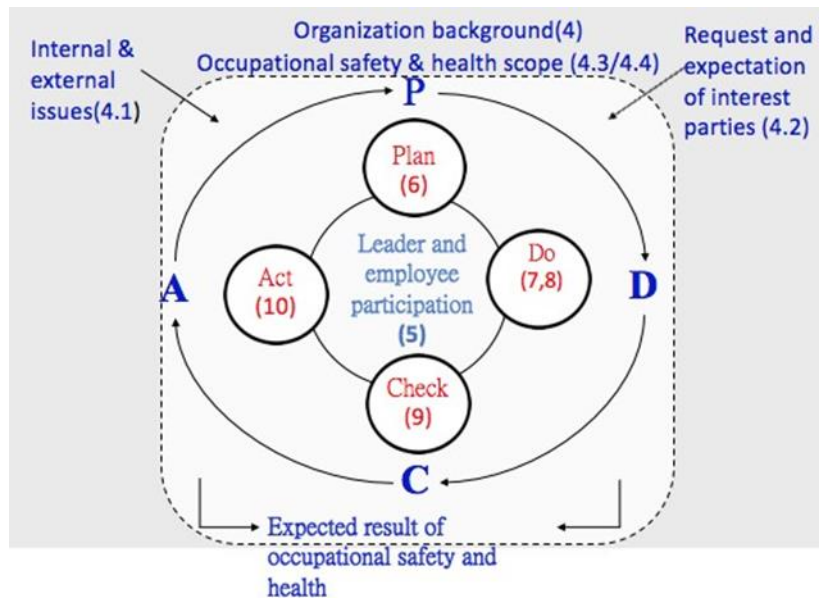
| Historical data on safety performance management | | | |
|--|---------|---------|---------|
| Item | 2020 | 2021 | 2022 |
| Total hours worked in the reporting period | 881,640 | 896,748 | 880,412 |
| Disabling injury (case) | 0 | 3 | 2 |
| Disabling Frequency Rate (FR) | 0 | 3.35 | 2.27 |
| Injury Rate (IR) | 0 | 0.669 | 0.454 |
| Disabling Severity Rate (SR) | 0 | 171 | 124 |
| Number of work injury death(case) | 0 | 0 | 0 |
| Death rate | 0 | 0 | 0 |
| Number of day lost | 0 | 154 | 22 |
| Lost Day Rate (LDR) No. of day lost rate | 0 | 34.34 | 4.99 |
| Absence Rate (%) | 0.246% | 1.689% | 0.855% |
| Total recordable injury frequency (TRIFR) | 0 | 3.35 | 2.71 |
| No. of case required medical treatment | 0 | 3 | 0 |

Note:

1. Disabling Injury Frequency Rate (FR) = Disabling Injuries x 1,000,000 / Employee-hours of exposure.
2. Injury Rate (IR) = (Total injuries/total hours of work) x 200,000.
3. Disabling Injury Severity Rate (SR) = Total days charged x 1,000,000 / Employee-hours of exposure.
4. Death Rate: number of death per million-hour work, the formula is: number of death caused by work injury x 1,000,000 ÷ working hour.
5. Lost Day Rate (LDR) number of day lost rate = (total number of days lost/total hours or work) x 200,000.
6. Absence Rate = (number of day lost+sick leave/total workdays) x 100%
7. Total Recordable Injury Frequency Rate (TRIFR): number of recordable injury per million-hour work, including number of death, disabling injury, minor injury, and injury required medical treatment. The formula is: total recordable occupational injury x 106/total hours of work.
8. Traffic accidents to and from work are not included.

7.4.1 Occupational Safety and Health

To assure occupational safety and health, the Company introduced ISO 45001/CNS 45001 Occupational Health and Safety Management System. Through P, D, C, A cycling utilization, we implemented hazard identification, risk assessment, improvement measures and performance confirmation, continued to require that the management system can be effectively implemented, created a safe and comfortable work environment to pursue the goal of zeroing layoff injury.



7.4.2 Protect Labor's Safety and Health Environment

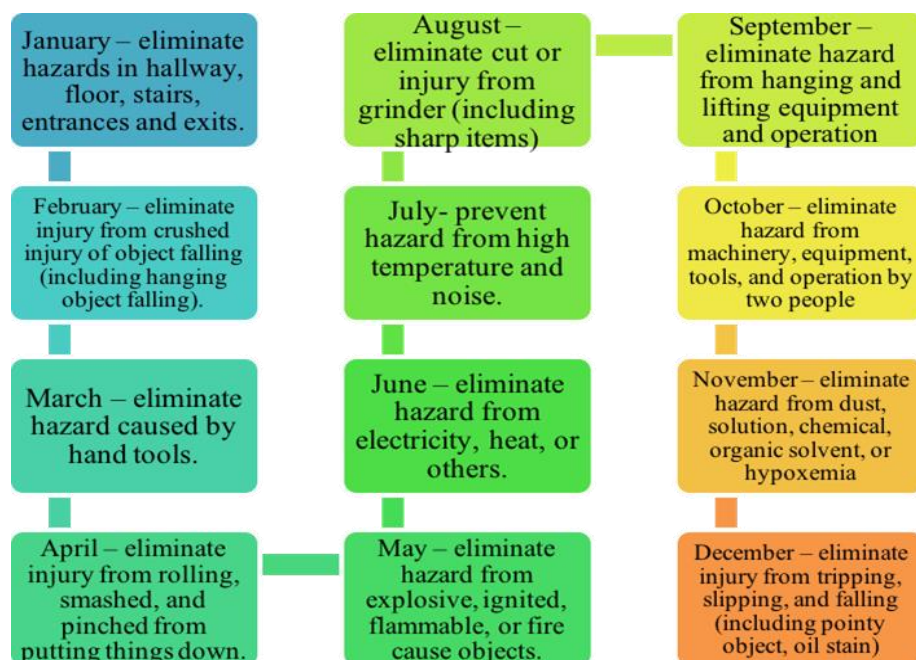
Safety Management in Personnel Behavior

To make the employee pays more attention on safety, we first need to have correct safety awareness and attitude to develop good safety habits, and further eliminate unsafe behavior. By promoting safety observation, it allows manager or peer to observe and remind each other on unsafe behavior, and make action plan to solve the problem at its roots before it happens to avoid occupational accident.

Safety Management on Operation Environment/Equipment

To strengthen operational environment and machine/equipment protection and safety in the factory, drawing up safety and protection measures that operational environment and machine/equipment shall have, and setting a theme of extinguishing unsafely of machine/equipment each month, checking all operations in the factory to implement extinguishment and improvement, and eliminating hazardous factors of unsafely.

Identify and Eliminate Unsafe Spots in Environment/Equipment in 2022



Accident Reporting System

- When accident happens, the responsible authority shall investigate immediately on the cause and make improvement measures and fill out investigation analysis report. The responsible authority shall gather relevant division to jointly investigate and analyze the cause of accident to ensure the improvement measure can be effectively implemented.
- The division that has accident shall make corrective and preventive measures based on the analyzed cause of the accident. Risk assessment shall be done before the implementation to make sure the safety and health risk is reduced to acceptable level after improvement.
- By accident statistics and follow-up result, the Occupational Industrial Safety & Health Room will ask responsible authority to make improvement plan, report on occupational accident safety, and comply with occupational safety and health regulations.

Personal Protective Gear Management

The company provides complete personal protective gear by the operation nature to ensure individual operation safety. It promotes getting the personal protective gear, checking and teaching on how to wear it. The company also has strict regulations of hearing protection in the noise zone. Earplugs are required in work place over 85 db; whereas earmuffs are required in work place over 90 db.



Safety gear against chemical hazards Wearing ear plugs

Various Trainings on Safety and Health

- Various trainings are held in accordance with operation category, so the personnel have basic knowledge on operational safety.
- Implement systematic training on regulations requirement, as well as specialized training (such as manufacturing process safety) and control training cycle frequency. On- Chemical protective clothing Ear muffs the-job training is also held for traffic accident's location, cause, industrial safety countermeasures, improvement advice, and case study to prevent it from happening again.
- On-the-job training in technical skills (including contractors stationed at the plants) in 2022 included the operation of fixed cranes for lifting weights of more than 3 metric tons, operation of forklift trucks for lifting weights of more than 1 metric ton, and Oxyacetylene welding device operation. 224 participants received training in operating fixed cranes for lifting objects of 3 tons or more, 151 participants received training in operating forklift trucks for lifting objects of 1 ton or more, and 98 participants received training in the operation of Oxyacetylene welding device.



Commute Traffic Safety

To prevent traffic accident, training is done on the first day when new employee is onboard, and defensive driving material is posted in industrial environment section on the company website to build up defensive driving concept. There will be continuous trainings and videos on safety report and traffic safety in the future to protect employee from injury in traffic accident.

Safety Audit

The company promotes multi-layer safety audits, including joint inspection with supervisor, occupational safety and health audit, and contract issuing division cross-check. By monitoring and checking for continuous improvement in the management system and the safety and health management plan from each division, it can gradually eliminate danger in the work place and reduce employee's safety risk at work.

Promote Ergonomics Improvement

To prevent work-related musculoskeletal hazard and in compliance with occupational safety and health regulation, the company has created "musculoskeletal hazard prevention plan" for employee and identify musculoskeletal hazard on-site. It also exams dangerous factor for Example of ergonomics improvement musculoskeletal hazard with Ovako Working Posture Analysis System and analyzes dangerous factor in the operational steps in each working area KIM (Key Indicators Method) and quantifies the hazard risk. It will then select prioritized item for improvement after comprehensive evaluation and discussion, and carry out the plan by schedule. Improved result will be shown in digits after performance evaluation, and continued to audit and control unsafe behavior on-site.

Labor Operational Environment Monitor

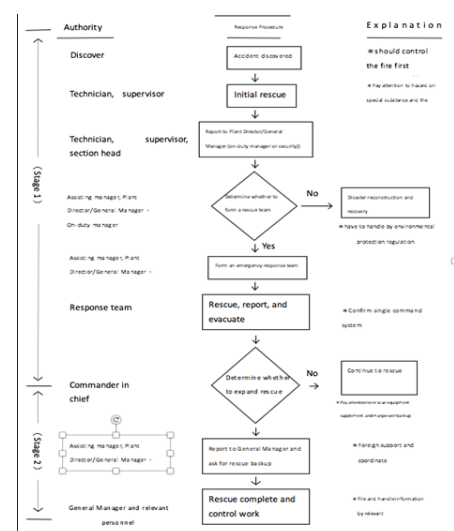
Mastering operational environment actual status of labor work place, and assessing worker's exposure situation in operational environment, adopting plans, sampling, monitoring and analyzing. To protect labors from harm of harmful substances in work place, providing labors healthy and comfortable work environment, implementing operational environment monitoring twice a year, and progressively knowing worker's actual exposure status.



Example of ergonomics improvement: roller moving



Example of ergonomics improvement



Emergency Response Procedure

Emergency Procedure of Disaster Management

To strengthen employee's adaptability in accident, fire drill and contingency plan are held annually for practice. By the usual practice, it can improve employee's emergency response ability and take action promptly to prevent major accidents.

Evacuation Plan

We hire qualified instructor with first aid training for lecture and practical teaching on first aid essentials, as well as how to perform CPR and things to pay attention to. It builds good adaptability under the case of emergency.



First-aid training



Evacuation training



Fire drill simulation

Occupational Safety and Health Committee Meeting

Safety and health committee meeting is held quarterly. The committee members and labor representatives will join the meeting to communicate on issues of occupational safety and health management plan, safety and health training implementation plan, operation environment monitoring plan, monitor result and measure adapted, health management, occupational disease prevention and health improvement item, safety and health proposal, automatic check and safety and health audit item, mechanical equipment and raw material hazard preventive measure, occupational hazard investigation report, and safety and health management for contract business.

Employee engages in occupational safety and health related work has been certified in accordance with the regulations, and also attends seminars and meetings held by government authority or academic institution irregularly. Occupational safety and health committee is established and composed of more than one-third of the members from labor representatives (35.7% in 2022) in accordance with Article 11 of the Occupational Safety and Health Management Regulation. The committee reviews, coordinates, and suggests safety and health matters in Article 12 and kept in the meeting minutes.

Reduce Occupational Hazard Risk

The company established safety and health hazard identification risk assessment regulations and procedures in accordance with risk assessment guidance by the occupational safety department to perform identification, assessment, and control of the operation hazard in workplace and operation environment. It includes all safety and health hazard in and out of the plant such as regular and irregular activities, workers and visitors entering the plant, personnel behavior and competency, and other human factors. Under the control in the plant, it identifies risk hazard in the work place caused by operation activity and amendments on the Occupational Health and Safety Management System and take control by level of the identification and assessment result. For unacceptable risks from medium to high level, it will make action plan to improve and reduce risk level. For accident that already happened, it is required to re-identify the hazard, evaluate and revise operation standard, conduct hazard recognition and identification training, practice risk control by level, and ensure the

effectiveness of the management system. All personnel perform hazard identification and risk assessment shall be trained to ensure the identification quality.

7.4.3 Regulation Compliance

A total of 17 items for various regulatory identification have been done from 2020 to 2022. All division has been cooperative. A total of 16 labor inspections have been done from 2020 to 2022, shown in the chart below:

| Year | 2020 | 2021 | 2022 |
|------------------------|---------|----------|---------|
| Number of plant visits | 6 times | 6 times | 4 times |
| Number of inspection | 5 cases | 11 cases | 5 cases |
| Number of violation | 0 cases | 0 cases | 0 cases |
| Penalty Amount | \$0 | \$0 | \$0 |

08 Social Participation

8.1 Social Charity

Community Participation

The problem of aging populations has surfaced in many communities in the area mainly because of the migration of the younger generation to other places. To deal with the problem, YIEH HSING provides employment opportunities for young people to keep them to stay in their native place. As of the end of 2022, YIEH HSING has employed 112 persons from nearby townships at Gangshan Plant, accounting for 36.5% of the total employment population of the Company (excluding contract-based temporary workers). A large proportion of young people have moved north for better opportunities. Under such circumstances, YIEH HSING elects to express its concern for society and value the elderly in the area, intensifying the communication with the community by making donations of NT\$20,000 monthly to local community development groups to organize events particularly in the traditional festivals to improve the interaction in the community and keep the elderly company.



Adoption of Parks

YIEH HSING adopted the parks under the urban renewal project no. 40 at Gushan District of Kaohsiung City (approximately 39,542.79 m²). The Company is responsible for the plantation, irrigation of the green zone in the park, trimming and pest control, and the cleanup of the plaza, lawn, parking lot, and sidewalk of the park to provide a leisure place for the local residents. It is the responsibility of all to keep the environment clean.



Appendixes

Appendix I Comparison Table of GRI Standards and Indicators

| | |
|------------------|---|
| Statement of use | Yieh Hsing Enterprise Co., Ltd. has consulted the information stated in the table of the index for the GRI Standards for reporting in the period of 2022/01/01 to 2022/12/31. |
| GRI 1 used | GRI1 : Foundation 2021 |

| Material topics | Disclosure | Chapters | Page | Note |
|--|--|--|----------|---|
| GRI 2: General Disclosures 2021 | | | | |
| The organization and its reporting practices | | | | |
| 2-1 | Organizational details | 1.1.1 Company Profile | 3 | |
| 2-2 | Entities included in the organization's sustainability reporting | 1.1.1 Company Profile | 3 | |
| 2-3 | Reporting period, frequency and contact point | About This Report | 1 | |
| 2-4 | Restatements of information | | | No revision of information |
| 2-5 | External assurance | | | There is currently no third-party guarantee/assurance; this item is expected to be disclose in the next year. |
| Activities and workers | | | | |
| 2-6 | Activities, value chain and other business relationships | 4.3.1 Export Service 4.3.2 Domestic Sales Service (Carbon Steel, Stainless Steel) | 63 65 | |
| 2-7 | Employees | 7.1.1 Human Resource Management | 91 | |

| Material topics | | Disclosure | Chapters | Page | Note |
|----------------------------------|---|---|---|------|------|
| Governance | 2-8 | Workers who are not employees | 7.1.1 Human Resource Management | 91 | |
| | | | | | |
| | | | | | |
| | 2-9 | Governance structure and composition | 3.2.1 Corporate Governance Framework | 36 | |
| | | | 3.2.2 Board of Directors | 37 | |
| | 2-10 | Nomination and selection of the highest governance body | 3.2.2 Board of Directors | 37 | |
| | 2-11 | Chair of the highest governance body | 3.2.2 Board of Directors | 37 | |
| | | | | | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 3.2 Corporate Governance | 35 | |
| | | | 3.4 Risk Management and Management Objectives | 46 | |
| | 2-13 | Delegation of responsibility for managing impacts | 3.2 Corporate Governance | 35 | |
| | | | 3.4 Risk Management and Management Objectives | 42 | |
| | 2-14 | Role of the highest governance body in sustainability reporting | About This Report | 1 | |
| | 2-15 | Conflicts of interest | 3.2.2 Board of Directors | 37 | |
| | 2-16 | Communication of critical concerns | 3.2.2 Board of Directors | 42 | |
| | 2-17 | Collective knowledge of the highest governance body | 3.2.2 Board of Directors | 38 | |
| | 2-18 | Evaluation of the performance of the highest governance body | 3.2.2 Board of Directors | 39 | |
| 2-19 | Remuneration policies | 3.2.2 Board of Directors | 40 | | |
| 2-20 | Process to determine remuneration | 3.2.2 Board of Directors | 40 | | |
| 2-21 | Annual total compensation ratio | 3.2.2 Board of Directors | 40 | | |
| Strategy, policies and practices | | | | | |
| 2-22 | Statement on sustainable development strategy | YIEH HSING Sustainable Development Policy | 14 | | |
| 2-23 | Policy commitments | YIEH HSING Sustainable Development Policy | 14 | | |

| Material topics | | Disclosure | Chapters | Page | Note |
|------------------------------------|-------|--|--|------|---|
| | 2-24 | Embedding policy commitments | YIEH HSING Sustainable Development Policy | 14 | |
| | | | 3.1 Operating Performance | 33 | |
| | | | 3.3 Ethical Corporate Management | 43 | |
| | | | 3.5.1 Total Quality Management | 51 | |
| | | | 5.1 Occupational Health and Safety Management system | 67 | |
| | 2-25 | Processes to remediate negative impacts | 2.3.2 Stakeholders Engagement | 23 | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | 3.3 Ethical Corporate Management | 43 | |
| | 2-27 | Compliance with laws and regulations | 3.3 Ethical Corporate Management | 43 | |
| | | | 5.2.7 Regulation Compliance | 78 | |
| | | | 7.1.4 Human Rights and Regulation Compliance | 97 | |
| | | | 7.4.3 Regulation Compliance | 114 | |
| | 2-28 | Membership associations | 1.1.1 Company Profile | 3 | |
| Stakeholder engagement | | | | | |
| | 2-29 | Approach to stakeholder engagement | 2.3.2 Stakeholders Engagement | 23 | |
| | 2-30 | Collective bargaining agreements | | | YIEH HSING has no labor union and therefore no collective bargaining. |
| GRI 3: Material topics 2021 | | | | | |
| | 3-1 | Process to determine material topics | 2.3.3 Material Topics and Management Policy | 25 | |
| | 3-2 | List of material topics | 2.3.3 Material Topics and Management Policy | 25 | |
| | 3-3 | Management of material topics | Management Guideilines | 27 | |
| GRI 201: Economic Performance 2016 | | | | | |
| | 201-1 | Direct economic value generated and distributed | 3.1 Operating Performance | 33 | |

| Material topics | Disclosure | Chapters | Page | Note |
|---|--|--|------|-----------------------------------|
| | 201-2 Financial implications and other risks and opportunities due to climate change | 5.2.2 Climate Change Risks and Opportunities | 71 | |
| GRI 202: Market Presence 2016 | | | | |
| | 202-2 Proportion of senior management hired from the local community | 7.1.1 Human Resource Management | 94 | |
| GRI 203: Indirect Economic Impacts 2016 | | | | |
| | 203-1 Infrastructure investments and services supported | 8.1 Social Charity | 115 | |
| GRI 301 : Materials 2016 | | | | |
| | 301-1 Materials used by weight or volume | 1.1.4 The Summary Table of Material and Product Quantity | 8 | |
| GRI 302: Energy 2016 | | | | |
| | 302-1 Energy consumption within the organization | 6.1 Energy Management and energy Saving Performance | 79 | |
| | 302-2 Energy consumption outside of the organization | | | No external consumption of energy |
| | 302-3 Energy intensity | 6.1.1 Gangshan Plant | 81 | |
| | | 6.1.2 Pingnan Plant | 83 | |
| | 302-4 Reduction of energy consumption | 6.1.1 Gangshan Plant | 81 | |
| | | 6.1.2 Pingnan Plant | 83 | |
| | 302-5 Reductions in energy requirements of products and services | 6.1.1 Gangshan Plant | 81 | |
| | | 6.1.2 Pingnan Plant | 83 | |
| GRI 303: Water and Effluents 2018 | | | | |
| | 303-2 Management of water discharge related impacts | 6.2 Water Resource Consumption and Control of Wastewater | 87 | |
| | 303-3 Water withdrawal | 6.2 Water Resource Consumption and Control of Wastewater | 86 | |
| | 303-4 Water discharge | 6.2 Water Resource Consumption and Control of Wastewater | 87 | |
| | 303-5 Water consumption | 6.2 Water Resource Consumption and Control of Wastewater | 86 | |

| Material topics | | Disclosure | Chapters | Page | Note |
|--|-------|---|--|-------------------|------|
| GRI 305: Emissions 2016 | | | | | |
| • | 305-1 | Direct (Scope 1) GHG emissions | 5.2.3 Greenhouse Gas Emissions | 75 | |
| • | 305-2 | Energy indirect (Scope 2) GHG emissions | 5.2.3 Greenhouse Gas Emissions | 75 | |
| • | 305-4 | GHG emissions intensity | 5.2.3 Greenhouse Gas Emissions | 75 | |
| • | 305-5 | Reduction of GHG emissions | 5.2.3 Greenhouse Gas Emissions | 75 | |
| • | 305-7 | Emissions of ozone-depleting substances (ODS) | 5.2.4 Air Pollution Prevention | 76 | |
| GRI 306: Waste 2020 | | | | | |
| • | 306-1 | Waste generation and significant waste-related impacts | 6.3 Waste Management | 89 | |
| • | 306-2 | Management of significant wasterelated impacts | 6.3.3 Contractor Management | 90 | |
| • | 306-3 | Waste generated | 6.3.1 Waste Output Structure | 89 | |
| • | 306-4 | Waste diverted from disposal | 6.3.1 Waste Output Structure | 89 | |
| GRI 401: Employment 2016 | | | | | |
| • | 401-1 | New employee hires and employee turnover | 7.1.2 Talent Recruits and Retains 7.1.3 Job Management and Resign and Retirement | 94 97 | |
| • | 401-2 | Benefits provided to full-time employees that are not provided to temporary or parttime employees | 7.2.2 Employee Welfare Committee | 102 | |
| • | 401-3 | Parental leave | 7.2.1 Workplace Diversity and Equality | 97 | |
| GRI 403: Occupational Health and Safety 2018 | | | | | |
| • | 403-1 | Occupational health and safety management system | 5.1.2 Occupational Health and Safety Management System (ISO 45001) 7.4.1 Occupational Safety and Health | 68 109 | |
| • | 403-2 | Hazard identification, risk assessment, and incident investigation | 7.4 Safety and Health 7.4.2 Protect Labor's Safety and Health Environment | 107 111 113 | |

| Material topics | | Disclosure | Chapters | Page | Note |
|---|--------|---|--|------|------|
| • | 403-3 | Occupational health services | 7.3 Health Check and Health Care | 106 | |
| • | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 7.4.2 Protect Labor's Safety and Health Environment | 110 | |
| • | 403-5 | Worker training on occupational health and safety | 7.4.2 Protect Labor's Safety and Health Environment | 110 | |
| • | 403-6 | Promotion of worker health | 7.3.2 Health Care | 106 | |
| • | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 4.2 Subcontractor Management | 59 | |
| | | | 7.3.3 Protection from Infectious Disease | 107 | |
| | | | 7.4.2 Protect Labor's Safety and Health Environment | 110 | |
| • | 403-8 | Workers covered by an occupational health and safety management system | 5.1.2 Occupational Health and Safety Management System (ISO 45001) | 68 | |
| • | 403-9 | Work-related injuries | 7.4 Safety and Health | 107 | |
| | | | | 108 | |
| • | 403-10 | Work-related ill health | 7.3.1 Health Check | 106 | |
| GRI 404: Training and Education 2016 | | | | | |
| | 404-1 | Average hours of training per year per employee | 7.2.3 Cultivation and Development | 104 | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 7.2.3 Cultivation and Development | 103 | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 7.2.3 Cultivation and Development | 105 | |
| GRI 405: Diversity and Equal Opportunity 2016 | | | | | |
| • | 405-1 | Diversity of governance bodies and employees | 7.1.1 Human Resource Management | 91 | |
| • | 405-2 | Ratio of basic salary and remuneration of women to men | 7.2.4 Salary System | 105 | |

| Material topics | Disclosure | Chapters | Page | Note |
|--|---|---|------|--------------|
| GRI 406: Non-discrimination 2016 | | | | |
| • | 406-1 Incidents of discrimination and corrective actions taken | | | No violation |
| GRI 408: Child Labor 2016 | | | | |
| • | 408-1 Operations and suppliers at significant risk for incidents of child labor | | | No violation |
| GRI 409: Forced or Compulsory Labor 2016 | | | | |
| • | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | | | No violation |
| GRI 410: Security Practices 2016 | | | | |
| | 410-1 Security personnel trained in human rights policies or procedures | 7.2.1 Workplace Diversity and Equality | 97 | |
| GRI 411: Rights of Indigenous Peoples 2016 | | | | |
| | 411-1 Incidents of violations involving rights of indigenous peoples | | | No violation |
| GRI 414: Supplier Social Assessment 2016 | | | | |
| | 414-1 New suppliers that were screened using social criteria | 4.1.1 Supplier Management (Direct Raw Material) | 55 | |
| GRI 416 : Customer Health and Safety 2016 | | | | |
| | 416-1 Assessment of the health and safety impacts of product and service categories | 4.3 Customer Service | 63 | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | | | No violation |
| GRI 418: Customer Privacy 2016 | | | | |
| | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | | | No violation |

Appendix II Indicators for Sustainability Disclosures

| No. | Index | Chapters | Page |
|-----|--|--|------|
| 1 | Total energy consumption, percentage of externally purchased electricity, utilization rate of renewable energy, and consumption of self-generated energy | 6.1 Energy Management and energy Saving Performance | 79 |
| 2 | Total energy consumption, percentage of coal, percentage of natural gas, and percentage of renewable fuels | 6.1 Energy Management and energy Saving Performance | 79 |
| 3 | Total water intake and consumption volume | 6.2 Water Resource Consumption and Control of Wastewater | 86 |
| 4 | Weight of solid waste generated, percentage of hazardous waste, and percentage of recycling | 6.3 Waste Management | 89 |
| 5 | Explanation of the number of victims of occupational hazards and the ratio | 7.4 Safety and Health | 109 |
| 6 | Production volume of key items by product category | 1.1.4 The Summary Table of Material and Product Quantity | 8 |

Appendix III TCFD Disclosure Index

| No. | Index | Chapters | Page |
|-----|---|---|----------|
| 1 | Specify the supervision and governance of the Board and the management on climate related risks and opportunities. | 5.2.2 Climate Change Risks and Opportunities | 71 |
| 2 | Specify in what way the identified climate related risks and opportunities affect the business, strategy, and financial position of the enterprise (short, mid, and long-term). | 5.2.2 Climate Change Risks and Opportunities | 73 74 |
| 3 | Specify the influence of extreme climate events and transformation actions on the financial position. | 5.2.2 Climate Change Risks and Opportunities | 73 |
| 4 | Specify the identification, assessment, and management process of climate related risks and the way to integrate the overall risk management system. | 5.2.2 Climate Change Risks and Opportunities | 72 |
| 5 | Apply scenario analysis to evaluate the resilience in response to climate change risk and explain the scenarios, parameters, hypotheses, and factors of analysis used and the major influence on the financial position. | 5.2.2 Climate Change Risks and Opportunities | 73 |
| 6 | If there is a transformation plan in managing climate related risks, specify the content of the plan and the indicators and goals for the identification and management of the physical risks and the transformation risks. | 5.2.2 Climate Change Risks and Opportunities | 71 |
| 7 | If internal carbon pricing is used as the planning tool, specify the basis for the determination of the price. | 5.2.2 Climate Change Risks and Opportunities | 73 |
| 8 | If climate related goals have been set, specify the activities covered, the scope of GHG emissions, the timing of the plan, and information on the annual attainment rate. If carbon offsetting or renewable energy certificates (RECs) are used to achieve related goals, explain the source of carbon reduction for offsetting and the quantity, or the quantity of renewable energy as stated in the RECs. | 5.2.2 Climate Change Risks and Opportunities | 71 |
| 9 | GHG inventory and reporting and state of assurance. | 3.4 Risk Management and Management Objectives | 46 |

