YC INOX | 50 YEARS



宏旺

Your Choice for stainless



2023
Sustainability Report

Table of Contents

About this Report 3

About YC INOX 4

Sustainability Highlights and Performance 5

Sustainability Special Issue 6

CH1 Sustainable Business Management 7

1.1 Message from the Chairman 8
1.2 Sustainable Business Philosophies 9
1.3 Sustainable Visions and Goals 10
1.4 Material Topics Identification 11
1.5 Stakeholder Engagement 17

CH2 Ethical Corporate Governance 19

2.1 Corporate Governance and Organization 20
2.2 Ethical Management Results 25
2.3 Risk Management 27
2.4 Information Security Management 29

CH3 Sustainable Economic Development 31

3.1 Business Performance 32
3.2 Product Quality 33
3.3 Supply Chain Management 37
3.4 Customer Relationship Management 37

CH4 Sustainable Environmental Management 39

4.1 Climate Change Management 40
4.2 Sustainable Production-related Management 46

CH5 Workplace Well-Being 55

5.1 Human Rights Protection 56
5.2 Safe and Friendly Working Environment 58
5.3 Manpower Structure and Employee Benefits 67
5.4 Employee Training Program 69

CH6 Social Harmony and Co-Prosperity 71

6.1 Social Participation Philosophies 72
6.2 Social Welfare 72

Appendices 74

Global Reporting Initiatives (GRI) Index 75
Sustainability Accounting Standards Board (SASB) Standards Index 80
Taiwanese Industry Enhanced Sustainability Index 82
Climate-Related Information Table 83
Independent Assurance Report by the Certified Public Accountant 87

About this Report

GRI 2-2, 2-3, 2-5

This is the second release of YC INOX Co., Ltd. (hereinafter referred to as "YC INOX" or "the Company") corporate sustainability report, it demonstrates our effort to drive economic, environmental, and people (including human rights), allowing us to grow and thrive sustainably.

Reporting Framework

The primary reporting framework for this report is mapped closely with 2021 GRI Standards issued by GRI and follows closely with disclosure requirement set by Taiwan Stock Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, as well as sustainability metrics developed by SASB and disclosures made by TCFD. In this report, we would keep various stakeholders engaged by providing overview of the Company's sustainability development in economic, environmental, and people (including human rights) for 2023.

Reporting Scope and Reporting Period

The Reporting scope for this report only covers YC INOX's mills in Taiwan (including headquarters, Shijou Mill, Puoshing Mill, Douliou Mill I, and Douliou Mill II) which accounted for 89% of consolidated net revenue for 2023. Apart from financial information being audited by Certified Public Accountant and other sustainability information, it does not include investments in associated companies within consolidated financial statements. For certain contents that are related to affiliate of YC INOX, it would be indicated in the respective sections.

Our Sustainability report is prepared and publicly disclosed annually, this report covers the calendar year 2023 and includes various operational systems and activities related to YC INOX, with a strong emphasis on management and performance of material topics. To ensure comprehensive and comparable presentation of management performance, certain contents from before January 1, 2023, and after December 31, 2023 are also included.

Summary of Work Performed

Compilation and Writing up

Functional groups of the Sustainability Committee performs data collection and concurrently ensure data completeness and correctness. After review and approval by department heads, these data will be submitted to sustainability report preparation team for report preparation.

Manuscript Review

Contents would be reviewed by functional group leaders to ensure accuracy of disclosed information and its compliance with GRI and relevant disclosure requirements.

Finalization and Release

The manuscript will be submitted to the CEO for review, followed by approval from Board of Directors. Subsequently, formal report would be published on the company website and Market Observation Post System.

Category	Content	Verification Organization
Economic	Disclosure of annual consolidated and parent company only financial statements	Deloitte and Touche (R.O.C.)
Environmental	ISO 14001:2015 Environmental Management System	TÜV Rheinland Taiwan Ltd.
	ISO 14064-1:2018 Greenhouse Gas Emission Inventory Standard	
	ISO 14067:2018 Carbon Footprint of Products Standard	
	ISO 50001:2018 Energy Management System	
Social	ISO 45001, CNS 45001 Occupational Health and Safety Management System	

External Verification

The Company has engaged an independent third-party assurance provider, Crowe (TW) CPAs, to perform a limited assurance engagement on specific key performance information in this report in accordance with ISAE 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and to issue a limited assurance report. For the scope of assurance and conclusions, please refer to the appendix of this report.

Report Issuance Date and Contact Information

Report Issuance Date

The Company annually publishes both Chinese and English versions of the "Sustainability Report" and discloses them in the Sustainable Development Zone of the company website.

First Version: August 2023
Current Version: August 2024

Contact Information

If you have any questions or suggestions regarding this report, please feel free to contact us.

YC INOX Co., Ltd. | Sustainability Committee

Address: No. 270, Section 4, Jungshan Road, Jiumei Village, Shijou Township, Changhua County, Taiwan
Telephone: +886-4-889-9666 Ext. 602

Email: ESG@ycinox.com

Sustainable Development Zone: https://www.ycinox.com/tw/ir/ir-261

About YC INOX

GRI 2-1, 2-6, 2-28

The Company is dedicated to providing our customers with highest quality products and continuously pursuing excellence and improvement. Globally, our customers span across six continents. Our main products include stainless steel pipe and tube, stainless steel plate and sheet, and stainless steel coil and other related products. These products find wide applications in various industries such as chemical industry, construction industry, and machinery industry.

Facing development of corporate globalization and realizing importance of environmental and climate change issues, the Company continues to improve our own strengths and arrange training for executive managements and employees in addition to complying with government laws and regulations and company policies.

Company Profile

Industry	Iron and Steel
Main Business	Stainless steel pipe and tube, stainless steel plate and sheet, and stainless steel coil and other related products
Date of Establishment	January 31, 1973
Operational Headquarters	No. 270, Section 4, Jungshan Road, Jiumei Village, Shijou Township, Changhua County
Number of Employees (Note)	786 persons
Total Assets	NT$18,314,389 thousand
Total Equity	NT$8,950,169 thousand
Paid-in Capital	NT$4,700,024 thousand
Main Markets	Europe, Americas, Asia, Oceania, and Africa
Operational Sites	Taiwan and Türkiye

Note: Total number of employees is 1,014 (including the subsidiary in Türkiye).

(As of December 31, 2023)

Membership Association

The Company participates actively in trade associations and industrial park associations, simultaneously serving as supervisor in Taiwan Steel and Iron Industries Association. We also actively participated in local police department/firefighting department activities as well as labor-management relationship improvement organizations.

Associations in which YC INOX participated in 2023	Participated as
Taiwan Steel & Iron Industries Association	Supervisor
Changhua County Industrial Association	Member
Yunlin County Industrial Association	Member
Yunlin Technology Industrial Park Association	Member
Association of Industrial Relations, Changhua County	Member
Community Security Patrol Team, Changan Village Community Development Association, Douliou City, Yunlin County	Member
Shijou Branch, Volunteer Fire Brigade	Consultant
Puoshing Branch, Third Brigade, Changhua County Volunteer Fire Brigade	Consultant
Douliou Branch, Douliou Squadron, First Brigade, Yunlin County Volunteer Fire Brigade	Consultant
Beidou Office, Chuanghua County Friends of the Police Association	Consultant
Xihu Office, Changhua County Branch, R.O.C. Friends of the Police Association	Consultant
Yunlin County Friends of the Police Association	Consultant
Taiwan Occupational Safety and Health Management System (TOSHMS) Central Region Association	Cadre

Sustainability Highlights and Performance

E Environment

- TCFD - Major climate risks and opportunities identified.
- Water resource management - Introduction of Moving Bed Biofilm Reactor (MBBR) wastewater treatment technology.

  Douliou Mill I has met the stringent standards for ammonia nitrogen discharge in industrial zones ahead of schedule.
- Waste management - Implementation of waste resource utilization projects.

  75.75% of residual plastic compounds have been converted into recyclable plastic, totaling 50.97 metric tons.
- Energy management - Developing and installing new renewable energy sources.

  The second phase of the solar power generation system installation has a capacity of approximately 6,000 kWp, with an estimated annual power generation of about 8.4 million kWh.

  In 2023, 7,255 thousand kWh solar power was generated, which is equivalent to reducing approximately 3,591 metric tons CO_2 emissions.
- Energy management - Promoting energy saving measures.

  Total energy intensity decreased by 3.25% compared to 2022.

  In 2023, YC INOX was honored by the Changhua Branch of Taipower with a certificate of appreciation for demand response load management.
- Energy management - Continuing Implementation of ISO 14064-1:2018 Greenhouse Gas Emission Inventory Standard and introduction of ISO 14067: 2018 Carbon Footprint of Products Standard.
- Air pollution management - Optimization of wet scrubber treatment equipment and treatment process.

  Average emission monitoring values obtained from Puoshing Mill and Douliou Mill II conform to the "Standards for Air Pollutant Emission from Stationary Pollution Sources".

S Society

- In 2023, the completion rate of human rights awareness promotion and education training for new employees reached 100%.
- In 2023, no reports or complaints related to human rights issues were received.
- Occupational work safety education and training: 2,685 employee training attendances, totaling 10,800 hours.

  313 contractor training attendances, totaling 475 hours.
- Douliou Mill I was awarded the Occupational Safety and Health Excellence Award and the Safety and Health Performance Improvement Award by the Yunlin County Government and the Taiwan Steel & Iron Industries Association.
- Shijou Mill and Puoshing Mill were awarded the Friendly Breastfeeding Room Certification by the Changhua County Government.
- 22,618 training hours accumulated, averaging 28.78 hours per employee.
- 560 newly received or renewed job domain related professional certifications.
- Continual involvement in community events and caring for vulnerable groups. Organization/participation of community events on 52 occasions. NT$2.74 million contributed towards charitable activities expenditure and donations, an 18% increase compared to the previous year.

G Governance

- 100% attendance rate for Board of Directors members.
- 100% attendance rate for functional committee members.
- 44% Board of Directors members are independent directors.
- No significant regulatory non-compliance has been observed during the year.
- 100% new employees have completed ethical management education and training.
- Final score received from 2023 (10th-term) corporate governance evaluation: 85.98; Ranking between 21%~35% of all evaluated companies.
- Obtained ISO/IEC 27001: 2013 Information Security Management System Certification.
- The shipment volume of 135,086 metric tons.
- Obtained 18 product quality certification certificates from various countries.
- Obtained 34 testing technology certificates from various countries.
- Obtained the UK UKCA Marking Certificate, Australia WaterMark Product Certification, and USA 3-A Product Certification, enhancing product competitiveness and enterprise recognition, aiding in the development of new customers, and expanding product usage.
- In the 2023 annual supplier evaluation, the qualification rate was 100%.
- In 2023, the overall customer satisfaction rate was 98.9%.



Sustainability Special Issue

Carbon Footprint: YC INOX's Path to Carbon Emission Management and Development

Facing the challenges of global climate change, YC INOX actively responds to Taiwan's 2050 net-zero emission policy. Through a series of strategic implementations and innovative technology applications, the Company is gradually consolidating its position as a sustainable leadership enterprise. Since 2021, YC INOX has simultaneously launched the ISO 14064-1 greenhouse gas inventory and the ISO 50001 energy management system across all its mills in Taiwan, committed to reducing the carbon footprint of its operations.

YC INOX's carbon footprint program is a comprehensive multi-year strategy, covering every stage from raw material procurement to the production process. The Company has set clear short-term, medium-term, and long-term goals, including completing the carbon footprint inventory for three major product categories between 2023 and 2024. These three product categories, evaluated for their significant carbon reduction potential, are: stainless steel coil from Douliou Mill I, stainless steel tube from Shijou Mill, and stainless steel pipe from Puoshing Mill and Douliou Mill II.



▶ The program is divided into three phases:

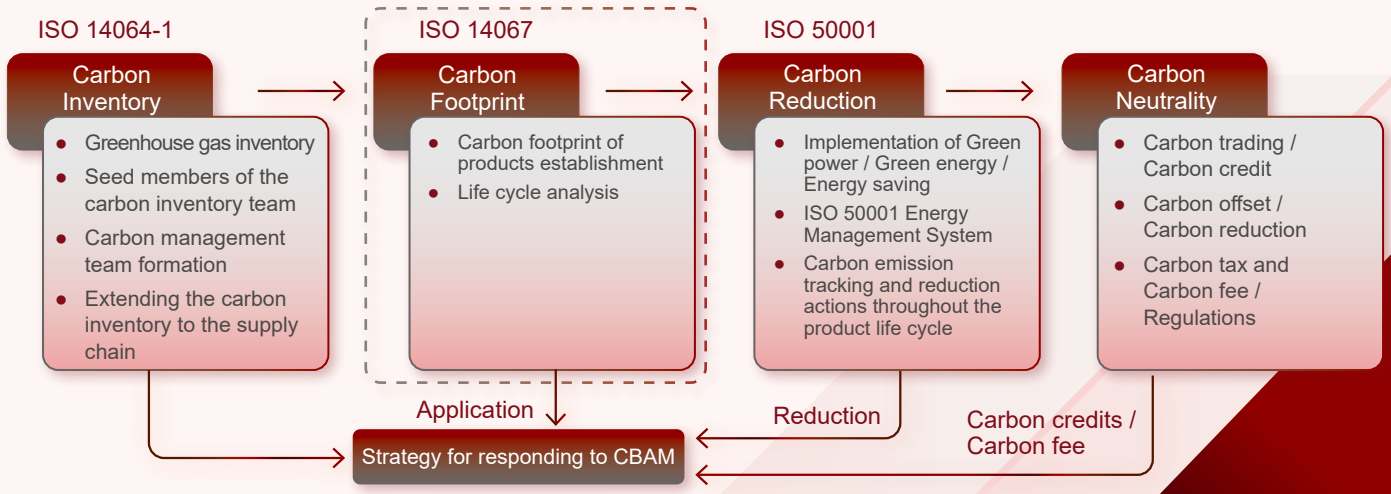
Phase 1	Phase 2	Phase 3
Establish an inventory team, identify target products, create process maps, and determine life cycle boundaries.	Collect inventory data within the product life cycle boundaries, conduct mass balance, allocation, and calculation.	Conduct internal verification simulations, compile the carbon footprint inventory report, and, if necessary, perform third-party verification.

After launching the plan in 2023, the inventory data revealed that, for stainless steel coil products, carbon emissions from raw materials accounted for as much as 99.13%, while emissions from YX INOX's manufacturing phase accounted for only 0.87%. In response to raw materials being the primary source of carbon emissions, YC INOX plans to focus its future carbon reduction strategy on evaluating the possibility of purchasing low-carbon raw materials.

YC INOX continues to optimize its carbon footprint program, constantly improving the accuracy and coverage of the inventory. The Company aims to expand the use of low-carbon raw materials and further reduce energy consumption and greenhouse gas emissions to achieve environmental sustainability. Additionally, YC INOX plans to invest long-term in advanced environmental technologies and renewable energy projects to support global climate action goals and ensure the long-term sustainable development of its business.

Through these strategies and planned executions, YC INOX not only reinforces its commitment to environmental responsibility but also sets an example for the industry in proactively addressing climate change. With ongoing advancements in sustainable practices, the Company looks forward to sharing cleaner and greener outcomes with all stakeholders in the future.

International Carbon Reduction Trends - YC INOX Carbon Management Development Plan



CH1

Sustainable Business Management

1.1	Message from the Chairman	8
1.2	Sustainable Business Philosophies	9
1.3	Sustainable Visions and Goals	10
1.4	Material Topics Identification	11
1.5	Stakeholder Engagement	17



1.1 Message from the Chairman

Reflecting on the past year, we faced numerous challenges such as the escalation of trade wars, the resurgence of international conflicts, and geopolitical instability. These events have increased global economic uncertainty, compelling us to pursue sustainable development more resolutely and actively shape a more resilient future. Following our established sustainability strategy, YC INOX formulated specific sustainability strategies and action plans for nine material topics in 2023, setting short-term, medium-term, and long-term goals. These themes encompass regulatory compliance and ethical management, operational performance, product quality, information security, customer relationship, climate change adaptation, energy management, occupational safety and health, and human rights protection, aiming to enhance YC INOX's performance in environmental, social, and governance aspects.

To address these changes and challenges, we continuously strengthen our internal capabilities, especially in energy management and climate change adaptation. We actively optimize production processes and update equipment to reduce energy consumption and improve efficiency. For example, at our Douliou Mill I in Yunlin, we have introduced advanced Moving Bed Biofilm Reactor (MBBR) wastewater treatment technology to achieve higher standards of effluent quality. Simultaneously, we are vigorously promoting the expansion of solar power facilities, with the second phase adding approximately 6,000 kWp of green energy capacity, with an estimated annual power generation of about 8.4 million kWh.

In terms of occupational safety and health and human rights protection, YC INOX always prioritizes the health and safety of its employees. By providing comprehensive training and safety measures, we ensure a safe working environment where every employee can fully realize their potential in a secure atmosphere. Additionally, we continuously strengthen our employee training programs, helping employees enhance their professional skills and obtain certifications, further boosting the Company's competitiveness.

In terms of corporate governance, YC INOX strictly adheres to the highest standards and actively enhances the transparency of information disclosure. In 2023, we published our first ever sustainability report, clearly presenting our efforts and achievements in the ESG field to all stakeholders. YC INOX will continue to promote sustainable development based on the "Corporate Governance 3.0 - Sustainable Development Roadmap", ensuring the practice of sustainable governance.

Looking ahead, YC INOX will continue to strive for technological advancements and process optimization, dedicated to providing higher quality products and services to our customers. We believe that on the path to sustainability, only through continuous efforts and the collective contributions of all employees, supply chain partners, and other stakeholders can we overcome all challenges and work together to create a better future.



Signature of the Chairman 張金鑑

1.2 Sustainable Business Philosophies | GRI 2-22

The Company deems promoting sustainable development of the industry as our responsibility. We are committed to pursue stable operational growth while ensuring all our business activities, in addition to complying with regulations and effectively implementing corporate governance, make positive contribution to environmental ecology, social ethics, and global economic development. Guided by our four core business principles namely "Innovation Breakthrough", "Pursuing Excellence", "Quality-First" and "Giving Back to Society", we are dedicated to fulfill our corporate social responsibility and driving sustainability initiatives, meeting expectations of our stakeholders.

Innovation Breakthrough

By actively pursuing innovation, we can enhance competitiveness for the Company and our products, thus maximizing shareholder value. Being responsible for environment and society, we are also committed to strive for operational breakthroughs in line with international trend of energy conservation and greenhouse gas emission reduction.

Pursuing Excellence

Instead of being content with our present operations, our goal is to strive and become a sustainable development benchmark for global stainless steel supplier. By establishing sustainable business partnerships, we ensure that every entity within YC INOX's product value chain adheres to ethical business practices and is committed to environmental protection and improving labor working conditions.

Quality-First

We are committed to meeting customer demands and providing them with highest quality products. We approach all product users with a responsible attitude, upholding our commitment to product quality, striving to bring about positive impact on industry and economic development.

Giving Back to Society

YC INOX not only places importance on corporate profitability but also emphasizes on giving back to employees and society while growing as a company. Through comprehensive employee career development plans and active participation in charity, education, and social work, we maintain positive interaction with employees and wider community, fostering mutual growth and prosperity.

1.3 Sustainable Visions and Goals | GRI 2-22

In response to international sustainable development initiatives, the Company has considered the 17 Sustainable Development Goals (SDGs) initiated by United Nations when formulating the sustainability goals. We have also detailed our alignment with specific SDGs and their corresponding sub-goals. Our aim is to work together with global sustainability partners towards 2030 Sustainable Development Agenda. We outline our goals below:

Corporate Vision	Sustainable Vision	United Nations SDGs		Sustainability Action Plans of YC INOX
		Goals	Sub-Goals	
Our goal is to become a leading global supplier of stainless steel pipe/plate and a benchmark sustainable enterprise	"Green, Net Zero, and Environmental Coexistence" (Corresponding philosophy: Pursuing Excellence)		7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	• Continuation of green energy development in conjunction with increasing green power generation capacity.
			7.3 By 2030, double the global rate of improvement in energy efficiency.	• Introduction of intelligent power monitoring system to monitor and manage electricity usage. • Setting annual energy savings target.
			12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	• Introduction of new waste management solutions to increase waste recycling and explore viable recycling solutions.
			13.2 Integrating climate change measures into national policies, strategies and planning.	• Implementation of TCFD climate strategies. • Ensuring regulatory compliance on climate action and greenhouse gas emissions disclosure. • Regular identification of climate risks and opportunities to facilitate response strategies formulation and action plans. • Introduction of ISO 14067 Carbon Footprint of Products.
			13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact education, and early warning.	
	"Long-term Profitability" and "Ethical in Operations" (Corresponding philosophies: Innovation Breakthrough, Quality-First)		8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 percent gross domestic product growth per annum in the least developed countries.	• Development of new products and processing technologies to enhance product competitiveness. • Active new overseas markets expansion to diversify sales risks. • Increasing production efficiency and quality and reducing manufacturing costs.
			9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.	
			16.5 Substantially reduce corruption and bribery in all their forms.	• Establishing culture of ethical corporate management and actively prevent unethical behavior. • Adhering to "Ethical Corporate Management Best Practice Principles" as well as applicable local regulatory requirements where the Company and our affiliates operate.
			16.6 Develop effective, accountable and transparent institutions at all levels.	
	"Social Co-Prosperity" and "Happy Development" (Corresponding philosophy: Giving Back to Society)		8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	• Establishing a working environment free from occupational hazards by continuous improvement on occupational safety and health procedures. Safety and health officers shall conduct audits at irregular basis to ensure compliance in all units. • Conducting regular fire drills and occupational safety and health training to enhance employee's emergency response and self-management capabilities. Optimizing management systems to create a diverse and friendly workplace. • Deepening core values of YC INOX in order to cultivate high-quality corporate culture, becoming a Company that employees are proud of. • Implementation of ESG spirit to achieve sustainability goals. • Following various international human rights conventions,INOX has formulated the Human Rights Policies, publicly declaring the Company's commitment to respecting and protecting human rights.
			8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	

1.4 Material Topics Identification | GRI 3-1, 3-2

The Company followed "Global Reporting Initiative (GRI) Sustainability Reporting Standards" Traditional Chinese 2021 edition and also referenced industry sustainability trends, "Sustainability Accounting Standards Board (SASB)", "Task Force on Climate-related Financial Disclosures (TCFD)", in conjunction with significant domestic and international regulations. Additionally, we also adopt the materiality principle in order to systematically identify significant stakeholders and material topics so that we can assess substantial impact of these topics on economic, environmental, and people (including human rights) aspects. These assessments form the basis for our sustainability strategies and goals, serving as the foundation for writing sustainability reports and responding to stakeholders.

Firstly, the Company gathered and collated wide range of sustainability-related topics. Based on these issues, we had identified and conducted surveys with significant stakeholders in order to preliminarily identify potential material topics. Following which, we distributed internal and external impact assessment questionnaires to internal units, prioritizing significant sustainability topics identified based on their impact before finalizing major sustainability themes for 2023.

Execution Phase

Step 1
Identify Stakeholders
6 Stakeholder Categories

The Company identified significant stakeholders based on two criteria:

Ⓐ Company influences over stakeholders. | Ⓑ Stakeholders' impact on the Company's operations.

- Identified stakeholders were divided into 6 groups which include employees, suppliers, customers, investors, local communities, civil society organizations, and government agencies.

Step 2
Collect Sustainability Topics
17 Sustainability Topics Identified

- With reference to SASB, TCFD and topics of concern for domestic and international steel industry, 17 sustainability topics have been identified and collated by the Sustainability Committee execution team.

Step 3
Stakeholder Concern Assessment
167 Valid Responses

- The Sustainability Committee execution team distributed a stakeholder survey to each of the 6 stakeholder categories listed above to evaluate the severity and likelihood of impact for each of the 17 topics. A total of 167 valid questionnaire responses were received.

Step 4
Assessing Significance of Material Topics and Their Impact
30 Valid Responses

- The Sustainability Committee Execution Team distributed an internal impact assessment questionnaire to each department to evaluate both actual and potential positive and negative impact intensity of these 17 material topics. The primary focus is on environmental, economic, and societal (including human rights) aspects. A total of 30 valid questionnaire responses were received.

Step 5
Confirming Topic Prioritization and Disclosure
9 Material Topics

- From Step 4, based on impact intensity, we held discussions with relevant units. Considering our operational characteristics, we ultimately identified 9 material topics for reporting.
- In compliance with reporting requirements, we have focused on strategies, short-term, medium-term, and long-term goals, achievements, and management policies relating to these 9 material topics.

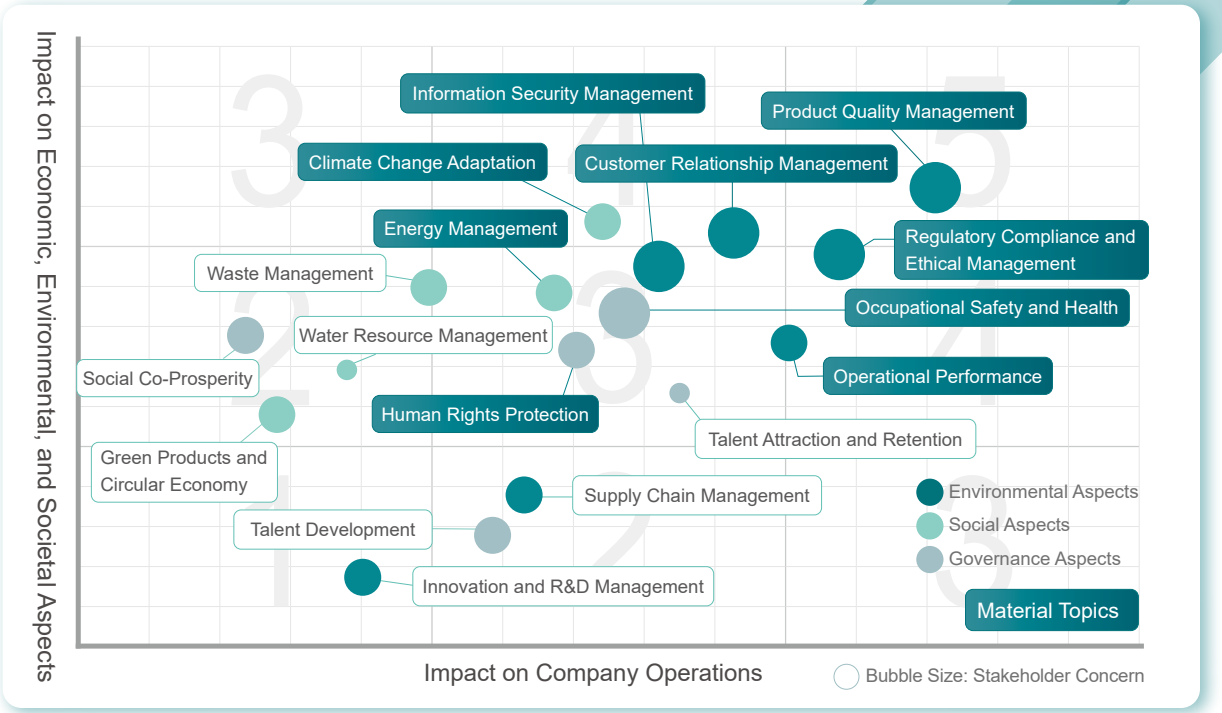
Significance Impact Assessment

The Sustainability Committee execution team assessed the impact for these 17 material topics identified based on economic, environmental, and societal (including human rights) aspects. Internal impact assessment questionnaire was distributed to each department within the Company. On a scale of 1 to 5, responses were given based on actual/potential, positive/negative impact and probability of each topic. Results from these questionnaires were compiled, impact levels for each topic was calculated. Finally, topics were ranked from highest to lowest based on their impact.

Below is a visual chart presenting the quantified data of material topics in order of impact level:

Weight Range	Conditions for Inclusion as a Material Topic
5	All are material topics
4	Bubble size is medium or larger (inclusive)
3	Bubble size is medium or larger (inclusive)
2	Bubble size is large
1	Not included as a material topic

Material Topics Matrix



The matrix is divided into nine grids, with the X-axis (impact on internal company operations) and the Y-axis (impact on external economic, environment, and societal) each weighted from 1 to 5.

Positive and Negative Impact Assessment of Material Topics

⊕ Positive Impact ⊖ Negative Impact

Material Topics	Explanation of Negative Impact / Positive Impact	Likelihood of Occurrence and Impact Intensity
Regulatory Compliance and Ethical Management	⊕ Compliance with relevant laws and regulations helps stabilize market order, protect the natural environment, and safeguard the rights and interests of stakeholders, resulting in positive impacts.	●●●●○ ●●●●○
	⊖ If ethical management in business operations is not upheld, it can harm the Company's credit rating and damage its reputation with external parties and stakeholders, reducing investor willingness to invest. It can also negatively impact employee morale, cohesion, and enthusiasm for their work.	●○○○○ ●●●●●
Operational Performance	⊕ Establish comprehensive strategies and management practices to meet the expectations of stakeholders, including customers, employees, and shareholders, achieving sustainable and steady growth for the Company.	●●●●○ ●●●●○
	⊖ Poor or declining operational and financial performance will impact employee and shareholder confidence, create doubts about the Company's operations, and lead to a lack of trust.	●●○○○ ●●●●○

Material Topics	Explanation of Negative Impact / Positive Impact	Likelihood of Occurrence and Impact Intensity
Product Quality Management	⊕ The quality of products can effectively influence market competitiveness. Continuous quality improvement can enhance customer satisfaction, strengthen customer loyalty, and simultaneously create greater profits and sustainable business opportunities for the Company.	●●●●● ●●●●●
	⊖ If there are serious quality issues with the products, the Company may be forced to conduct a product recall, leading to decreased revenue, reputational damage, and potential legal action.	●○○○○ ●●●●○
Information Security Management	⊕ Effective information security management helps reduce the risks of hacking, data breaches, and ransomware attacks. It not only benefits the continuity of the Company's business operations but also helps maintain enterprise value and enhance customer trust.	●●●○○ ●●●○○
	⊖ Due to security vulnerabilities or cyber-attacks, or ransomware threats, confidential corporate data may be leaked or altered, or operations may be disrupted, infringing on the rights of customers and related stakeholders.	●●○○○ ●●●●○
Customer Relationship Management	⊕ Understanding customer needs and providing customized products and services can increase customer satisfaction, making customers more willing to engage in long-term cooperation with the Company.	●●●●○ ●●●●●
	⊖ Failing to effectively understand customer needs and expectations can lead to missed opportunities for cross-selling or upselling, underutilizing the potential of existing customers, and negatively impacting business performance.	●●○○○ ●●●●●
Climate Change Adaptation	⊕ By addressing climate action issues, setting carbon reduction goals, implementing greenhouse gas inventory, and managing carbon reduction initiatives, we can help mitigate global warming and promote a low-carbon transition in the industry.	●●●●○ ●●●●○
	⊖ Inability to effectively manage climate issues can lead to increased potential operational costs and environmental impacts.	●●○○○ ●●●●○
Energy Management	⊕ Improving energy efficiency in the production process and reducing energy waste helps the Company save costs and reduce reliance on limited energy resources.	●●●●○ ●●●●○
	⊖ Failing to effectively manage the organization's energy consumption can adversely impact operations, especially with the ongoing rise in energy costs.	●○○○○ ●●●○○
Occupational Safety and Health	⊕ Continuously improving through occupational safety and health management systems, hazard identification, risk assessment, and occupational health services ensures the health and safety of employees, enhances work efficiency and productivity, and also helps to maintain societal human resources and improve overall health levels.	●●●●○ ●●●●○
	⊖ Unsafe working conditions can lead to health and safety hazards for employees, requiring them to undergo treatment to fully or partially recover. This can even extend to impacting the surrounding environment and endangering the safety of local residents.	●●●○○ ●●●●●
Human Rights Protection	⊕ Integrating human rights protection into company policies and ensuring its implementation helps enhance the corporate image and employee retention rate. It can also reduce the turnover rate of new employees and the costs associated with employee training.	●●●●○ ●●●●○
	⊖ Failing to respect employee human rights or diversity and equality can lead to the loss of valuable employees, making talent recruitment difficult and damaging corporate image.	●●○○○ ●●●●○

Material Topics and Their Impact

Dimension	Material Topic	Impact Explanation	Corresponding GRI Topics	Corresponding SDGs	Goals		Corresponding Section
					Short-Term (2025)	Medium-to-Long Term (2030)	
Environment	Energy Management	Use of low-carbon and diversified energy sources in conjunction with effective energy management practice can improve company operation performance and achieve goal of net zero carbon emissions. Failure to focus on energy management may cause enterprises to trail behind industry trends, resulting in inferior product competitiveness. Enterprise's energy management will have either positive or negative impact on environment or economy.	GRI 302: Energy 2016	SDG 7 Affordable and Clean Energy (7.2, 7.3)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Introducing new welding technologies to increase speed of production and reducing energy consumption by 2%.	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. • Introducing new heat treatment technologies to reduce energy consumption for subsequent processes.	4.2 Sustainable Production-related Management
	Climate Change Adaptation	Addressing climate change is a crucial concern for today's businesses, as it has potential to impact our operational strategies and outcomes significantly. Responding to risks and opportunities brought about by climate change is essential. This issue should be integrated with other environmental considerations, including energy management, waste management, water resource management, and greenhouse gas management. Strong actions to address climate change can benefit enterprise's long-term survival, while inaction can have adverse effects. Enterprise's actions in economic performance can either have positive or negative impacts on environment.	GRI 201: Economic Performance 2016 (GRI 201-2) GRI 305: Emissions 2016	SDG 13 Climate Action (13.2, 13.3)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Obtain ISO 14067 Carbon Footprint of Products Certification for type 1 products. • Establishing intelligent monitoring system that can capture 75% of Company's electricity consumption information. • Complying with regulations relating to climate action and greenhouse gas emissions disclosure.	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. • Optimizing intelligent monitoring system that can capture 90% of Company's electricity consumption information. • Regularly identifying climate risks and opportunities and developing corresponding strategies and action plans.	4.1 Climate Change Management
Governance	Operational Performance	To achieve sustainable business operations in ever-changing stainless steel industry, we focus on establishing strong financial structure and investing resources in research and development of new technologies and products. This enhances our product competitiveness, create enterprise value, safeguarding rights and interests of stakeholders while striving for sustainable development. Our actions in economic performance can either have positive or negative impacts on economy.	GRI 201: Economic Performance 2016	SDG 8 Decent Work and Economic Growth (8.1) SDG 9 Industry, Innovation and Infrastructure (9.2)	• Sales growth of 18.2% is expected for 2024, hence, timely adjustments should be made to diversify sources of raw materials and adjusted product portfolio.	• Enhancing profitability of overseas production bases thus contributing stable profits to the group which in turns strengthen overall effectiveness and optimizes group capital utilization. • In response to climate change-related risks together with domestic and international climate policy pressures, we are committed to enhance both our care for environment and economic competitiveness thus realizing our vision of sustainable business.	3.1 Business Performance

Dimension	Material Topic	Impact Explanation	Corresponding GRI Topics	Corresponding SDGs	Goals		Corresponding Section
					Short-Term (2025)	Medium-to-Long Term (2030)	
Governance	Regulatory Compliance and Ethical Management	Regulatory Compliance is fundamental requirement for sustainable business operation. The Company should have in place relevant preventive or improvement measures to reduce risk of legal violations and enhance our corporate reputation. Serious regulatory violations could bring about negative public perception, which will subsequently affect our business. YC INOX's regulatory compliance will have either positive or negative impact on economy or society.	GRI 205: Anti-corruption 2016	SDG 16 Peace, Justice and Strong Institutions (16.5, 16.6)	• Compliance with relevant laws and regulations, internal operating procedures/guidelines and standard operating procedures (SOPs) thus preventing major compliance violations.	• Compliance with relevant laws and regulations, internal operating procedures/guidelines and standard operating procedures (SOPs) thus preventing major compliance violations.	2.2 Ethical Management Results
	Customer Relationship Management	Customers are the most important asset of an enterprise; having customers is the foundation upon which a business is built, and customer retention is the key factor that determines whether an enterprise can continue to grow in a highly competitive market. Therefore, customer satisfaction provides the drive and direction for an enterprise's long-term success and is an extremely crucial cornerstone. Developing and retaining customers requires a collective team effort. When facing customer complaints, we need to handle them proactively and communicate effectively with customers to maintain their trust in our products and services, thereby reducing the likelihood of customers turning to competitors.	GRI 418: Customer Privacy 2016	SDG 8 Decent Work and Economic Growth (8.3) SDG 17 Partnerships for the Goals (17.16)	• Maintain annual customer satisfaction in various aspects at ≥90%.	• Maintain annual customer satisfaction in various aspects at ≥90%.	3.4 Customer Relationship Management
	Product Quality Management	Products sold with poor quality or failing to meet customer needs and expectations may lead to an increase in customer complaints, decreased satisfaction, and reduced market share. This, in turn, can increase compensation amounts and improvement costs, ultimately affecting the enterprise's reputation.	N/A	Goal 12 Responsible Consumption and Production (12.5)	• Obtained 20 product quality certification certificates from various countries. • Obtained 38 testing technology certificates from various countries.	• Obtained over 24 product quality certification certificates from various countries. • Obtained over 40 testing technology certificates from various countries.	3.2 Product Quality

Dimension	Material Topic	Impact Explanation	Corresponding GRI Topics	Corresponding SDGs	Goals		Corresponding Section
					Short-Term (2025)	Medium-to-Long Term (2030)	
Governance	Information Security Management	Sensitive data leaks, personal information breaches, or system intrusions can impact not only enterprise operations but also its image and brand value. Additionally, the enterprise may face fines, legal actions and liabilities.	N/A	SDG 9 Industry, Innovation and Infrastructure (9.C)	• Organize information security-related training courses, arranging for at least 40 seed employees to participate each year to help promote information security policies and raise employee awareness. • Prevent business email spoofing by conducting 3 social engineering drills per year. • Obtain ISO/IEC 27001:2013 Information Security Management System Certification.	• Introduction of next-generation information security technologies, including but not limited to Endpoint Detection & Response (EDR), Security Operation Center (SOC), multi-factor authentication, vulnerability assessment. This can enhance our capability in detecting and preventing cybersecurity threats, thus reducing success rates of cyberattacks and keep occurrence of information security incidents to no more than 3 times per year. • Establish comprehensive information security incident response plan, including but not limited to response team, emergency drills and trainings so that we can address various information security incidents swiftly, with maximum response time capped at 8 hours.	2.4 Information Security Management
Employee	Occupational Safety and health	Taking care of employee health is one of enterprise's social responsibilities. Creating safe working environment allows employees to work with peace of mind. This would elevate our operational performance. Conversely, neglecting this responsibility might lead to talent shortage, hindering our ability to provide high-quality products consistently. Enterprise's occupational safety and health will have either positive or negative impact on economy or society.	GRI 403: Occupational Health and Safety 2018	SDG 8 Decent Work and Economic Growth (8.8)	• No high-consequence work-related injury (Note 1).	• Employee disablement injury frequency rate <6.	5.2 Safe and Friendly Working Environment
	Human Rights Protection	If the enterprise is unable to effectively identify and manage human rights risks across the entire value chain and establish a risk response system, it may lead to potential impacts such as reputational damage, financial risks, operational risks, and political and legal risks for the enterprise and its stakeholders.	GRI 401: Employment 2016	SDG 8 Decent Work and Economic Growth (8.5, 8.7) SDG 16 Peace, Justice and Strong Institutions (16.2, 16.9, 16.B)	• In compliance with government regulations and policies, continuously improve the Company's internal human rights-related procedures and processes. • No incidents of forced labor, labor disputes, violations of gender equality, or sexual harassment, nor any major human rights violations have occurred. • Continuously promote human rights awareness and education training.	• No incidents of forced labor, labor disputes, violations of gender equality, or sexual harassment, nor any major human rights violations have occurred. • Continuously promote human rights awareness and education training. • Strengthen supply chain management by requiring suppliers to sign commitments on human rights-related issues.	5.1 Human Rights Protection 5.3 Manpower Structure and Employee Benefits

Note 1: GRI 403-9 definition: High-consequence work-related injury refers to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Note 2: The topic "Energy and Greenhouse Gas Management" has been revised to "Energy Management," and "Greenhouse Gas Management" has been moved under the topic "Climate Change Adaptation." "Economic Performance" has been renamed to "Operational Performance," and "Regulatory Compliance" has been renamed to "Regulatory Compliance and Ethical Management." Based on the 2023 assessment of internal and external impact results by management and the level of stakeholder concern, "Customer Relationship Management," "Product Quality Management," and "Information Security Management" have been added as material topics. Additionally, in response to international trends and the Company's commitment to respecting and protecting human rights across the value chain, "Employment Relationship" has been renamed and redefined as "Human Rights Protection".

1.5 Stakeholder Engagement | GRI 2-29

Stakeholder	Importance	Material Topics	Engagement Channels and Frequency	Engagement Effectiveness
Customers	We place great importance on meeting customer needs. We provide high-quality products to create value for our customers.	• Economic performance • Customer safety and health • Marketing and labeling • Customer privacy • Brand management • Product and service innovation	• Customer satisfaction survey (Annually) • Hold customer visits or receive customer visits to our facilities (No specific time frame) • International exhibition participation (No specific time frame) • Dedicated web section for customers/suppliers	• The overall satisfaction rate from the customer satisfaction survey is 98.9%. The Company has established a customer service system to analyze customer dissatisfaction causes. We respond appropriately based on customer feedback and expectations. Reports are presented at the monthly TQM meetings. • In 2023, there were a total of 67 customer service cases, 48 of which were quality issues. Improvement measures have been raised to reduce the likelihood of future recurrence.
Investors	Long-term investor support is the driving force for sustainable growth of the Company. Therefore, we must safeguard rights and interests of our investors, establishing sound governance systems to achieve sustainable business operations.	• Product and service innovation • Economic performance • Marketing and labeling • Ethical management • Regulatory compliance • Sustainable supply chain management • Reduce resource wastage • Greenhouse gas management • Water resource management	• General shareholders' meeting (Annually) • Institutional investor conference (Annually) • Issuance of annual reports and financial statements disclosures (Annually and quarterly) • Disclosure of information on the Market Observation Post System (If required) • Dedicated mailbox and hotline for investors	• Annual general shareholders meeting was held on June 16, 2023. • Participation in SinoPac Securities 2023 Q4 Institutional Investor Conference on December 12, 2022. • Disclosure of quarterly financial statements reviewed (first 3 quarters)/audited (annual report) by certified public accountant. • Regular announcement of operating revenue status on MOPS. • Publication of 24 material information released on MOPS.
Suppliers	Partnerships are essential on our path towards sustainable business operation.	• Procurement practices • Economic performance • Sustainable supply chain management • Customer safety and health	• Supplier evaluation (Annually) • Requesting suppliers to sign integrity and anti-corruption commitment letter • Hold supplier visits (No specific timeframe) • Dedicated web section for customers/suppliers	• Supplier evaluation results achieved 100% qualification rate. • In 2023, an additional 64 suppliers signed the integrity and anti-corruption commitment letter, bringing the total number of signed suppliers to 411.

Stakeholder	Importance	Material Topics	Engagement Channels and Frequency	Engagement Effectiveness
Employees	Employees are primary foundation for business operations and sustainable development.	• Occupational safety and health • Employment relationship • Regulatory compliance	• Releasing/Sending announcements via company website and individual mailbox (Irregular basis) • Employee Welfare Committee meetings (4 times per year) • Occupational Safety and Health Committee meetings for each mill (4 times per year) • Labor-management meetings for each mill (4 times per year) • Occupational medical physician on site visit (Regularly) • Dissemination of healthcare-related information by occupational health nurse (Irregularly) • Reporting hotline	• 4 Employee Welfare Committee meeting sessions held. • 16 Occupational Safety and Health Committee meeting sessions held (4 for each mill). • 16 labor-management meetings sessions held (4 for each mill). • 235 occupational therapy consultation sessions were conducted by occupational medical physicians. • 28 health promotion sessions were conducted by occupational medical nurse. • No suggestions or complaints received during 2023.
Government Agencies	Regulatory compliance as well as policy requiremen.	• Occupational safety and health • Reduce resource wastage • Human rights assessment • Working against will by either force or made compulsory • Customer safety and health	• Regulatory compliance audit • Correspondence and communication with government agencies • Participation in policy advocacy seminars held by competent authorities	• Participation in regulatory advocacy seminars and training courses with aggregation of 3,890 attendances and 14,392.5 hours.
Local Community and Civil Society Organizations	Receiving from society and giving back to society. By continuous investment in philanthropy and promoting environmental protection, we can keep this positive awareness circulating.	• Water resource management • Corporate citizenship and philanthropy • Local communities	• Paying visit to village chiefs (Irregularly) • Participation in community events • Participation in charitable activities	• Organized/participated in 52 community events. • Expenditure and donations towards charitable activities amounted to NT$2.74 million.

CH2

Ethical Corporate Governance

2.1	Corporate Governance and Organization	20
2.2	Ethical Management Results	25
2.3	Risk Management	27
2.4	Information Security Management	29



★ Chapter Highlights

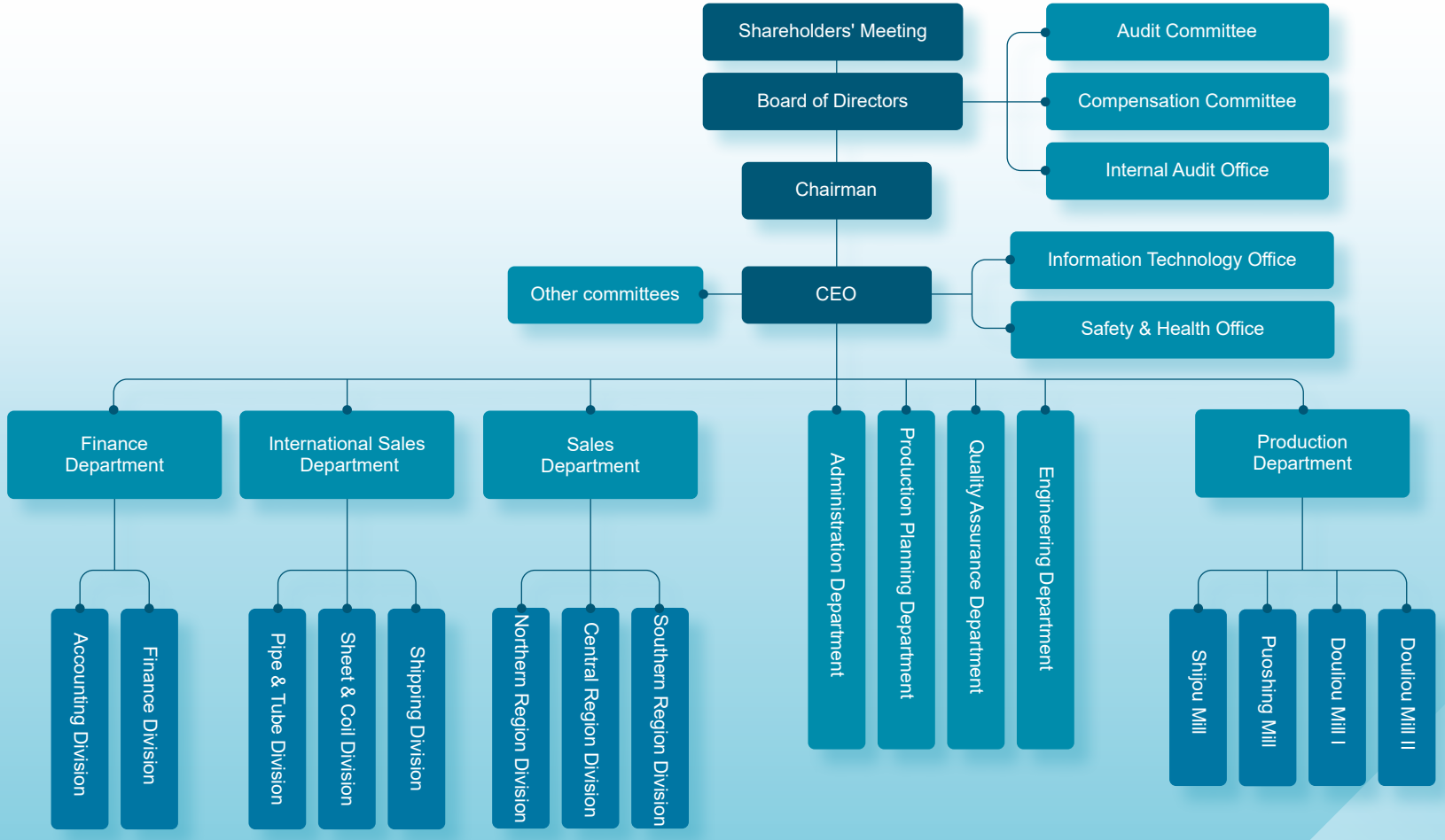
- 100% attendance rate for Board of Directors members.
- 100% attendance rate for functional committee members.
- 44% Board of Directors members are independent directors.
- No significant regulatory non-compliance has been observed during the year.
- 100% new employees have completed ethical management education and training.
- Final score received from 2023 (10th-term) corporate governance evaluation: 85.98; Ranking between 21%~35% of all evaluated companies.
- Obtained ISO/IEC 27001:2013 Information Security Management System Certification.

2.1 Corporate Governance and Organization

GRI 2-9, 2-10, 2-11, 2-12, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20

Governance Structure and Composition

Under YC INOX's governance framework, shareholders' meeting holds the highest authority. Board of Directors (hereinafter referred to as "the Board") is responsible for managing the Company's day-to-day operations with Chairman leading the Board. The Chairman concurrently serves as CEO to enhance both operational efficiency and decision-making execution. Relevant conflict-of-interest policies have been established to prevent and mitigate conflicts of interest. Furthermore, the Company is in midst of leadership renewal process for both the Board and Company's management positions. There are currently four independent directors which serve to strengthen independent functions of the Board.



In order to strengthen the Board's functions and enhance decision-making quality, The Audit Committee and Compensation Committee have been established as functional committees under the Board. Both committees are composed of independent directors. Additionally, to address sustainability issues, the Company has set up a Sustainability Committee, assisting in formulation and supervision of sustainability policies and action plans. The Sustainability Committee is chaired by the CEO, who gathers department heads to drive initiatives related to corporate governance, social responsibility, environment sustainability and risk management. The Sustainability Committee shall report to the Board annually during board meeting, keeping the Board in the loop about stakeholder engagement, material topics identified and progress of sustainability-related management measures. Furthermore, sustainability report shall also be submitted to the Board for approval before it can be publicly issued.

Purpose and responsibilities of the Board and its functional committees, as well as the Sustainability Committee:

Governance Body	Establishment Purpose and Responsibilities	Number of Meetings in 2023	Average Attendance Rate
Board of Directors	• Responsible for overseeing, appointing, and guiding the Company's management team, as well as being accountable for overall operational performance of the Company and safeguarding shareholder interests. • The Company's articles of incorporation stipulate that there shall be between 9 to 11 directors, with a minimum of 3 independent directors; Directors shall be elected through a candidate nomination mechanism. Currently, there are 5 directors and 4 independent directors. • A minimum of one meeting shall be held every quarter, additional meetings can be scheduled as needed.	7	100%
Audit Committee	• Assists the Board in overseeing quality and effectiveness of the Company's financial statements, audits, internal controls, regulatory compliance, and risk management. • Comprised of 4 independent directors. • A minimum of one meeting shall be held every quarter, with additional meetings scheduled as needed.	5	100%
Compensation Committee	• Provides professional and impartial evaluation of the Company's Director and managerial officers' remuneration policies and systems before providing recommendations to the Board as a reference during decision-making. • Comprised of 4 independent directors. • A minimum of two meetings shall be held every year.	2	100%
Internal Audit Office	• Receives guidance and supervision from the Chairman and is responsible for conducting internal control system audit of the Company. • Comprised of one chief internal auditor, supported by internal auditors and their substitute. • Chief internal auditor shall attend Audit Committee meetings and Board meetings to report on internal audit executions. • A minimum of one discussion and communication session shall be held with independent directors every year.	Attended 5 meetings with the Audit Committee and 7 meetings with the Board, and 1 separate discussion meeting with independent directors.	100%
Sustainability Committee	• Responsible for formulating sustainable development policies, developing management guidance and specific implementation plans. Reviewing, monitoring and amending results of sustainability efforts. • Comprised minimum of 3 committee members with CEO serving as chairman and managerial level executives being appointed as members. • Report sustainability performance to the board of directors on an annual basis.	4	92%

Governance Body Composition

Board of directors is highest governance body of the Company, and directors are elected through a candidate nomination mechanism, with a three-year tenure. Currently, there are four independent directors accounting for 44% of the Board. The composition of the Board is as follows:

(Statistics complied on April 19, 2024)

Title	Name	Gender/ Age	Education and Work Experience	Current Position in The Company (Note)	Diversified Core Projects							Office Term
					Leadership and Decision-Making	Operational Judgement	Business Management	Finance and Accounting	Crisis Management	Industry Expertise	Viewpoint of International Market	
Chairman	Chang, Chin-Yu	Male 51~60	• Department of Mechanical Engineering, Hwa Hsia University of Technology • Chairman & CEO, YC INOX Co., Ltd.	• Chairman & CEO, YC INOX Co., Ltd. • Chairman (Representative), Ji-Mao Investment Co., Ltd. • Chairman (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	●	●	●	●	●	●	●	From August 23, 2021 to August 22, 2024
Director	Tai Chyang Investment Co., Ltd. Representative: Chang, Chin-Peng	Male 51~60	• Kuang-Hwa Vocational Senior High School of Technology • Deputy General Manager, Domestic Sales Department - Southern Region, YC INOX Co., Ltd.	• Deputy General Manager, Domestic Sales Department - Southern Region, YC INOX Co., Ltd.	●	●	●		●	●		From August 23, 2021 to August 22, 2024
Director	Chin Ying Fa Mechanical Ind. Co., Ltd. Representative: Shih, Ya-Hui	Female 51~60	• Business Administration, Faculty of Business Administration, Kindai University in Japan. • Director, Chin Ying Fa Mechanical Ind. Co., Ltd. • Head of Chan Ying Investment Co., Ltd. • Director, Acelon Chemicals & Fiber Corporation. • Executive Manager, Pou Chen Corporation	—	●	●	●	●	●	●	●	From December 21, 2023 to August 22, 2024

Title	Name	Gender/ Age	Education and Work Experience	Current Position in The Company (Note)	Diversified Core Projects							Office Term
					Leadership and Decision-Making	Operational Judgement	Business Management	Finance and Accounting	Crisis Management	Industry Expertise	Viewpoint of International Market	
Director	Hsieh, Ming-Hong	Male 51~60	• M.D., PhD. Institute of Medicine, Chung Shan Medical University • Chief, Department of Psychiatry, Chung Shan Medical University Hospital, Chung Shan Medical University • Attending Physician, Department of Psychiatry, Chung Shan Medical University Hospital, Chung Shan Medical University • Assistant Professor, School of Medicine at Chung Shan Medical University	—	●	●	●		●			From August 23, 2021 to August 22, 2024
Director	Chang, Po-Kai	Male 21~30	• Bachelor of Business Administration University of Portland • Manager, General Manager office, YC INOX Co., Ltd.	• Manager, General Manager office, YC INOX Co., Ltd. • Director (Representative), Ji-Mao Investment Co., Ltd.	●	●	●	●	●	●	●	From August 23, 2021 to August 22, 2024
Independent Director	Chen, Tai-Shan	Male 61~70	• Master of Accounting, Guangzhou Jinan University; • CPA Qualified • Deputy General Manager, Taiwan Life Insurance Co., Ltd. • Independent Director, POJU International	• Member of Audit Committee and Compensation Committee, YC INOX Co., Ltd.	●	●	●	●	●			From August 23, 2021 to August 22, 2024
Independent Director	Pan, Cheng-Hsiung	Female 61~70	• Master of Law, National Chengchi University • Judge of Taipei District Court • Lawyer of Citadel Law Office • Independent Director, INTAI Technology Corp.	• Member of Audit Committee and Compensation Committee, YC INOX Co., Ltd.	●	●	●		●			From August 23, 2021 to August 22, 2024
Independent Director	Kuo, Chao-Sung	Male 51~60	• Bachelor of Cooperative Economics, National Chung Hsing University • Director, Jin Ding Securities	• Member of Audit Committee and Compensation Committee, YC INOX Co., Ltd.	●	●	●	●	●			From August 23, 2021 to August 22, 2024
Independent Director	Chang, Wei-Lun	Female 41~50	• Bachelor of Accounting, National Taiwan University • CPA of CKH & W CPA Office	• Member of Audit Committee and Compensation Committee, YC INOX Co., Ltd.	●	●	●	●	●	●		From August 23, 2021 to August 22, 2024

Note: Only concurrent positions of YC INOX and its affiliates are listed. For positions held in other companies and how it would affect independence, please refer to information disclosed in 2023 Annual Report for more details.

Collective Knowledge Advancement of The Highest Governance Body

In 2023, average training hours per director were 6 hours, which is in compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". The Company ensures that the directors maintain their core values and professional competence by sporadically providing training on domains such as latest regulatory updates, latest trends in sustainability and professional knowledge development, ensuring the directors stay tuned with market dynamics, thus creating maximum value for stakeholders, achieving the Company's sustainability goals. For detailed training information, please refer to MOPS regarding Board attendance and training details of directors and supervisors, as well as profiles and concurrent roles of independent directors (individually).

Remuneration Policy for Senior Executives

The remuneration policy, remuneration structure and performance evaluation for directors and managerial officers shall be subjected to review and assessment by Compensation Committee. Subsequently, proposals from Compensation Committee resolutions shall be presented before the Board. The Compensation Committee composed of all independent directors and holds at least two meetings every year, ensuring reasonableness and fairness of management-level remuneration. Compensation Committee considers factors such as usual pay levels in the industry as well as in consideration of reasonableness of connection between individual performance, the Company's business performance, and future risks, ensuring performance and sustainability are appropriately linked to executive compensation.

Directors Independent Directors	• Remuneration and travel expenses are reimbursed as set forth in "Regulations for the Compensation of Directors and their Concurrently-Serving Functional Committees". • Directors' remuneration as prescribed in the "Articles of Incorporation" states that in case the Company results profits for the year, Board of Directors may adopt a resolution to reserve up to 2% of said profits as Directors' compensation. The resolution of distribution of employees' profit sharing and directors' compensation shall be reported to the Shareholders' Meeting.
Managerial Officers	• Remuneration as set forth in "Policies and Regulations of Salary and Compensation" and "Payroll Policy". • Remuneration is determined with reference to usual pay levels in the industry, responsibility defined for this designation and contribution to the Company's business objectives, ensuring reasonable remuneration.

Board Performance Evaluation

YC INOX conducts a yearly internal performance evaluation in accordance with requirements set forth in "Regulations for Performance evaluation of the Board of Directors". The Finance Department is responsible for distributing internal questionnaires, collecting response, and compiling results. The evaluation includes self-evaluation of Board operations, self-evaluation of Board members, self-evaluation of the Audit Committee operations, and self-evaluation of the Compensation Committee operations. The evaluation items are detailed in the table below. In 2023, the performance evaluation results for Board operations, Board members, Audit Committee operations, and Compensation Committee operations were all rated as "Excellent" and were reported to the Board of Directors on March 8, 2024.

Self-Assessment Criteria for Board Members' Performance Evaluation

- Familiarity with the goals and tasks of the Company
- Awareness of the duties of a director
- Involvement in the operation of the Company
- Management of internal relationships and communication
- The director's professionalism and continuing education
- Internal control

Self-Evaluation Items within the Overall Evaluation

Board of Directors

- Involvement in the operation of the Company
- Improvement of the quality of the Board of Director' decision making
- Composition and structure of the Board of Directors
- Election and continuing education of the director
- Internal control

Audit Committee

- Involvement in the operation of the Company
- Awareness of the duties of the Audit committee
- Improvement of the quality of the Audit committees' decision making
- Composition of the Audit committee and election of its members
- Internal control

Compensation Committee

- Involvement in the operation of the Company
- Awareness of the duties of the Compensation committee
- Improvement of the quality of the Compensation committees' decision making
- Composition of the Compensation committee and election of its members
- Internal control

Managing Conflicts of Interest

To mitigate risk of unethical behavior, the Company has established "Ethical Corporate Management Best Practice Principles". As set forth in these principles, in the event of directors, managerial officers or other stakeholders whom either attend or participate in Board meetings, with respect to proposed resolution, find a conflict of interest with either themselves or juristic entities which they are representing, they must disclose in detail during that Board meeting. They shall also abstain from participating in discussion and voting on the matter or to act as proxies for other directors on that matter. As of December 31, 2023, the Company has not experienced any significant conflicts of interest incidents.

Communication of Critical Concerns

YC INOX's Board members and senior executive managements maintain open communication channels. Other than quarterly financial statements and quarterly internal audit reports prepared by Internal Audit Office, in case of any significant event, Board members and senior executive managements will liaise promptly to ensure information consistency. They shall assess and take appropriate actions in response to significant events in a timely manner. If any significant event should occur, it would be disclosed via MOPS.

There were no significant events in 2023 that had the potential to pose negative impact on stakeholders or that can result in actual negative consequences for stakeholders.

2.2 Ethical Management Results

GRI 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2,205-3, 206-1

Material Topic Management (GRI 3-3)					
Material Topic		Regulatory Compliance and Ethical Management			
Corresponding GRI		GRI 205-1, GRI 205-2, GRI 205-3			
Impact		Regulatory compliance is fundamental requirement for sustainable business operation. The Company should have in place relevant preventive or improvement measures to reduce risk of legal violations and enhance our corporate reputation. Serious regulatory violations could bring about negative public perceptions, which shall subsequently affect our business. YC INOX's regulatory compliance will have either positive or negative impact on economy or society.			
Commitments/Policies		The Company have established "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct for the Directors and Managerial Officers" and "Codes of Ethical Conduct for Employees". Additionally, internal control policy management systems have been developed for each process to serve as basis for internal compliance.			
Targets	Short-Term (2025)	• Compliance with relevant laws and regulations, internal operating procedures/guidelines and standard operating procedures (SOPs) thus preventing major compliance violations.			
	Medium-to-Long Term (2030)	• Compliance with relevant laws and regulations, internal operating procedures/guidelines and SOPs thus preventing major compliance violations.			
Action Plans		• Arrange regulatory compliance and information security-related training to enhance employees' legal awareness, concurrently, improve their ability to recognize and respond to risks and threats. Execute risk identification and evaluation processes while simultaneously implementing relevant risk management measures. Regulatory compliance risks are overseen by Risk Management Team, environmental and safety risks are overseen by Safety & Health Office while information security risks are taken care of by IT Office. • Keep in the loop of latest regulatory updates and ensure statutory requirements compliance. Environmental regulations include acts such as "Climate Change Response Act" and "Renewable Energy Development Act", among others.			
Effectiveness Assessments	Tracking Process	• Internal Audit Office regularly reviews regulatory compliance. • Appointing external audit/third-party verification for auditing.	Complaint Channels	Complaint or Communication Channels	• Reporting and complaint channels have been established on company website • Report to the Board on internal audit results.
	Achievements of The Year	• In 2023, zero occurrence of penalties imposed major legal violations. • In 2023, zero reports or complaints have been received.		Communication Results	• No complaints or reports have been received. • Internal audit results have been reported to the Board and no regulatory compliance deficiencies has been identified.

The Company has established ethical principles and various guidelines, including policies to prevent conflicts of interest, to promote culture of integrity and control. These guidelines apply to directors, managerial officers, employees, appointees, and substantial controllers. The Company have also set up stakeholder contact point on our website to ensure interests of stakeholders.

We have appointed Administration Department to serve as a dedicated unit responsible for amending, interpreting, providing consultation and maintaining records of content related to "Procedures for Ethical Management and Guidelines for Conduct". Finance Department is responsible for supervising execution of these procedures, analyzing and assessing risks associated with unethical behavior within business scope, formulating preventive measures for these risks and reporting results of ethics compliance and supervision to the Board at least once a year.

"Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"

"Codes of Ethical Conduct for The Directors and Managerial Officers"

"Procedures for Prohibition of Insider Trading Regulations"

Assessment, Communication and Training related to Corruption Risks

In 2023, 100% operating locations have completed assessments relating to corruption-related risks. The Company conducts regular education and awareness programs yearly to ensure that our employees have thorough understanding of ethical operation. For new employees (excluding migrant workers), education and training shall be provided upon onboarding. In 2023, a total of 9 new employees received training, amounting to 4.5 hours, achieving completion rate of 100%.

"Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" are published in the Company's internal document management system for employees' reference. They are also made available on the company website under governance section. Furthermore, all assistant manager level-above employees have signed an undertaking to adhere to "Ethical Corporate Management Best Practice Principles", reinforcing principles of compliance.

In relation to subcontractors, "Supplier Management Measures" stipulates the requirement for subcontractors' performance and integrity assessment. Furthermore, contracts signed with subcontractors include clauses requiring compliance with "Ethical Corporate Management Best Practice Principles".



Whistleblower System and Misconduct Reporting

The Company encourages reporting of dishonest or improper behavior and has established dedicated inbox and hotline. These channels are publicly released on the company's website for both internal and external individuals. In cases of falsified complaint or malicious allegations, disciplinary action will be taken against internal individuals depending on severity. During investigation, the Company will also ensure absolute protection and confidentiality of complainants to prevent any unfair treatment against whistleblowers.

Furthermore, to ensure successful implementation of "Ethical Corporate Management Best Practice", the Company has also established an effective internal control system. Internal auditors would perform employee compliance check on a regular basis, after which, perform work review on a yearly basis.

In 2023, the Company had no confirmed cases of corruption, insider trading, anti-competitive practices, antitrust, or monopolistic practices



Regulatory Compliance

According to "Regulations for employees' education and training", the Company regularly conducts training for employees and assigns representatives to attend courses organized by regulatory authorities, enhancing employees' compliance awareness. These training encompasses topics such as corporate governance, occupational safety and health, and labor-related regulations. Additionally, during business operations, attention is also given to ensure adherence of ethical principles by our employees.

Total Attendance	3,890
Total Training Hours	14,392.5

▶ In 2023, the Company did not incur any fines due to significant regulatory violation (where "Significant" is defined as any regulatory violations which carried fines of at least 1,000,000 New Taiwan Dollars (NT$). The details are as follows:

Regulatory Violations	Number of Cases	Fine Amount (NT$)	Improvement Measures
Violation of Article 6, Paragraph 1 and Article 24 of the "Occupational Safety and Health Act"	3 cases	NT$400,000	• Strengthen personnel education and training. • Enhance joint operation safety education and training. • Implement safety case advocacy. • Enhance safety protection for machinery and equipment.
Violation of Article 32, Paragraph 2 of the "Labor Standards Act"	2 cases	NT$150,000	• Flexibly allocate personnel according to the manpower needs of each mill to increase personnel utilization.

2.3 Risk Management | GRI 2-13

Risk Management Organization

The Company has established Sustainability Committee, under which various functional teams are set up based on needs of the Company's sustainability operations. These teams include Corporate Governance, Social Responsibility, Environmental Sustainability, and Risk Management. Risk Management Execution Team is responsible for executing risk management within the Company. It coordinates identification, evaluation, management, response, and supervision of risks management for every department, in the meantime, regularly reports results of risk management to Sustainability Committee. The Sustainability Committee shall report risk management to the Audit Committee and the Board at least once a year.



Risk Management Approach

Risk Management Policy

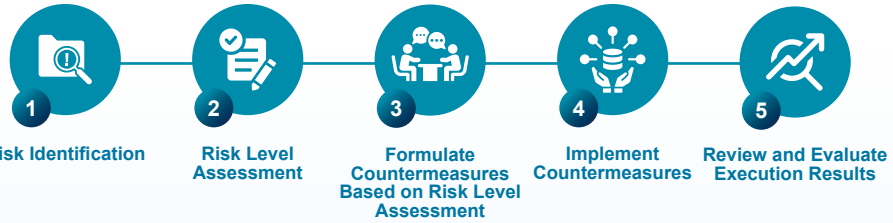
Risk management approach involves systematic and institutionalized management mechanisms to effectively identify, measure, monitor, and manage risks, keeping them within the Company's acceptable limits, preventing potential losses, thus achieving our goal of sustainable business operation.

The establishment of sound risk management mechanism is cornerstone for achieving sustainable business and stable development of the Company. Therefore, abiding by " Regulations Governing Establishment of Internal Control Systems by Public Companies", the Board has adopted "Risk Management Policies and Procedures" as core principle for risk management in the Company. According to "Risk Management Policies and Procedures", heads of department are responsible for risk management within their area of responsibilities. They are tasked with analyzing and monitoring risks within their units. Risk Management Execution Team is responsible for making risk management decisions, cross-department coordination, communication, risk alerting, and other related tasks. They ensure appropriate risk control through regular reporting to higher authorities.

The Company identifies potential risks for four key aspects, namely business operations aspect, financial aspect, operational aspect and environmental aspect. These identified risks are categorized by control banding and managed based on internal evaluation conducted by individual department. Every department is responsible for formulating and executing risk management strategies and response plans for identified risks. Additionally, to ensure effective implementation of aforementioned risk management activities, "Risk Management Policies and Procedures" requires Internal Audit Office to draw up annual audit plan based on risk assessment results of each department. This ensures that all identified risks are appropriately controlled, concurrently, providing recommendations as deemed fit.

Outcome of Risk Management

The Company assesses likelihood and impact of identified risks in different aspects with the help of each department. We conduct materiality analysis for each risk to identify matters that draw high level of attention from the Company. Risk management is then conducted based on severity of each risk. Our risk management process is as follows:



The Company evaluates the likelihood and impact of identified risks through each department. The Risk Management Execution Team conducts a materiality analysis of each risk to identify those that require the Company's heightened attention. Risk management is then carried out according to the severity of these risks.

▶ Risk assessment results for 2023, conducted according to risk management process, are as follows:

Risk level Assessment Rubric		
Risk Level	**Identified Risks**	**Countermeasures**
Significant Risks	Energy management, market competition, climate change, concentrated sourcing and suppliers, information security, and human resources.	For significant risks identified, countermeasures have been formulated. Please refer to the following table for detailed explanation.
General Risks	Natural disasters, inflation, foreign exchange rate fluctuations, environmental pollution, corporate image, political factors, investments, interest rate fluctuations, customer complaints, production capacity imbalances, occupational safety and health, and major statutory communicable diseases.	Each department will execute based on internal controls or operation policies. Risk Management Execution Team will also perform periodic assessment for individual risk to review their impact.

Significant Risks Explanation

Risk Aspect	Risk	Description of Risk	Control Strategies and Practices	Responsible Unit
Environmental	Energy Management Risk	An enterprise's inability to effectively manage organizational energy consumption may result in continual upward trend in energy costs, this can have adverse impact on operations.	• Installing solar power generation systems. • Replacing or upgrade high-energy-consuming equipment. • Promoting the improvement of process equipment efficiency, enhancing energy management, and establishing energy-saving improvement measures. • Establishing energy consumption usage standards based on production categories, performing data tracking, and effectively controlling energy consumption. • Installing intelligent power monitoring system on production equipment to understand energy distribution and develop energy-saving solutions. • Participating in Taipower's demand response load management measures, adjusting shifts, and shifting peak electricity usage.	Administration Department Engineering Department
	Climate Change Risk	An enterprise may face adverse effects on future product sales or overall business operations due to failure in alignment with international net-zero carbon emission and other climate-related development trends. This includes responding to Taiwan's carbon fees and the European Union's Carbon Border Adjustment Mechanism (CBAM) carbon tax mechanism.	• Completing greenhouse gas inventory and verification, setting energy-saving and carbon reduction goals and strategies. • Introducing carbon footprint of products calculations. • Continuously increasing the proportion of waste recycling and reuse. • Implementing water recycling systems for manufacturing processes. • Establishing a smart low-carbon factory, optimizing production equipment and adjusting production processes to maintain high energy efficiency operation of production equipment, thereby improving production efficiency, saving energy resources, and reducing operating costs. • Continuously promoting the installation of renewable energy devices to increase the Company's renewable energy generation capacity. • Continuously monitoring the implementation methods and details of government carbon fee collection, as well as the reporting and taxation procedures and legislative progress of the EU's CBAM and the U.S. Clean Competition Act (CCA). • Continuously promoting the ISO 50001 Energy Management System, using the system's PDCA (Plan-Do-Check-Act) management cycle to implement various energy-saving and carbon reduction projects, mitigating the impact of carbon taxes. For more information, please refer to 4.1 Climate Change Management.	Administration Department
Business Operations	Market Competition	Company may experience adverse effects on its operations due to decline in competitiveness of its main products and failure to explore new markets.	• Keeping a close watch on global trends, conduct regular industry and competitor analyses and stay informed about market, industry and customer dynamics. • Enhancing customer relationship management to understand the needs of domestic and international customers. • Expanding overseas business sites and establish comprehensive global sales strategy. • Continuing to develop new sizes and obtain certifications in specific product areas to enhance differentiation from competitors. • Implementing rolling adjustments to sales strategies and distribution channels in order to respond to market changes effectively thus strengthening the flexibility of sales strategies.	International Sales Department Sales Department
	Concentrated Sourcing	The excessive concentration of raw material suppliers by an enterprise may lead to unstable supply delivery times, or result in risks of material shortages or price monopolies.	• Analyzing the supply situation in major markets, identifying and maintaining alternative suppliers for raw materials to ensure supply diversification and mitigate the risk of material shortages. • Implementing assessments for key suppliers to ensure the quality and stability of supply delivery times. • Continuously monitoring the supply status of suppliers and adjusting procurement strategies in a timely manner.	General Manager Office Administration Department
	Human Resources	When outstanding talent is not adequately motivated and developed, there is a risk of talent loss, which may lead to a shortage of key personnel and impact the normal operations of an enterprise.	• Reviewing personnel management regulations annually to ensure legal compliance and proper implementation, and updating relevant regulations in a timely manner when laws are amended. • Caring for the adaptation of both current and new employees, providing professional skills training and general education courses. • Effectively training employees in their career capabilities to obtain professional certifications in their respective job fields. • Continuously enhancing salary competitiveness to stabilize employees' quality of life, attract more talent, and retain outstanding employees.	Administration Department
Operational	Information Security	Due to human error, deliberate attacks, or natural disasters, there is a risk of assets being stolen or misused, information being leaked, altered, or destroyed, which can adversely affect an enterprise's operations, assets, or reputation.	• Formulating an "Information Security Manual" and "Information Security Policies". • Revising the "Procedures for Computer Operation Safety Management" to ensure compliance. • Implementing specific management measures for network security, information security, device security, continuous education and training, and operational maintenance. • Obtaining ISO/IEC 27001:2013 Information Security Management System Certification, with at least one internal self-audit and one external audit by an impartial third party each year. • Joining the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) to enhance the acquisition of information security intelligence and improve the ability to respond to and report information security incidents.	Information Technology Office

2.4 Information Security Management

Material Topic Management (GRI 3-3)					
Material Topic		Information Security Management			
Corresponding GRI		N/A			
Impact		Sensitive data leaks, personal information breaches, or system intrusions can impact not only an enterprise's operations but also its image and brand value. Additionally, the enterprise may face fines, legal actions, and liabilities as consequences.			
Commitments/Policies		Ensuring the security of information and transactions transmission, as well as the effective operation of all information equipment, to minimize damage caused by information security incidents. This includes protecting the confidentiality, integrity, and availability of the Company's data during computer processing, in compliance with the "Cyber Security Management Act" and its subsidiary regulations. Additionally, it ensures that the aforementioned resources are safeguarded against any interference, destruction, or intrusion.			
Targets	Short-Term (2025)	• Establish information security-related training courses, arranging for at least 40 seed employees to participate in training each year to assist in promoting information security policies and enhancing employees' information security awareness. • Prevent business email spoofing by conducting 3 social engineering drills per year. • Obtain ISO/IEC 27001: 2013 Information Security Management System Certification.			
	Medium-to-Long Term (2030)	• Introduction of next-generation information security technologies, including but not limited to EDR, SOC, multi-factor authentication, vulnerability assessment. This can enhance our capability in detecting and preventing information security threats, thus reducing success rates of cyberattacks and keep occurrence of information security incidents to no more than 3 times per year. • Establish comprehensive information security incident response plan, including but not limited to response team, emergency drills and trainings so that we can address various cybersecurity incidents swiftly, with maximum response time capped at 8 hours.			
Action Plans		• Enhance system security to defend against malware attacks. Perform system vulnerability scanning and testing on regular basis to discover and patch potential vulnerabilities and weaknesses proactively at the earliest time possible.			
Effectiveness Assessments	Tracking Process	• Internal Audit Office regularly reviews regulatory compliance. • Appointing external audit/third-party verification for auditing.		Complaint Channels	Complaint or Communication Channels: • Reporting and complaint channels have been established on the company website.
	Achievements of The Year	• In 2023, zero occurrence of major information security incidents. • Establish information security-related training courses for a total of 40 seed employees, amounting to 80 hours, to assist in promoting information security policies and enhancing employees' information security awareness. • Prevent business email spoofing by conducting 3 social engineering drills in 2023. • Obtained ISO/IEC 27001: 2013 Information Security Management System Certification in May 2023.			Communication Results: • No complaints or reports have been received.

Information Security Management Framework

The IT Office is responsible for planning, executing, and promoting information security management matters. The Company has established an “Information Security Manual” that governs the implementation of information security management matters. Through regular education and training, employees are familiarized with the Company's information security policies, standards, and procedures, enhancing their security awareness and reducing the risk of information security incidents. This promotes employee behavior that aligns with information security policies and requirements. Additionally, external auditors are periodically dispatched to inspect the Company's information systems.

The highest-ranking executive in the IT Office is the chief information security officer, who periodically reports the status of information security implementation to the Chairman and provides annual reports on information security performance results to the Board of Directors. Additionally, the Company assigns dedicated information security officer responsible for planning and executing information security initiatives. The Company reports the results of information security management and implementation to the Board of Directors annually.

Information Security Management Policies

To ensure the effective operation and execution of various information equipment, safeguard the security of information and transactions transmission, prevent unauthorized access, modification, use, and disclosure, and mitigate the damage caused by information security incidents, the Company has established an information security management mechanism. This mechanism also protects the confidentiality, integrity, and availability of the Company's data processed by computers, in compliance with the "Cyber Security Management Act" and its subsidiary regulations.

Information Security Management Mechanism

Institutional Policies and Regulations

Complying with relevant government regulations, establishing information security management policies and regulations to govern the information security behavior of all personnel.

Technological Application

Implementing information security management devices and enforcing information security management measures.

Personnel Training

Conducting regular information security training courses for new employees, and periodically carrying out social engineering drills and information security awareness campaigns to enhance employee's information security awareness.

Risk Control

Adopting appropriate information security risk management frameworks and management systems to ensure the confidentiality, integrity, and availability of information equipment.

Incident Reporting

Establishing an information security incident reporting and response mechanism to ensure that information security incidents are properly addressed, controlled, and handled.

Management Review

Regularly conducting information security audits to ensure the feasibility and effectiveness of the information security management policies, maintaining operations, and providing adequate service capabilities.

Information Security Management System Certification

In May 2023, the Company obtained the international standard ISO/IEC 27001: 2013 Information Security Management System Certification. According to this standard, we implement the "Plan-Do-Check-Act" (PDCA) cycle. We conduct at least one internal self-audit and one external audit by an impartial third-party each year to ensure the effective implementation of the ISO 27001 management mechanisms. Additionally, we undergo a recertification process every three years to maintain the validity of the ISO 27001 certification.

Specific Management Measures

Network Security

- Implementing next-generation firewalls to ensure firewall security control mechanisms.
- Network Segmentation, preventing the spread of viruses within the internal network.
- Implement SOC (Security Operation Center) for real-time monitoring services.

Data Security

- Internal/External access control measures.
- Sensitive data access control.
- External storage device control.

Education and Training

- Conducting education and training sessions along with awareness campaigns.
- Periodic social engineering drills.

Device Security

- Implementing next-generation endpoint protection to continuously monitor for malicious software and behaviors.
- Implementing next-generation email analysis gateways.
- Restricting remote access behaviors of personnel.
- Implementing two-factor authentication for privileged accounts.

Operational Continuity

- Monitoring and reporting mechanisms for systems/networks availability.
- Implementing contingency measures for service interruptions.
- Implementing data backup and redundancy measures, including on-site and off-site backup mechanisms.
- Conducting regular incident recovery drills.

Conducting Education and Training Sessions on Information Security Issues

We conducted 3 social engineering drills this year, each targeting 300 user accounts within the Company. Also, we organized 1 information security training session conducted by experts, attended by seed employees from each unit, totaling 40 participants for 80 hours, aimed at enhancing employee awareness of information security.

Information Security Incident Response Measures

Based on the internal "Information Security Incident and Operational Continuity Management Procedures", we ensure that the processes for reporting, classifying, grading, handling, compiling statistics, and tracking information security incidents are institutionalized and systematized. When an information security incident occurs, we promptly report it and take countermeasures to restore normal operations as quickly as possible, ensuring that business operations can be maintained. Additionally, we have implemented mechanisms such as EDR, Advanced Persistent Threat (APT) monitoring, and SOC. By leveraging the resources of external information security experts, our information security maintenance and response team can quickly grasp security alerts and intelligence events, strengthening and accelerating our detection and response mechanisms. In 2023, no major information security incidents occurred, and no complaints were received regarding breaches of customer privacy or loss of customer data.

CH3

Sustainable Economic Development

3.1	Business Performance	32
3.2	Product Quality	33
3.3	Supply Chain Management	37
3.4	Customer Relationship Management	37



Chapter Highlights

- Total shipment volume of 135,086 metric tons.
- Obtained 18 product quality certification certificates from various countries.
- Obtained 34 testing technology certificates from various countries.
- Obtained the UK UKCA Marking Certificate, Australia WaterMark Product Certification, and USA 3-A Product Certification, enhancing product competitiveness and enterprise recognition, aiding in the development of new customers, and expanding product usage.
- In the 2023 annual supplier evaluation, the qualification rate was 100%.
- In 2023, the overall customer satisfaction rate was 98.9%.

3.1 Business Performance | GRI 201-1,201-4

Material Topic Management (GRI 3-3)					
Material Topic		Operational Performance	Corresponding GRI	GRI 201	
Impact		To achieve sustainable business operations in ever-changing stainless steel industry, we focus on establishing strong financial structure and investing resources in research and development of new technologies and products. This enhances product competitiveness, creates enterprise value, safeguards rights and interests of stakeholders while striving for sustainable development. Our actions in terms of economic performance can either have positive or negative impacts on economy.	Commitments/ Policies	• Development of new products and processing technologies to enhance product competitiveness. • Active new overseas markets expansion to diversify sales risks. • Increase production efficiency and quality and reduce manufacturing costs.	
Targets	Short Term (2025)	Sales growth of 18.2% is expected for 2024, hence, timely adjustments shall be made to diversify sources of raw materials and adjusted product portfolio.	Action Plans	• Strengthening and integrating both domestic and international sales channels, introducing high-value-added products to enhance market competitiveness. • Timely adjusting source of raw materials and product sales portfolio. • Continuing to assess the possibility of investing in other overseas locations to align with global economic trends. • Continuing to introduce automation equipment to enhance production technology and efficiency, reducing impact of labor shortages and rising labor costs. • Effective utilizing financial instruments and strengthening customer credit checks to prevent bad debts thus protecting the Company's interests.	
	Medium-to-Long Term (2030)	• Enhancing profitability of overseas production bases thus contributing stable profits to the group which in turn strengthens overall effectiveness and optimizes group capital utilization. • In response to climate change-related risks together with domestic and international climate policy pressures, we are committed to enhancing both our care for the environment and economic competitiveness thus realizing our goals of sustainable business.			
Effectiveness Assessments	Tracking Process	• Preparing annual business plan, holding quarterly management meetings to review execution status and propose improvement strategies. • Preparing annual budget yearly and reviewing budget achievement on a monthly basis, taking necessary measures to address any abnormal situations. • Holding weekly production and sales meetings to adjust production, sales, and procurement strategies if needed.	Complaint Channels	Complaint or Communication Channels	• Analyze differences between financial performance and business goals on a monthly basis and report to the executive management. • Present financial performance and financial status to the Board on a quarterly basis.
	Achievements of The Year	Review business plan targets and annual budget achievement status before year end and report to the Board.		Communication Results	• Convened 4 management meetings to address differences between financial performance and business goals, proposing improvement strategies in response to changes in industry environment. • Held 7 board meetings to review financial reports and business performance.

Stable business growth is one of the key factors for sustainable business operation cum focal point for investors. Therefore, the Company has established a comprehensive financial system, enables us to optimize our operational strategies in line with market changes. Our primary source of revenue is from the sale of core products, we aimed to maximize shareholder equity and maintain stable business operations.

Financial Performance | GRI 201-1

Please find the detailed consolidated financial performance of the Company from 2021 to 2023 in the table below. The amounts are based on calculations from consolidated financial statements. In 2023, overall revenue decreased by approximately 9.5%, with a net loss of NT$169,815 thousand and a loss per share of NT$0.38. This was primarily due to the subsidiary in Türkiye operating in a hyperinflationary economy, resulting in the recognition of a significant loss of NT$825,360 thousand.

In terms of economic value, the Company retained an economic value of NT$-284,465 thousand in 2023. The allocation of economic value is primarily focused on meeting operational needs, accounting for approximately 87% of the allocation. The remaining allocation is directed towards employee salaries and benefits (5%) and distributing dividends to shareholders (4%).

(Unit: NTD thousands)

Item		2021	2022	2023
Operating Ability	Total Assets	19,078,744	19,663,782	18,314,389
	Total Equity	9,402,065	10,416,263	8,950,169
	Consolidated Operating Revenue	17,777,919	16,840,315	15,232,177
	Consolidated Gross Profit	2,893,140	2,176,813	1,100,974
	Consolidated Net Profit	1,260,047	518,282	(169,815)
Profitability	ROA (%)	7.99	3.01	(0.28)
	ROE (%)	13.62	5.23	(1.75)
	EPS (NT$)	2.86	1.16	(0.38)
Generation and Distribution of Economic Value	Direct Economic Value Generated (Note 1)	17,790,817	16,875,172	15,264,050
	Economic Value Distributed	15,929,899	16,050,128	15,548,515
	Operating Costs	14,224,068	14,059,126	13,517,472
	Employee Salaries and Benefits	938,991	861,287	828,490
	Dividend Distributed to Shareholders (Note 2)	655,696	666,964	669,309
	Interest Expenses	27,698	72,299	134,134
	Payments to Governments	81,460	388,130	396,367
	Community Investments	1,986	2,322	2,743
	Economic Value Retained (Note 3)	1,860,918	825,044	(284,465)

Note 1: Including consolidated operating revenue, interest income, dividend income, rental income, and other income.
Note 2: The cash dividends for the fiscal year 2023 will be distributed from the capital surplus.
Note 3: The calculation for economic value retained is "direct economic value generated" less "economic value distributed".

Government Assistance

The amount of assistance received from government in 2023 was NT$16,029 thousand, primarily from investment deductions.

Cumulative Assistance Received

(Unit: NTD thousands)

2021	3,999
2022	4,032
2023	16,029

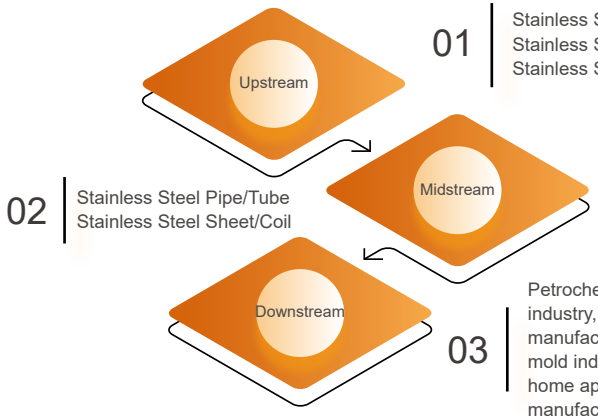
3.2 Product Quality

Material Topic Management (GRI 3-3)			
Material Topic	Product Quality Management	Corresponding GRI	N/A
Impact	Products sold with poor quality or failing to meet customer needs and expectations may lead to an increase in customer complaints, decreased satisfaction, and reduced market share. This, in turn, can increase compensation amounts and improvement costs, ultimately affecting the enterprise's reputation.	Commitments/ Policies	The Company upholds the philosophy of "Quality First, Customer Foremost", considering quality as the core value. We are committed to providing high-quality products and ensuring that we meet customer needs. Our quality management system is established by the Quality Assurance Department through the formulation of the "Regulation on Quality Control" and the "Management System Planning Procedures" to ensure that we operate in compliance with standards. By enhancing our awareness of the requirements of the quality management system, we continuously improve the efficiency of our operational activities, thereby achieving the benefits of quality improvements and providing customers with products and services that meet their needs and regulatory requirements.

Targets	Short Term (2025)	• Obtain 20 product quality certification certificates from various countries. • Obtain 38 testing technology certificates from various countries.	Action Plans	• Optimization of technology and process capabilities. • Enhancement of customer service levels. • Continuous quality improvement.	
	Medium-to-Long Term (2030)	• Obtain over 24 product quality certification certificates from various countries. • Obtain over 40 testing technology certificates from various countries.			
Effectiveness Assessments	Tracking Process	Using the results published by certification authorities after their audits and the scores announced by testing agencies as a basis to improve the quality of products and services.	Complaint Channels	Complaint or Communication Channels	Reporting and complaint channels have been established on the company website.
	Achievements of The Year	• Obtained 18 product quality certification certificates from various countries. • Obtained 34 testing technology certificates from various countries. • Obtained the UK UKCA Marking Certificate, Australia WaterMark Product Certification, and USA 3-A Product Certification, enhancing product competitiveness and enterprise recognition, aiding in the development of new customers, and expanding product usage.		Communication Results	• Customer satisfaction survey results showed 100% satisfaction with product quality. • In 2023, there were a total of 67 customer service cases, 48 of which were quality issues. Improvement measures have been raised to reduce the likelihood of future recurrence.

Stainless steel is a special type of steel known for its heat resistance, corrosion resistance and durability. It can withstand exposure to acids, alkalis and oxidation, making it a long-lasting material compared to carbon steel. Additionally, stainless steel and related scrap materials can be recycled and melted down to refine new raw materials, making it an environmentally friendly and waste-reducing green product.

Main Products | GRI 2-6



01 Stainless Steel making
Stainless Steel Hot-Rolled Coil
Stainless Steel Cold-Rolled Coil

02 Stainless Steel Pipe/Tube
Stainless Steel Sheet/Coil

03 Petrochemical industry, chemical industry, construction industry, paper manufacturing industry, food industry, mold industry, transportation industry, home appliance and daily necessities manufacturing industry

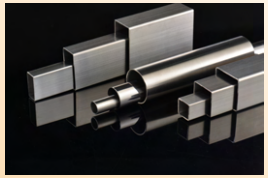
The Company is positioned in the midstream segment of the stainless steel industry. We primarily produce stainless steel pipe/tube and offer stainless steel sheet/coil slitting and processing services. Additionally, we manufacture products such as stainless steel angle, flat bar, and channel. We fall under the category of secondary processing within steel industry, and our products find a wide range of applications, from everyday items like kitchenware to construction materials and aerospace technology.

Stainless Steel Pipe/Tube

- Pipe

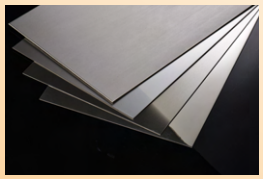


- Tube



Stainless Steel Sheet/Coil

- Sheet/Plate

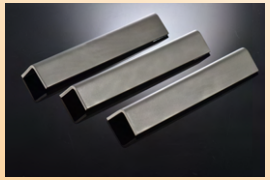


- Coil/Strip

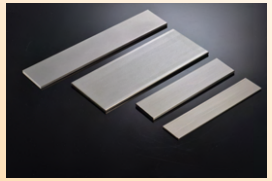


Other Stainless Steel Products

- Angle



- Flat Bar



Our products can be categorized into three main groups: stainless steel pipe/tube, stainless steel sheet/coil, and other stainless steel products. Over the past three years, production has primarily focused on stainless steel pipe/tube and stainless steel sheet/coil. In 2023, we produced 70,738 metric tons of stainless steel pipe/tube and 54,954 metric tons of stainless steel sheet/coil. Both of these categories experienced an increase compared to previous year, mainly due to impact of fluctuating stainless steel raw material prices and an overall increase in market demand.

Production Volume Breakdown

(Unit: Metric tons)

Product Type	2021	2022	2023
Stainless Steel Pipe/Tube	91,020	68,852	70,738
Stainless Steel Sheet/Coil	92,754	50,893	54,954
Other Stainless Steel Products	4,344	2,398	3,633
Total	188,118	122,143	129,325

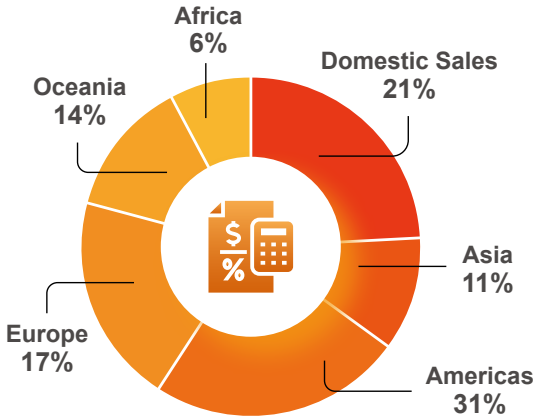
Sales Overview

In 2023, our sales by product category were primarily composed of 74,048 metric tons of stainless steel pipe/tube and 58,655 metric tons of stainless steel sheet/coil. In terms of revenue distribution, 21% of our sales were in the domestic market, while 79% were from exports. Our key sales markets include Taiwan, Americas, and Europe.

A total of NT$13.6 billion

A total of 135,086 metric tons

Sales by Region in 2023



Regional Sales Breakdown

(Unit: NTD thousands)

Year		2021		2022		2023	
Region		Amount	%	Amount	%	Amount	%
Domestic		4,085,060	23.0%	3,902,772	24.0%	2,909,882	21.4%
Export	Asia	1,656,729	9.3%	1,854,390	11.4%	1,490,988	10.9%
	Americas	3,550,518	20.0%	3,958,968	24.3%	4,241,160	31.1%
	Europe	4,730,537	26.6%	3,197,979	19.7%	2,350,579	17.3%
	Oceania	2,866,136	16.1%	2,096,742	12.9%	1,868,788	13.7%
	Africa	888,939	5.0%	1,251,696	7.7%	762,655	5.6%
Total		17,777,919	100.0%	16,262,547	100.0%	13,624,052	100.0%

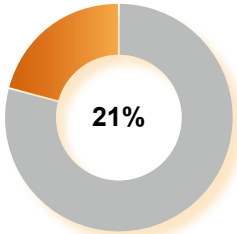
Breakdown of Domestic/Export Sales Volume

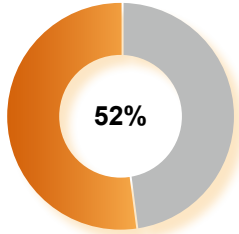
(Unit: Metric tons)

Year		2021		2022		2023	
Product Category		Weight	%	Weight	%	Weight	%
Stainless Steel Pipe/Tube	Domestic Sales	30,731	16.6%	25,018	18.6%	20,294	15.0%
	Export Sales	58,881	31.8%	46,800	34.9%	53,754	39.8%
Stainless Steel Sheet/Coil	Domestic Sales	21,123	11.4%	16,813	12.5%	17,418	12.9%
	Export Sales	72,021	38.8%	43,569	32.4%	41,237	30.6%
Other Stainless Steel Products	Domestic Sales	854	0.5%	1,112	0.8%	983	0.7%
	Export Sales	1,587	0.9%	1,121	0.8%	1,400	1.0%
Total		185,197	100.0%	134,433	100.0%	135,086	100.0%

According to the "Taiwan Steel and Iron Industries Association's Steel Information 2023 report" on import and export statistics of steel products, the Company's sales volumes for welded stainless steel pipe/tube and stainless steel sheet/coil (including cold-rolled 300 series, 400 series, and hot-rolled 300 series) were analyzed in comparison to overall market in Taiwan. For stainless steel pipe/tube, the Company holds 21% market share in domestic market and a 52% market share in export market. In the case of stainless steel sheet/coil, our market share is 2% in domestic market and 6% in export market.

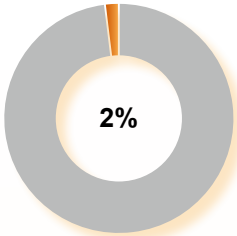
Domestic Sales of Stainless Steel Pipe/Tube

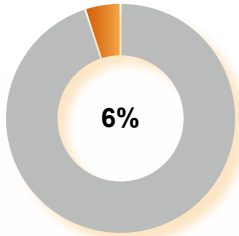




Export Sales of Stainless Steel Pipe/Tube

Domestic Sales of Stainless Steel Sheet/Coil





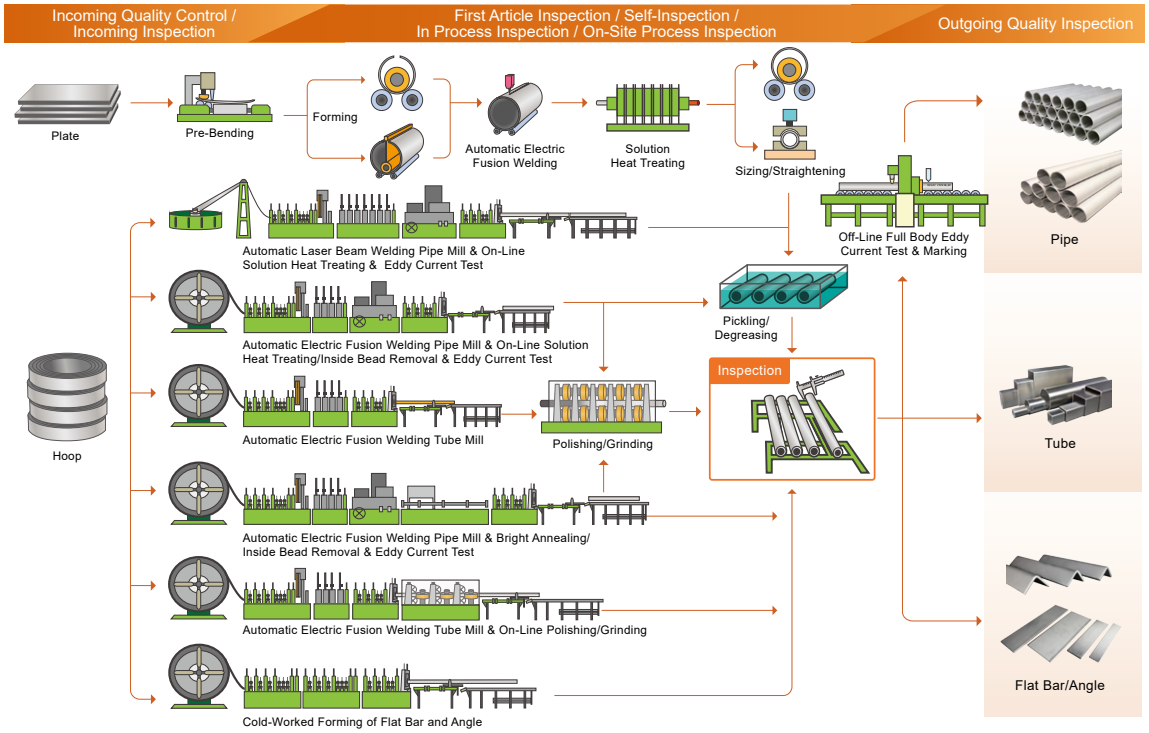
Export Sales of Stainless Steel Sheet/Coil

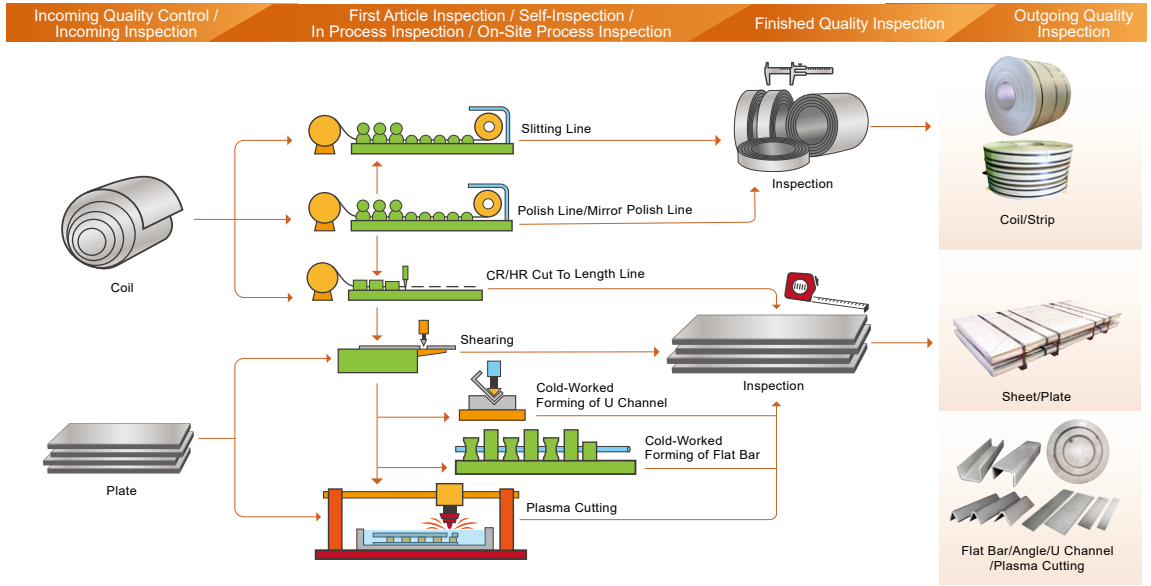
Quality Management

The Company upholds the philosophy of "Quality First, Customer Foremost" and is dedicated to providing high-quality products that meet customer needs. Currently, the Company's factories and production processes have achieved various international certifications, including the ISO 9001 Quality Management System and the ISO 3834 Quality requirements for fusion welding of metallic materials. We have also obtained product certifications from certifying authorities in the United States, Japan, Europe Union, Australia, Norway, Italy, France, and the United Kingdom. Additionally, the Company has established a laboratory that meets the national-level TAF (Taiwan Accreditation Foundation) certification standards to ensure the stability and reliability of product quality.

To ensure effective quality control, the Company has established "Regulation on Quality Control" based on our "Quality Manual", with Quality Assurance Department serving as the responsible unit. The Company's measuring equipment and instruments are regularly maintained to ensure their metrological capabilities, maintaining accuracy of inspections and tests. In the event of anomalies in quality system or product quality, investigations are conducted to identify the root causes of these anomalies. Corrective measures and preventive actions are proposed to prevent the recurrence of anomalies. We also implement internal audits every six months and annual external audit to assess the effectiveness of our quality management system. This helps us understand the performance of our quality management system and make necessary improvements.

Processes and Inspection Points Flowchart





Certificates and Verifications Obtained

Product Validation

- 3-A (3-A Sanitary Standards, Inc., USA)
- NSF (National Sanitation Foundation)
- WaterMark (Australian Building Codes Board)
- CE (Conformité Européene)
- UKCA (UK Conformity Assessed)
- JIS (Japanese Industrial Standards)
- CNS (National Standards of the Republic of China)
- DNV (Det Norske Veritas)
- BV (Bureau Veritas)
- RINA (Registro Italiano Navale)
- LR (Lloyd's Register)

Laboratory Accreditations

- TAF (Taiwan Accreditation Foundation) Laboratory Accreditation

Quality System Certifications

- ISO 9001 Quality Management System
- ISO 3834 Welding Management System
- Ped 2014/ 68/ EU & AD 2000 W0

Information Security Certifications

- ISO/IEC 27001 Information Security Management System

Environmental, Safety, Health and Energy Certifications

- ISO 45001 Occupational Health and Safety Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- ISO 14064-1 Greenhouse Gas Inventory Standard
- ISO 14067 Carbon Footprint of Products

3.3 Supply Chain Management

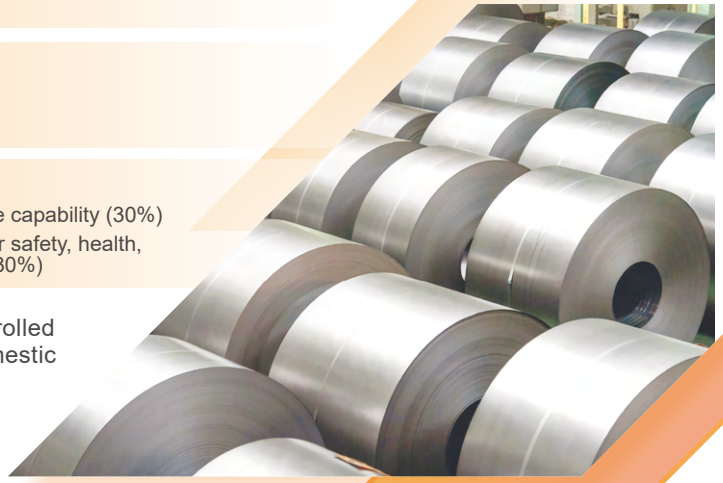
Potential suppliers must undergo an evaluation process by the Company. Their products must meet our requirements during trials before they can become qualified suppliers. The Company conducts regular assessments annually, covering three key evaluation criteria: quality, timely delivery, and service. Suppliers who pass the assessment and meet our criteria are listed as cooperative suppliers for the following year. Additionally, labor safety and health, as well as environmental protection, have been included in the assessment criteria. In 2023, we completed annual supplier evaluation, achieving a 100% qualification rate.

Supplier Evaluation Criteria

Initial Evaluation
- Quality system and product certifications
- Material supply status
- Product trial results

Periodic Evaluation
- Quality evaluation (40%)
- Delivery evaluation (40%)
- Service evaluation (20%)

Annual Evaluation
- Business management (40%)
- Process capability/Maintenance capability (30%)
- Product or service quality/Labor safety, health, and environmental protection (30%)



Our primary raw materials are cold-rolled and hot-rolled stainless steel coil/plate/sheet. Currently, most of the hot-rolled materials and special specifications are imported from overseas. For other categories, we mainly procure from domestic suppliers such as Yieh United Steel Corporation and Walsin Lihwa Corporation.

3.4 Customer Relationship Management | GRI 418-1

Material Topic Management (GRI 3-3)					
Material Topic		Customer Relationship Management	Corresponding GRI	GRI 418	
Impact		Customers are the most important asset of an enterprise; having customers is the foundation upon which a business is built, and customer retention is the key factor that determines whether an enterprise can continue to grow in a highly competitive market. Therefore, customer satisfaction provides the drive and direction for an enterprise's long-term success and is an extremely crucial cornerstone. Developing and retaining customers requires a collective team effort. When facing customer complaints, we need to handle them proactively and communicate effectively with customers to maintain their trust in our products and services, thereby reducing the likelihood of customers turning to competitors.	Commitments/ Policies	YC INOX's core philosophy in customer relationship is " Quality First, Customer Foremost". YC INOX values customers' perceptions of the product quality, pricing, delivery times, and services provided by the Company. In addition to regular communication and contact with customers, we also engage with them through emails, phone calls, messaging apps, and marketing events (exhibitions) on an irregular basis. Furthermore, we conduct an annual satisfaction survey at the end of each year, and based on customer feedback, we provide appropriate responses or improvement plans.	
Targets	Short Term (2025)	Maintain annual customer satisfaction in various aspects at ≥90%.	Action Plans	Following the "Service and Complaint Response Policy", we actively respond to customer feedback, collecting data for investigation and analysis. We consider customers' needs and expectations, engaging in communication and negotiation to provide appropriate responses. For cases involving quality issues attributed to the Company, we implement corrective measures to prevent recurrence. We hold cross-departmental quality meetings on an irregular basis to track the progress of each case and conduct an annual customer satisfaction survey at the end of each year as a basis for further improvements.	
	Medium-to-Long Term (2030)	Maintain annual customer satisfaction in various aspects at ≥90%.			
Effectiveness Assessments	Tracking Process	Annually customer satisfaction survey report.	Complaint Channels	Complaint or Communication Channels	Reporting and complaint channels have been established on company website
	Achievements of The Year	In 2023, the overall satisfaction rate from the customer satisfaction survey is 98.9%.		Communication Results	No incidents of customer privacy infringement or complaints about privacy violations have occurred.



Customer Service System

YC INOX upholds the quality policy of "Quality First, Customer Foremost", striving to provide customers with products that meet mutually agreed-upon standards or specifications. When products fail to meet order requirements, customers can report complaints through our sales personnel. All complaints should undergo a basic technical evaluation based on policies, industry standards, application standards, contracts, and order content, followed by communication with the customer. Based on the customer's needs and expectations, we will provide appropriate responses and implement corrective measures for quality issues caused by the Company to prevent recurrence.

Customer Satisfaction

YC INOX's customer satisfaction survey is divided into five major aspects: product quality, service of sales contact, delivery time, price, and overall performance of product & service. The main respondents of the survey are customers. We collect, summarize, and analyze the questionnaires to create a "Customer Satisfaction Survey Report." Each quarter, we review the "Specific Implementation Results Report on Customer Satisfaction Improvement Measures." For survey results that show dissatisfaction, an analysis must be included in the Customer Satisfaction Survey Report, along with proposed improvement measures.

In 2023, a total of 499 customer satisfaction surveys were distributed, with 455 responses received, resulting in a response rate of 91%. The overall satisfaction rate was 98.9%.

Communication Channels with Customers

Customers can use the information on the company website to contact the sales personnel based on their product needs and geographic location. The current communication channels with customers include email, phone, messaging apps, in-person meetings, video conferences, and visits for domestic and international customers. We also participate in international exhibitions, which not only strengthen our relationships with existing customers but also help us further expand into overseas markets and develop potential market customers.

Customer Complaint Handling Process

YC INOX follows the "Service and Complaint Response Policy" to provide a limited warranty on products. When sales personnel receive a customer service case, they provide the relevant information to the Quality Assurance Department and other related units for investigation and analysis. Subsequently, the sales personnel will request the necessary information from the customer to facilitate follow-up and allow the Quality Assurance Department to conduct a basic technical evaluation based on policies, industry standards, application standards, contracts and order content, clarifying the cause of the case. If the case is determined to be due to product or process defects, the responsible unit must propose corrective actions and review them for implementation. Finally, the sales personnel should respond appropriately based on the customer's needs and expectations.

Protecting Customer Privacy

YC INOX upholds the principles of protecting business information and customer privacy by establishing regulations such as the "Codes of Ethical Conduct for Employees" and the "Information and Communication Security Policy." These regulations are designed to prevent unauthorized access, modification, or improper disclosure of information, thereby safeguarding customer privacy and rights. Additionally, through awareness campaigns, management reviews, and internal audits, all employees are required to comply with these regulations. In 2023, the Company did not experience any incidents of customer privacy infringement or complaints regarding privacy violations.

CH4

Sustainable Environmental Management

4.1 Climate Change Management 40

4.2 Sustainable Production-related Management 46



Chapter Highlights

- TCFD – Major climate risks and opportunities identified
- Water resource management - Introduction of Moving Bed Biofilm Reactor (MBBR) wastewater treatment technology.
  Douliou Mill I has met the stringent standards for ammonia nitrogen discharge in industrial zones ahead of schedule.
- Waste management - Implementation of waste resource utilization projects.
  75.75% of residual plastic compounds have been converted into recyclable plastic, totaling 50.97 metric tons.
- Energy management - Developing and installing new renewable energy sources.
  The second phase of the solar power generation system installation has a capacity of approximately 6,000 kWp, with an estimated annual power generation of about 8.4 million kWh.
  In 2023, 7,255 thousand kWh solar power was generated, which is equivalent to reducing approximately 3,591 metric tons CO_2 emissions.
- Energy management - Promoting energy saving measures.
- Total energy intensity decreased by 3.25% compared to 2022.
- Energy management - Continuing Implementation of ISO 14064-1:2018 Greenhouse Gas Inventory Standard and introduction of ISO 14067:2018 Carbon Footprint of Products.
- Air pollution management - Optimization of wet scrubber treatment equipment and treatment process.
  Average emission monitoring values obtained from Puoshing Mill and Douliou Mill II conform to the "Standards for Air Pollutant Emission from Stationary Pollution Sources".

4.1 Climate Change Management | GRI 201-2, GRI 305-1, 305-2, 305-3, 305-4, 305-5

Material Topic Management (GRI 3-3)

Material Topic		Climate Change Adaptation	Corresponding GRI	GRI 201-2、GRI 305
Impact		Addressing climate change is a crucial concern for today's businesses, as it has potential to impact our operational strategies and outcomes significantly. Responding to risks and opportunities brought about by climate change is essential. This issue should be integrated with other environmental considerations, including energy management, waste management, water resource management, and greenhouse gas management. Strong actions to address climate change can benefit an enterprise's long-term survival, while inaction can have adverse effects. An enterprise's actions in economic performance can either have positive or negative impacts on environment.	Commitments/ Policies	• We have formulated environmental, safety, health and energy policies that incorporates risk control and energy efficiency into our considerations. We have established a Sustainability Committee and Environmental Sustainability Execution Team, which is responsible for providing annual plans and progress reports to the Board. • We are aligning our goals with government's 2050 net-zero emissions roadmap to achieve sustainable development. • We are enhancing carbon information disclosure and implementing ISO 14067 Carbon Footprint of Products Certification.
Targets	Short Term (2025)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Obtain ISO 14067 Carbon Footprint of Products Certification for type 1 products. • Establishing intelligent monitoring system that can capture 75% of Company's electricity consumption information. • Complying with regulations relating to climate action and greenhouse gas emissions disclosure.	Medium-to-Long Term (2030)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. • Optimizing intelligent monitoring system that can capture 90% of Company's electricity consumption information. • Regularly identifying climate risks and opportunities and developing corresponding strategies and action plans.
Action Plans		• Integrating framework into existing risk management process, identifying climate risks and opportunities, formulating response and improvement measures and adapting to climate change-induced uncertainties to transform risks into opportunities. • Starting from 2020, we conduct greenhouse gas inventory at each mill to understand emission status and introduce third-party verification. Developing management plans for waste reduction, emissions reduction, pollution prevention and other projects to execute and control. • Promoting waste resource utilization programs, continuously increasing the reuse ratio, and thereby reducing greenhouse gas emissions from waste treatment.		
Effectiveness Assessments	Tracking Process	Gathering electricity usage data from production line machinery to understand energy consumption trends within the mills, and prioritizing improvements in the electricity usage of high-energy-consuming equipment.	Complaint Channels	Complaint or Communication Channels: Reporting and complaint channels have been established on the company website.
	Achievements of The Year	• The Company achieved electricity savings rate of 3.97% across all mills. • Installed green energy capacity accounts for 59.2% of total contracted capacity for all mills in Taiwan. • In 2023, all major equipment at each mill was equipped with smart monitoring system, enabling the tracking of electricity usage data for production, which can be used for calculating product costs. • In 2023, 7,255 thousand kWh solar power was generated, which is equivalent to reducing approximately 3,591 metric tons CO_2 emissions.		Communication Results: The Company has established "Pre-Environmental Review Management Procedures" and "Energy Review Operating Procedures" in accordance with ISO 14001 and ISO 50001 requirements. These procedures shall be subjected to annual management reviews and appropriate measures are proposed to ensure effective operation of environmental and energy management systems.

Response to Climate-related Risk | GRI 201-2

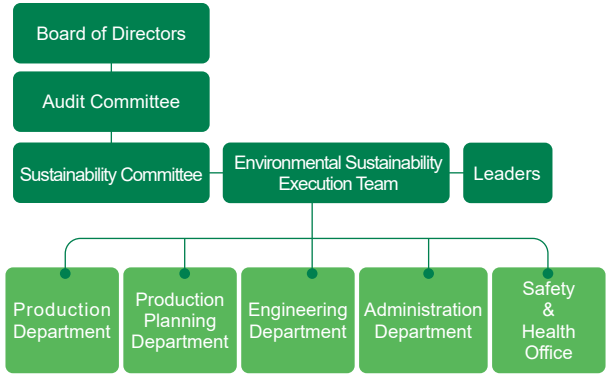
Global businesses are facing potential operational impacts due to intensifying global warming and extreme weather events in recent years. According to the World Economic Forum (WEF) Global Risk Report for 2023, among the top five long-term risks to business operations, four are environmental risks. These include "Failure to Mitigate Climate Change", "Failure to Climate Change Adaptation", "Natural Disasters and Extreme Weather Events", And "Biodiversity Loss and Ecosystem Collapse". This underscores that operational risks for businesses have shifted from economic concerns to environmental issues. Countries worldwide are formulating climate policies and advocacy, requiring companies to disclose their climate risks and opportunities. In response to this trend and challenge, the Financial Supervisory Commission (FSC) has aligned with international standards, mandating that listed companies must disclose their climate-related information in a dedicated section. YC INOX has proactively responded to this trend and challenge to align with global developments. YC INOX places significant importance on environmental impact and climate change issues relevant to value chain. The Company actively develops measures to address global climate change and transition trends, aiming to mitigate industry's impact on climate and reduce operational disruptions caused by current trends. In order to identify risks and opportunities associated with climate change for each department and effectively mitigate and reduce extensive impacts arising from climate change, YC INOX adopted 2017 “Climate-Related Financial Disclosures Framework" issued by Financial Stability Board (FSB). This framework covers four core elements: governance, strategy, risk management, and metrics and targets.

Governance

Establishment of Sustainability Core Team

The Board of Directors and the Audit Committee are highest governing bodies responsible for reviewing and guiding YC INOX's overall climate change strategy, action plans and annual objectives. The Sustainability Committee reports to them annually on implementation plans and achievements in this regard. In order to effectively manage climate-related risks and opportunities, YC INOX established a Sustainability Committee and formed Environmental Sustainability Execution Team. Environmental Sustainability Execution Team is led by management from Administration Department. In accordance with YC INOX's risk management policies, this execution team is responsible for analyzing and monitoring climate-related risks and opportunities. It holds regular meetings to discuss related topics. After compiling its work, the Environmental Sustainability Execution Team shall periodically report to Sustainability Committee.

Environmental Management Organizational Structure Chart



Strategy

Internal Climate Issue Management Agenda Setting

YC INOX manages climate-related issues based on TCFD recommendation framework. The Company collects climate data beforehand and conducts cross-departmental discussions to identify significant climate change risks and opportunities. We assess short, medium, and long-term financial impacts of these risks and opportunities and formulates adjustment policies and response measures for the Company's operating models and strategies. Management timeframe is defined as short-term with impact of less than three years and medium to long-term with impact of more than three years.

Risk Management

Establishing Process for Identifying Climate Change Risks and Opportunities

Process of Identifying Climate Change Risks and Opportunities

Collect international reports, literature, and climate-related risk and opportunity issues from domestic and international competitors.

Organize educational training and internal discussions on climate risks and opportunities, and assess their potential impact on YC INOX.

Based on potential impacts identified, summarize significant climate-related risks and opportunities for YC INOX.

The process for managing climate change-related risks is executed by the Administration Department of the Company in accordance with the "Risk Management Policies and Procedures". We periodically collect information on domestic and international climate change trends and regulatory changes, identify climate-related risks and opportunities in the industry, and compile a list of climate-related risks and opportunities. We also conduct educational training on climate risks and opportunities, and hold group meetings to annually identify and screen risks. The process concludes with a summary of significant climate-related risks and opportunities for YC INOX, as well as existing management measures and response plans. For the overall risk management system at YC INOX, please refer to Section 2.3 of the risk management.

Metrics and Targets

Compliance with Government Policies and Regulations

Adhere to government policies and regulations related to environment, energy, and resources, as well as staying informed about new climate change policies and initiatives both domestically and internationally, examining their potential impact on YC INOX. YC INOX integrates identified significant climate-related risks and opportunities into business strategy and uses them to establish climate-related development goals. The Company implements a mechanism for regular assessment of execution results to enhance environmental sustainability performance.

Greenhouse Gas Management | GRI 305-1, 305-2, 305-3, 305-4, 305-5

YC INOX has been implementing ISO 14064-1:2018 Greenhouse Gas Inventory Standard since 2021, continuously verifying annual greenhouse gas emissions. Furthermore, the Company is advancing ISO 14067 Carbon Footprint of Products assessments, conducting comprehensive inventories of greenhouse gas emissions from raw material acquisition (including transportation) to the manufacturing stage. This approach actively identifies the conditions and carbon hotspots of each product, and implements various carbon reduction plans, in response to global carbon reduction trends and government regulations related to climate change.

In 2023, Scope 1, Scope 2, and Scope 3 GHG emissions by all YC INOX mills totaled 1,885.42, 17,355.54, and 8,526.3 metric tons CO_2e, respectively. Scope 3 inventory types mainly included indirect emissions from raw material mining, manufacturing, and processing processes (purchased electricity, tap water, pharmaceutical use, and transportation) and other indirect emissions. Total GHG emissions was 27,767.26 metric tons CO_2e, which was approximately 1.71% higher than 2022. The main reason for the increase in greenhouse gas emissions in 2023 was a production increase of approximately 5.9%.

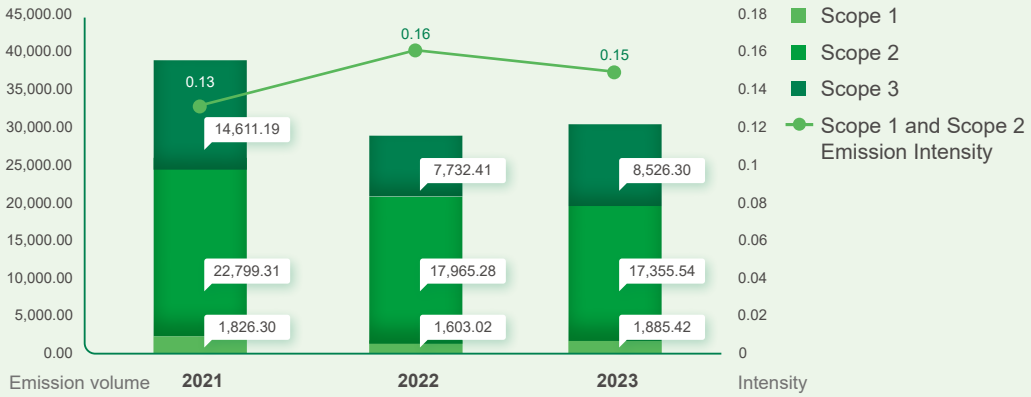
2023 ISO 14064-1 Verification Certificate


Certificate
Inventory Standard ISO 14064-1:2018
TÜVRheinland®

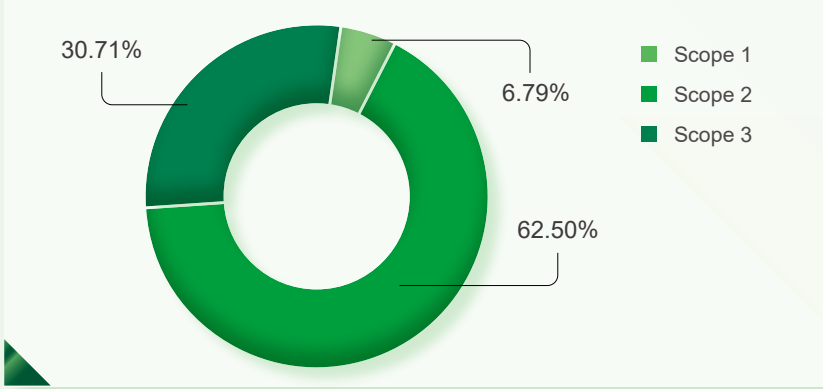

Annex to certificate
Inventory Standard ISO 14064-1:2018
TÜVRheinland®


Annex to certificate
Inventory Standard ISO 14064-1:2018
TÜVRheinland®

Historical Total Greenhouse Gas Emissions and Scope 1 and Scope 2 Emission Intensity



Breakdown of Emission Contributions by Scopes in 2023



Historical Greenhouse Gas (Scope 1 and 2) Emissions and Intensity for Each Mill

(Unit: Metric Ton of CO_2e)

Greenhouse Gas (Scope 1) Emissions			
Site	2021	2022	2023
Puoshing Mill	502.19	357.66	332.90
Shijou Mill	319.37	185.49	185.64
Douliou Mill I	90.10	64.29	68.64
Douliou Mill II	914.64	995.58	1,298.24
Total	1,826.30	1,603.02	1,885.42

(Unit: Metric Ton of CO_2e)

Greenhouse Gas (Scope 2) Emissions			
Site	2021	2022	2023
Puoshing Mill	9,888.17	7,284.59	6,422.28
Shijou Mill	5,178.43	3,963.48	3,895.55
Douliou Mill I	1,242.45	843.42	905.85
Douliou Mill II	6,490.26	5,873.79	6,131.86
Total	22,799.31	17,965.28	17,355.54

(Unit: Metric Ton of CO_2e/Metric Tons of Production)

Scope 1 and 2 Emission Intensity			
Site	2021	2022	2023
Puoshing Mill	0.25	0.27	0.26
Shijou Mill	0.19	0.20	0.18
Douliou Mill I	0.01	0.02	0.02
Douliou Mill II	0.29	0.31	0.29
Total	0.13	0.16	0.15

Note 1: Scope 1 emissions include use of natural gas, gasoline and diesel, welding, refrigerant fugitive, and other direct emissions created during manufacturing processes; Scope 2 emissions are emissions from purchased electricity.

Note 2: Global warming potential (GWP) is calculated based on "IPCC Sixth Assessment Report (2021)", whereas greenhouse gas emission coefficients are obtained by referencing GHG Emission Factor Management Table (version 6.0.4) released by Environmental Protection Administration.

Note 3: Electricity carbon emission coefficients are obtained by referencing the latest values announced by the Bureau of Energy, which was 0.495 kg CO_2e//kWh in 2022.

Note 4: Inventory scope of YC INOX: Puoshing Mill, Shijou Mill, Douliou Mill I and Mill II.

Historical Greenhouse Gas (Scope 3) Emissions for Each Mill

(Unit: Metric Ton of CO_2e)

Greenhouse Gas (Scope 3) Emissions			
Site	2021	2022	2023
Puoshing Mill	3,515.29	2,264.90	2,186.84
Shijou Mill	4,029.60	2,178.54	1,920.37
Douliou Mill I	4,716.30	1,780.39	2,555.17
Douliou Mill II	2,350.00	1,508.58	1,863.92
Total	14,611.19	7,732.41	8,526.30

Note 1: Scope 3 includes indirect emissions from raw material, mining, manufacturing, and processing process (e.g., purchased electricity, tap water, and pharmaceutical), transportation, wastewater discharge, waste treatment emissions, and other indirect emissions.

Note 2: GWP is calculated based on "IPCC Sixth Assessment Report (2021)", whereas greenhouse gas emission coefficients are obtained by referencing the GHG Emission Factor Management Table (version 6.0.4) released by Environmental Protection Administration.

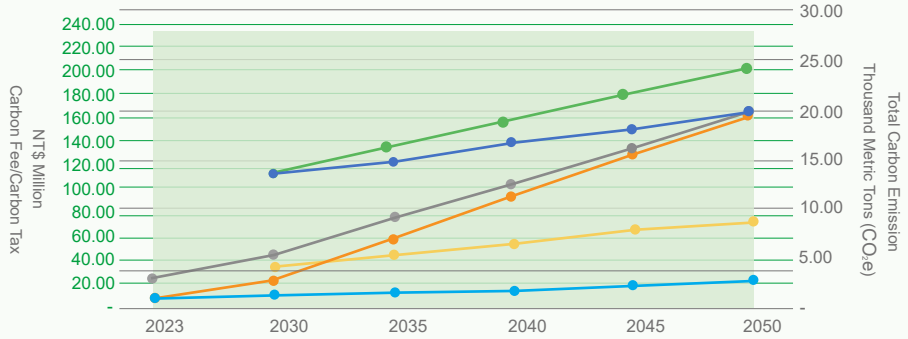
Note 3: Inventory scope of YC INOX: Puoshing Mill, Shijou Mill, Douliou Mill I, and Douliou Mill II.

Carbon Fee/Carbon Tax Scenario Analysis

In response to the global trend towards net-zero emissions, over 130 countries have announced net-zero emission targets. To achieve these targets, countries worldwide are beginning to develop carbon trading markets. According to the World Bank's "2023 State and Trends of Carbon Pricing" report, the price of the EU Emissions Trading System (ETS) surged significantly in 2022, with the cost per ton of CO_2 exceeding 100 Euros (approximately NT$3,400) for the first time. The High-Level Commission on Carbon Pricing stated in 2017 that the global carbon price needs to reach between US$50 and US$100 (approximately NT$1,500 to NT$3,000) per ton by 2030. Considering inflation, this would need to be US$61 to US$122 (approximately NT$1,900 to NT$3,800) per ton by 2030. Taiwan's Ministry of Environment also announced plans to impose a carbon fee for the first time in May 2025. YC INOX has calculated the potential financial impact of carbon fees/taxes on the Company under the following three scenarios:

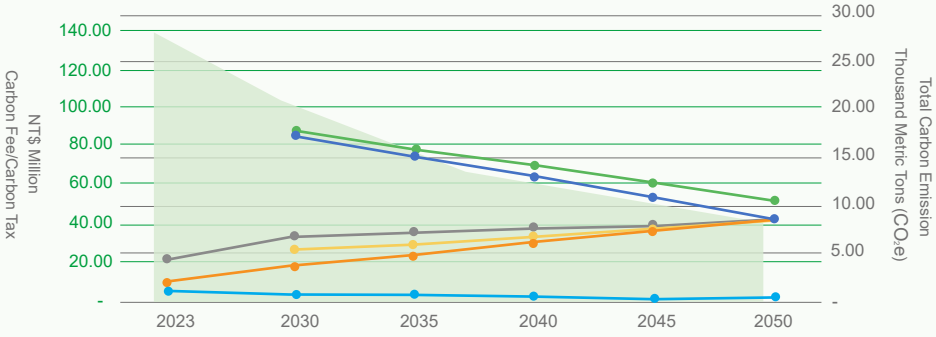
Scenario 1

The government adopts only the existing reduction policies, with no further reductions anticipated.



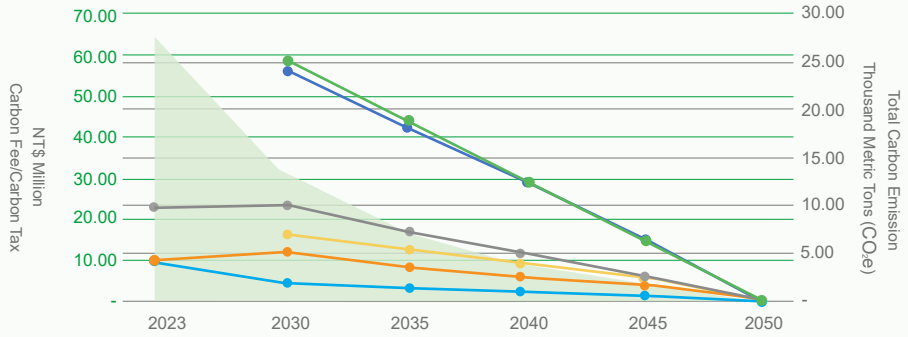
Scenario 2

According to the "Taiwan 2050 Net-Zero Transition Stage Goals and Actions" announced by the National Development Council on December 28, 2022, setting a 2030 carbon reduction goal of 24% ±1%.



Scenario 3

Based on the "Taiwan 2050 Net-Zero Emission Target" announced by the National Development Council on March 30, 2022, setting a 2050 carbon reduction goal of 100%.





Note 1: The carbon fee rate is yet to be finalized by the Ministry of Environment, but it is temporarily set at NT$300.

Note 2: This analysis assumes that the carbon fee set by Ministry of Environment will be adjusted based on the core CPI annual growth rate announced in February 2024 (2.90% per year).

Note 3: This analysis also assumes that when Taiwan implements carbon pricing, it will simultaneously implement a carbon border adjustment mechanism for foreign entities.

Note 4: The IEA's estimated rate (STEPS) is assumed to align with South Korea's estimated rate for Taiwan.

Note 5: The exchange rate for USD to NTD is calculated at NT$30.

Note 6: Unit: NT$/ CO_2e ton.

Note 7: Reference sources: Greenpeace's "The Net-Zero Game: The Impact of International Carbon Border Taxes on Taiwan" and IEA's "2022 Global Energy and Climate Model Documentation".

Identification Results of Major Climate Risks and Opportunities

YC INOX identified climate-related risks and opportunities based on different time spans and topics by evaluating impact on the Company's operations before formulates response strategies. In total, 5 climate change risks and 3 climate change opportunities have been identified:

Major Climate Risks and Opportunities



- Increased severity of extreme weather events such as typhoons and floods.
- Increased carbon pricing for greenhouse gas emissions.
- Regulatory requirements and supervisions related to existing products and services.
- Increased expenditure of transitioning to low-carbon technologies.
- Growing concerns and negative feedback from stakeholders.



- Utilize low-carbon energy sources.
- Develope and/or increase low-carbon products and services.
- Adopting more efficient production and distribution processes.

Identification Results of Major Climate Risks

Risk Type	Climate Risk Topic	Description	Potential Impact on the Company	Impact Time Span	Existing Management Measures	Response Strategies and Action Plans
Physical Risks						
Immediate Risks	Increased severity of extreme weather events such as typhoons and floods.	Increased probability of extreme weather events due to climate change can lead to changes in supply and demand for both upstream and downstream businesses. This can result in various impacts, such as rising raw material prices, increased global transportation costs leading to higher production costs, or causing production equipment damaged resulting in a shortage of production capacity.	Increased production costs and higher capital expenditures	Long term	• Maintaining safe inventory level for raw materials and adjust sources of raw materials as needed. Staying updated on shipping status and synchronize this information with customers. • Staying informed about domestic extreme weather forecasts, enhance protection of equipment and raw material and establishing emergency power supply systems and backup water supply at mills. • Staying updated to news from supply sources to facilitate rapid adjustments in supply ratio in case of unforeseen circumstances. • Setting up disaster prevention facilities and providng personnel training for extreme weather disaster response. • Establishing emergency response standard operating procedures, including disaster prevention and reporting mechanisms, and formation of emergency contingency team.	• Staying updated on supplier's raw material production status, as well as delivery lead times. Maintain constant communication between production planning unit and sales units to keep track of shipment progress in real-time. • Continuing to diversify sources of raw materials and increase raw material storage space as needed to reduce risk of raw material supply disruptions and adjust raw material safety inventory levels as circumstances require. • Production planning unit shall remain prepared to adjust production schedules as needed and conduct weekly production and sales meetings for setting up production goals. Flexibility is crucial for adapting to fluctuations in raw material lead times and prices. • Establishing Climate Risk Management Team to implement preventive protection measures for manufacturing equipment and raw materials based on early climatic alerts. • Conducting annual disaster preparedness exercises to enhance the Company's resilience in responding to extreme weather disasters.
Transition Risks						
Policy and Regulatory Risks	Increased carbon pricing for greenhouse gas emissions	Increasing trend of carbon credit mechanism, carbon taxes or carbon fee implemented by countries worldwide may result in additional costs for businesses, leading to overall increase in operating costs.	Increased operational costs	Short term	• Completing ISO 14064-1 Greenhouse Gas Inventory and Verification, and setting energy-saving and carbon reduction goals and strategies. • Continuously promoting the ISO 50001 Energy Management System, implementing various energy-saving and carbon reduction projects through a systematic PDCA management cycle, to mitigate the impact of carbon taxes. • Continuously monitoring the implementation methods and details of carbon fee collection by government agencies, as well as the reporting and taxation methods and legislative progress of the EU's CBAM and the USA's CCA.	• To reduce carbon emissions, the Company has established solar power generation systems, with green energy installation capacity accounts for 37.5% of total contracted capacity for all mills in Taiwan. In the future, we plan to shift the solar power to self consumption by 2025. • We focus on improving equipment efficiency, conducting regular equipment maintenance and minimizing refrigerant leakage. We also adhere to applicable government regulations and aim to achieve annual energy saving rate of at least 1%, thus reducing greenhouse gas emissions. • Progressively requesting carbon emission data from suppliers.
	Regulatory requirements and supervisions related to existing products and services.	Climate change has led regions to increasingly emphasize on environmental issues and subsequently establish related regulations and standards. In the future, if an enterprise fails to comply with standards and regulations of various regions, it could restrict sales channels, ultimately affecting the enterprise's revenue and growth.	Increased production costs and decreased operating revenue	Medium term	• Complying with domestic environmental regulations related to emissions, energy, etc. Conduct regulatory reviews for key markets with more extensive regulations, such as EU and North American markets. • We have implemented "Supplier Management Measures", "Regulations for Procurement Management" and supplier corporate social responsibility self-assessment forms. Use systematic questionnaires and evaluations to collect and screen suppliers that meet environmental requirements. • To comply with government regulations, the Puoshing mill has implemented AFB, and the Douliou Mill II has installed domestic wastewater recycling system, as well as industrial wastewater and waste acid recycling systems. Also, the Douliou Mill I has implemented the Moving Bed Biofilm Reactor (MBBR) wastewater treatment technology.	• Cultivating customer relationships through regular participation in exhibitions and stay updated on the latest regulations. • Voluntarily adopting ISO 14067 Carbon Footprint of Products and disclose product carbon content as a proactive measure to comply with increasingly stringent environmental regulations. • Collecting information through channels such as customers or through the internet, in order to conduct research, and respond promptly to latest regulatory requirements.

Technical Risks	Increased expenditures of transitioning to low-carbon technologies.	Adaptation to carbon neutrality issue leads to energy transition, such as increase usage of renewable energy and adoption of low-carbon production equipment or development of low-carbon production technologies as process improvement, which can result in higher operational costs.	Increased operating costs, higher capital expenditures, and rising research and development costs.	Long term	• Establishing smart low-carbon mills, optimizing production equipment, and adjusting production processes to maintain high energy efficiency, thereby improving production efficiency, saving energy resources, and reducing operating costs. • Continuously promoting the installation of renewable energy systems to increase the Company's renewable energy generation capacity.	• Actively promoting various energy-saving and carbon reduction projects, such as comprehensive upgrades or replacement of electrical and electronic wiring, to adapt to uncertainties caused by climate change. This can enhance process efficiency, reduce resource usage such as electricity and water and thereby decrease greenhouse gas emissions. • Holding monthly research and development meetings to review energy-saving and carbon reduction projects. • The second phase of the solar power generation system installation has a capacity of approximately 6,000 kWp, with an estimated annual power generation of about 8.4 million kWh.
Reputation Risks	Growing concerns and negative feedback from stakeholders	In global context where climate change poses threat, if businesses cannot comprehensively assess associated risks and adopt proactive strategies to address them, it could lead to negative public perception. Other than that, it can also bring about challenges in talent recruitment and retention, reduced investor confidence or lower bank credit ratings. This, in turn, may result in loss or instability of company's fund sourcing.	Corporate reputation damaged, operating revenue decreases.	Medium term	In response to the EU's Carbon Border Adjustment Mechanism and the demands from the stakeholders such as the FSC regarding our compliance with environmental regulations and international agreements related to climate and sustainability issues, we have increased: • Comprehensive evaluation and improvement of energy efficiency. • Continuous monitoring the climate change-related issues and initiatives. • Timely disclosure of climate change-related information. • Complying with disclosure requirements of FSC (R.O.C.). • Adherence to applicable environmental regulations. • Establishment of a Sustainability Committee. • Completing ISO 14064-1 Greenhouse Gas Inventory and Verification, implementing ISO 14067 Carbon Footprint of Products and ISO 50001 Energy Management System to assess the Company's carbon footprint and achieve carbon reduction goals.	• The Sustainability Committee and Climate Risk Management Team continue to operate, promote, and execute Sustainability Committee's resolutions. Climate Risk Management Team regularly reports progression and execution outcome to the Sustainability Committee and the Board. • The Company publishes sustainability report that incorporates relevant requirements of TCFD and SASB. This includes timely disclosure of climate change-related issues. • To fulfill the Company's commitment to environmental sustainability, various environmental improvement measures are implemented. For example, the introduction of AFB biological treatment technology at the Puoshing mill and the MBBR wastewater treatment technology at the Douliu Mill I have enabled the Company to achieve the national standards (total nitrogen level) for effluent water and the stricter industrial zone ammonia nitrogen effluent standards ahead of schedule for 2027. • The Company conducts ESG internal education and advocacy for employees and supervisors. We also actively participated in ESG-related advocacy events organized by regulatory authorities.

Identification Results of Major Climate Opportunities

Opportunity Type	Climate Opportunity Topic	Description	Potential Impact on the Company	Impact Time Span	Existing Management Measures	Response Strategies and Action Plans
Energy Sources	Utilize low-carbon energy sources.	Policy goal set by Ministry of Economic Affairs to reach 20% renewable energy generation share by 2025 encourages us to increase share of renewable energy. It helps offset carbon emissions and attracts customer orders as well as investment institutions' attention through its low-carbon transition. This is beneficial for the Company's long-term planning.	Capital expenditure increases and operating revenue increases	Long term	• Continuously promoting the installation of renewable energy devices to increase the Company's renewable energy generation capacity. • Comprehensive upgrades or replacement of electrical and electronic wiring to enhance energy efficiency.	• The second phase of the solar power generation system installation has a capacity of approximately 6,000 kWp, with an estimated annual power generation of about 8.4 million kWh. • Evaluating benefits and costs of upgrades or replacement of electrical and electronic wiring.
Products and Services	Develop and/or increase low-carbon products and services.	Research and develop low-carbon products or processes to meet market demands, thereby maintaining or increasing market channels and market share.	Research and development cost increases and operating revenue increases	Long term	• Staying updated on market trends and customer demands while developing proactive technology. • Actively researching and developing differentiated or high-cost-performance products.	• The Company has implemented ISO 14067 Carbon Footprint of Products to address carbon disclosure requirements. • Requesting low-carbon raw materials from compliant suppliers. • Promoting use of relatively low-carbon materials, such as promoting wave-shape plate/sheet and substituting stainless steel for galvanized painted carbon steel materials.
Resource Utilization Efficiency	Adopting more efficient production and distribution processes	By leveraging new technologies and techniques such as use of big data analysis and automation, the Company aims to enhance production efficiency and yield, thereby reducing energy consumption and waste generation.	Decrease in production costs and operating costs	Medium term	• Utilizing data analysis to monitor equipment abnormalities in real-time. • Implementing process automation and collection of production data by the Engineering Department to review potential for optimizing current operations, increasing production efficiency and reducing energy wastage. • Implementing new machinery and evaluating usage of packaging materials. • Promoting ISO 14064-1 Greenhouse Gas Inventory and Verification and ISO 14067 Carbon Footprint of Products to effectively track usage status of resources. Utilization of ISO 50001 energy management system to improve process efficiency and reduce energy consumption as needed.	• Analyzing feasibility of automation production lines. • Proposing to install data analysis instruments on equipment such as setting up smart meters and data loggers for temperature and gas pressure. Data collected will be presented on a dashboard so that we can perform data evaluation regularly. • Purchasing new welding equipment to increase production speed. • Analyzing energy requirements of individual operation and propose energy-saving solutions. • Exploring alternative for existing energy sources. • Recycling, purifying and reusing wastewater generated during manufacturing.

4.2 Sustainable Production-related Management

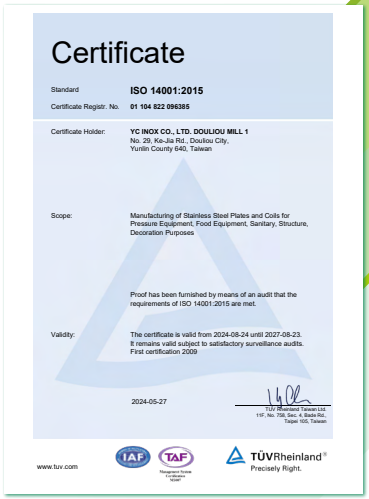
Environmental Management

Douliou Mill I has obtained ISO 14001 Environmental Management System certification in 2009, adhering to international standards. The Company has also established environmental, safety, health and energy policies, among other related environmental risk management policies and strategies. Environmental, health, safety and energy policies of the Company serves as the highest principle for environmental, safety, health and energy activities. It involves continuous monitoring and improvement of effectiveness of environmental, safety, health and energy implementation, reporting to the representative annually at Environmental Management Review Committee meeting.

Environmental, Safety, Health, and Energy Policy Framework

01	Regulatory Compliance	Comply with energy, environment, and occupational health and safety-related laws and regulations as well as other requirements.
02	Raised Awareness	Enrich technical knowledge, communicate it to workers, make them aware of their personal responsibilities, and facilitate their participation in and implementation of management systems.
03	Consultation and Communication	Strengthen worker interactions, establish consultation participation and communication channels, and give appropriate responses.
04	Risk Control	Adopt appropriate risk control technologies to eliminate hazard risks caused by pollutants and hazard factors, and control related losses to protect worker health and safety.
05	Sustained Performance	Through pollution, injury, and disease prevention, elevate energy performance, set goals and action plans, and continuously improve management performance.
06	Friendly Environment	Strengthen workplace environment improvements and employee health management, and provide safe and healthy working conditions to prevent work-related injuries and health hazards.
07	Energy- Saving and Carbon Reduction	Support the use of energy-saving products, designs, and services to elevate energy usage efficiency and lower greenhouse gas emissions.

ISO 14001 Certification for Douliou Mill I


Certificate

Standard: ISO 14001:2015

Certificate Registr. No.: 01 104 822 096385

Certificate Holder: YC INOX CO., LTD. DOULIOU MILL 1
No. 29, Ke-Jia Rd., Douliou City,
Yunlin County 640, Taiwan

Scope: Manufacturing of Stainless Steel Plates and Coils for Pressure Equipment, Food Equipment, Sanitary, Structure, Decoration Purposes

Proof has been furnished by means of an audit that the requirements of ISO 14001:2015 are met.

Validity: The certificate is valid from 2024-08-24 until 2027-08-23.
It remains valid subject to satisfactory surveillance audits.
First certification 2009

2024-05-27

TÜV Rheinland Taiwan Ltd.
11F., No. 738, Sec. 4, Bade Rd.,
Taipei 105, Taiwan

www.tuv.com

TÜVRheinland®
Precisely Right.

Water Resource Management GRI 303-1, 303-2, 303-3, 303-4

YC INOX currently operates in compliance with regulations outlined in "Water Pollution Control Act" and has obtained wastewater discharge permit. The Company's water quality standards, including parameters such as Chemical Oxygen Demand (COD) and Suspended Solids (SS), meet requirements stipulated by law.

YC INOX's Douliou Mill I and II withdrawn water from the Hushan Dam and Jiji Weir respectively; Puoshing Mill and Shijou Mill primarily use groundwater drawn from deep wells (provided by Taiwan Water Corporation), rights of use for these wells have been obtained from local authorities. In 2023, the total wastewater discharge across all mills amounted to 31.99 million cubic meters, marking a 15.1% decrease compared to 2022.

YC INOX's four mills continue to implement water-saving measures and adopt new technologies. One classic example is recycling and reuse of industrial wastewater generated from production process (through the use of multi-stage desalination (reverse osmosis, RO) system, process wastewater is recycled in segments and concentrated multiple times), recycled water is reused to cool towers or tower washing to enhance water recycling and recirculation. These efforts have enabled YC INOX to reach water recycling rate of 99% in 2023, effectively reduced our reliance on fresh water sources.

Total Water Discharge **15.1%↓**

Water recycling rate = (total water recirculated + total water recycled) / total water used × 100%

Historical Water Withdrawn and Water Usage Efficiency for Each Mill

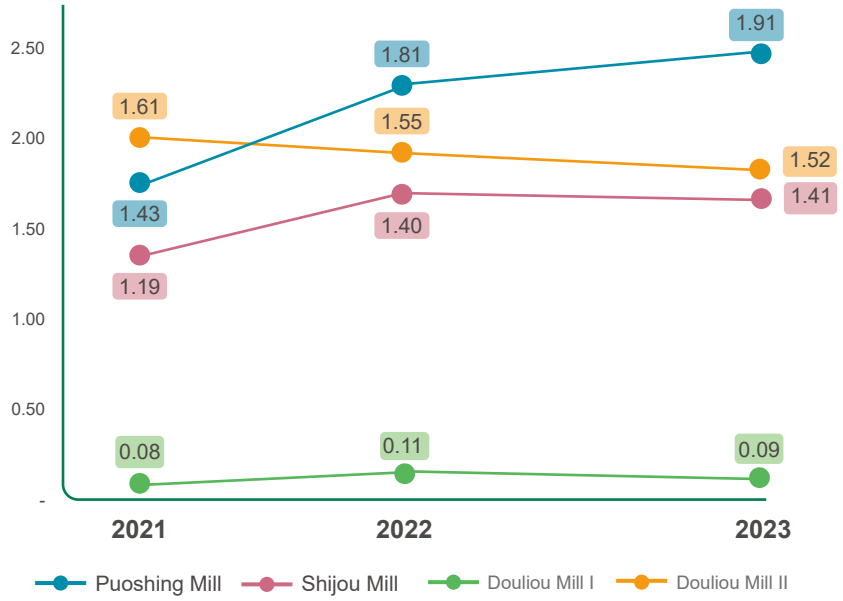
(Unit: Million Liters)

Site	Year	Water from Third Party (Tap Water and Industrial Water)	Well Water	Total Water Withdrawn	Compared to Previous Year	Water Usage Efficiency (m^3/output, in metric tons)
Puoshing Mill	2021	20.29	39.54	59.83	7.3%	1.43
	2022	20.44	31.49	51.93	-13.2%	1.81
	2023	20.35	28.82	49.17	-5.3%	1.91
Shijou Mill	2021	18.30	16.06	34.36	-8.4%	1.19
	2022	16.57	13.06	29.63	-13.8%	1.40
	2023	17.49	14.84	32.33	9.1%	1.41
Douliou Mill I	2021	7.35	-	7.35	-13.5%	0.08
	2022	5.58	-	5.58	-24.1%	0.11
	2023	5.06	-	5.06	-9.3%	0.09
Douliou Mill II	2021	41.61	-	41.61	97.8%	1.61
	2022	34.78	-	34.78	-16.4%	1.55
	2023	38.53	-	38.53	10.8%	1.52

Note 1:Water withdrawn by mills was from fresh water source(≤1,000 mg/L of total dissolved solids).
Note 2:Puoshing Mill, Shijou Mill, and Douliou Mill II had a water usage efficiency of m3/metric ton of stainless steel pipe/tube, whereas Douliou Mill I had a water usage efficiency of m3/metric ton of stainless steel plate and sheet(coil).
Note 3:Water withdrawn from third-party was calculated based on utility bills, Puoshing and Shijou Mills' underground well water withdrawn was calculated based on water meters.
Note 4:Increase in water withdrawn at Shijou Mill and Douliou Mill II in 2023 was due to capacity adjustments and adjustments in certain processes.

Water Usage Efficiency Changes

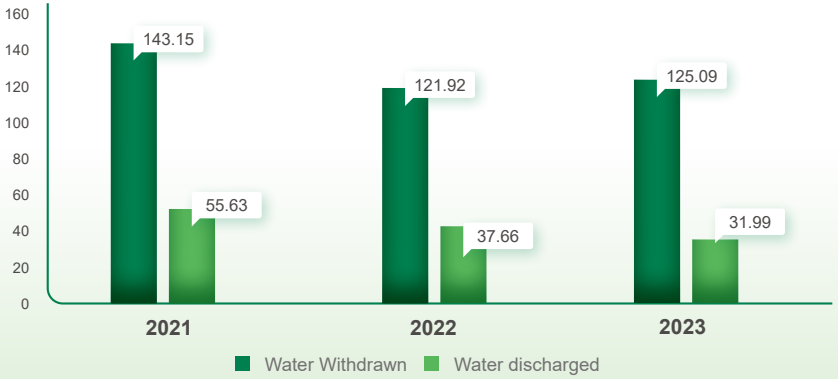
(Unit: m^3/ Metric Tons of Production)



Note: Increase in water usage efficiency at the Puoshing Mill is due to process modifications.

Water Withdrawn and Discharge

(Unit: Million Liters)



Note: Puoshing Mill discharges its wastewater into surface water bodies, while discharge endpoint for Douliou Mill I and II is industrial area wastewater treatment plant.

In accordance with requirements of ISO 14001 Environmental Management System, we continue to work on improving pollution prevention measures relating to production, products and services to reduce environmental impact. Monitoring of wastewater discharge is conducted daily to comply with "Water Pollution Control Act" and "Water Pollution Control Measures and Test Reporting Management Regulations". Pollution prevention equipment is monitored and recorded regularly to ensure fair understanding of water quality. Additionally, water quality testing and reporting are performed every six months to ensure discharged water complied with regulatory standard. In accordance with requirements of ISO 14001 Environmental Management System, we continue to work on improving pollution prevention measures relating to production, products and services to reduce environmental impact. Monitoring of wastewater discharge is conducted daily to comply with "Water Pollution Control Act" and "Water Pollution Control Measures and Test Reporting Management Regulations". Pollution prevention equipment is monitored and recorded regularly to ensure fair understanding of water quality. Additionally, water quality testing and reporting are performed every six months to ensure discharged water complied with regulatory standard.

Douliou Mill II primarily recycles and reuses its domestic and industrial wastewater through wastewater treatment system. Additionally, Douliou Mill I has completed the implementation of the Moving Bed Biofilm Reactor (MBBR) in the first half of 2023, ensuring beforehand compliance with stricter ammonia nitrogen discharge standards set in the industrial area. Puoshing Mill, Douliou Mill I and II are closely monitored and measured to ensure daily discharged water concentration and volume complied with wastewater discharge standards. Puoshing Mill discharges its water into Donggou drainage branch, while Douliou Mill I and II are connected directly to industrial area's wastewater treatment plant. Water bodies receiving these discharges have not sustain any significant environmental burden or impact due to our discharge operations.

Wastewater Discharged by and Emission Standards of Puoshing Mill

(Unit: Mg/L)

Year	Wastewater Discharged (Million Liters)	COD	SS	Nitrate Nitrogen
2021	39.35	35.9	24	7.91
2022	28.72	ND	8.4	2.6
2023	21.33	ND	9.5	13.4
Water discharge standards (surface water bodies)		100	30	50

Note: Puoshing Mill discharges its wastewater to Donggou Drainage Branch.

Wastewater Discharged by and Emission Standards of Puoshing Mill I

(Unit: Mg/L)

Year	Wastewater Discharged (Million Liters)	COD	SS	Nitrate Nitrogen
2021	5.87	164	20.8	0.08
2022	4.16	91.6	27	ND
2023	4.06	54	24.6	<0.05
Water discharge standards (sewer connected)		480	320	50

Note: Douliou Mill I discharges its wastewater to industrial area wastewater treatment plants.

Wastewater Discharged by and Emission Standards of the Douliou Mill II

(Unit: Mg/L)

Year	Wastewater Discharged (Million Liters)	COD	SS	Nitrate Nitrogen
2021	10.41	6.9	3.6	0.68
2022	4.78	ND	2.2	16.9
2023	6.60	ND	<1.4	3.99
Water discharge standards (sewer connected)		480	320	50

Note: Douliou Mill II discharges its wastewater to industrial area wastewater treatment plants.

Douliou Mill I - Introduced MBBR wastewater treatment technology ahead of regulatory requirements in response to upgraded environmental regulations

Considering that the Ministry of Environment will phase in stricter controls on ammonia nitrogen emissions in 2024 and 2027, Douliou Mill I proactively introduced MBBR wastewater treatment technology ahead of regulatory requirements. This technology effectively treats domestic wastewater and industrial wastewater. To achieve higher quality discharge water, we built an MBBR wastewater treatment system within the plant. The treated wastewater shows a significant improvement in water quality. This enhancement not only ensures that our wastewater discharge complies with environmental regulations but also demonstrates our commitment to environmental protection, ensuring long-term ecological sustainability.



MBBR Wastewater Treatment System

Douliou Mill II: Adoption of wastewater treatment technology, enhancing wastewater recycling rate

Douliou Mill II has implemented wastewater treatment technology to handle domestic wastewater and industrial wastewater. Domestic sewage is treated using MBBR biological system, which utilizes anaerobic, anoxic and aerobic bacteria within MBBR tanks to degrade organic matter (BOD, COD), and ammonia nitrogen. Treated wastewater then undergoes further optimization through MBR (Membrane Bioreactor) filtration system before being discharged. Industrial wastewater is recycled through multi-stage desalination RO (Reverse Osmosis) system, which recycles and concentrates wastewater in stages. Hence, Douliou Mill II achieves industrial wastewater recycling rate of over 90%.

In addition to wastewater recycling, YC INOX also performs industrial acid recovery. We have established industrial acid recovery system to recover usable industrial acids, further reducing amount of sludge generation and chemical usage. Unusable, high-concentration waste liquid enters evaporation unit, where it is processed into distilled water for recycling, after which the remaining substances are transformed into dry sludge. Currently, we have achieved a waste acid recovery rate of over 85%.



Domestic Sewage Treatment System



Recycling System for Manufacturing Process

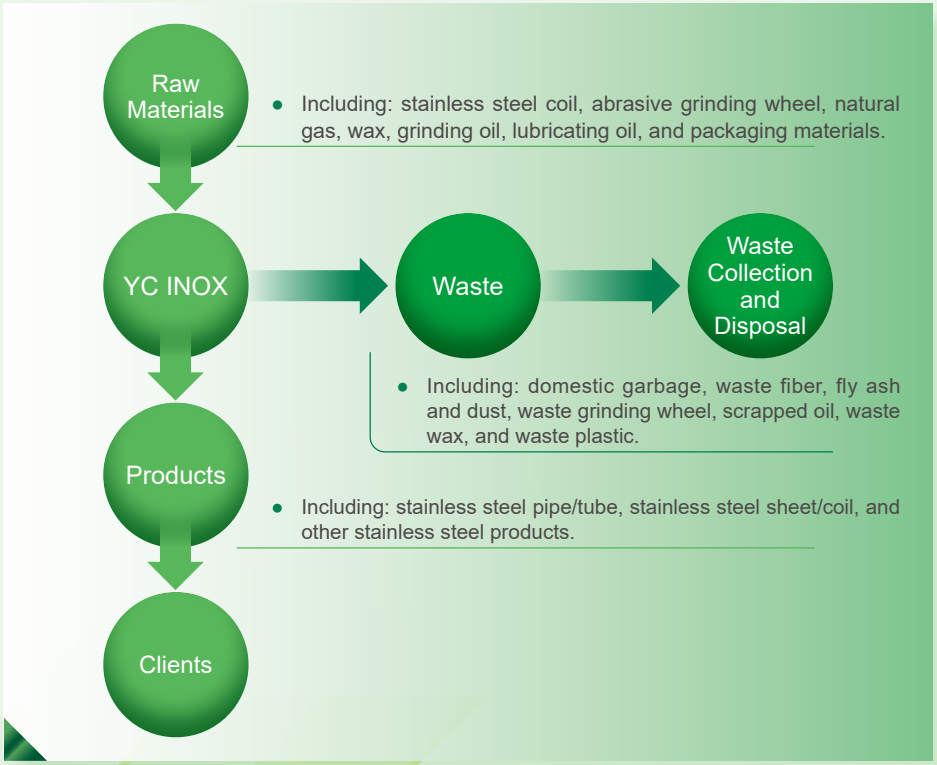


Waste Acid Recovery System

Waste Management | GRI 306-1, 306-2, 306-3, 306-4, 306-5

All four YC INOX mills practice waste management, conduct regular self-audits, make and keep written records, and constantly review and improve their operations. They report, via the Internet, their industrial waste output, storage, removal, and disposal, and commission waste collection and disposal businesses that have obtained waste removal and disposal licenses issued by competent authorities to dispose of the said waste. Paper materials such as waste delivery slips are kept for three years.

Waste Management and Monitoring Process



In 2023, non-hazardous industrial waste produced by YC INOX mainly consisted of inorganic sludge and general waste generated by business activities. Hazardous industrial waste primarily includes chromium and its compounds. Total waste generated in 2023 was 1,090.44 metric tons, a slight decrease of approximately 2.86% compared to 2022. Among them, the hazardous waste generated in 2023 amounted to 337.02 metric tons, accounting for 30.91% of overall waste generated.

Total Waste Generation **2.86%↓**

Waste Generation and Treatment Amount in 2023

Category	Waste Name (Code)	Amount Generated (Metric Tons)	Amount Disposed of (Metric Tons)	Waste (%)	Disposal Method[Note]
Non-Hazardous Industrial Waste	Inorganic Sludge (D-0902)	331.16	0	0.00%	Landfill
			249.87	33.16%	Physical Treatment
			81.29	10.79%	Thermal Treatment
	General Industrial Waste (D-1801)	162.02	162.02	21.50%	Incineration (Energy Recycled)
	Non-Hazardous Fly Ash and Dust or Its Compounds (D-1099)	36.19	36.19	4.80%	Landfill
	Waste Grinding Wheels (D-2406)	60.01	60.01	7.97%	Landfill
	Waste Plastic Mixtures (D-0299)	16.32	16.32	2.17%	Incineration (Energy Recycled)
	Waste Plastics (R-0201)	50.97	50.97	6.77%	Recycling and Reusing
	Scrapped Oil Mixtures (D-1799)	35.89	24.9	3.30%	Physical Treatment
			10.99	1.46%	Thermal Treatment
	Waste Fibers or Other Mixtures such as Cotton and Cloth (D-0899)	18.81	18.81	2.50%	Incineration (Energy Recycled)
	Waste Wax (D-2404)	40.21	40.21	5.34%	Landfill
	Sandblasting Waste (D-2407)	1.84	1.84	0.24%	Landfill
	Total	753.42	753.42	100%	
Hazardous Industrial Waste	Chromium and Its Compounds (C-0104)	337.02	337.02	100%	Landfill after Solidification

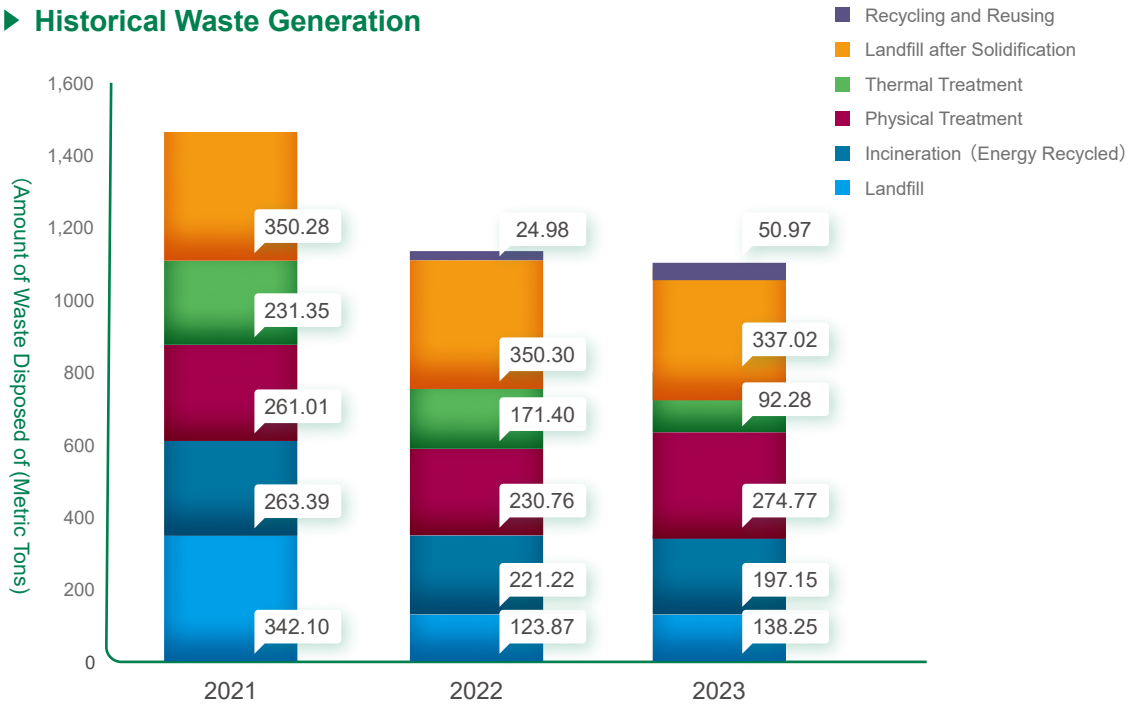
Note: Waste disposal methods are obtained from our contracts with contractors or from our waste declarations.

Total Waste Generation and Disposal Methods (Unit: Metric Tons)

Disposal Method[Note]	2021	2022	2023
Landfill	342.10	123.87	138.25
Incineration (Energy Recovery)	263.39	221.22	197.15
Physical Processing	261.01	230.76	274.77
Thermal Processing	231.35	171.40	92.28
Landfill after Solidification	350.28	350.30	337.02
Recycling and Reusing	-	24.98	50.97
Total Waste	1,448.13	1,122.53	1,090.44

Note: Waste disposal methods can be obtained from our contracts with contractors or from our waste declarations.

Historical Waste Generation



2023 Waste Recycling Project

As technology matured, YC INOX has also started the recycling of waste materials. In collaboration with companies specializing in plastic recycling, residual plastic compounds are transformed into recyclable plastic (R-0201). In 2023, 50.97 metric tons of residual plastic compounds were recycled, accounting for approximately 75.75% of total residual plastic compounds.



Waste Plastic Mixtures → Recycled Waste Plastic Particles



Waste Plastic Mixtures → Solid Recovered Fuel (SRF)

Energy Management | GRI 302-1, 302-3, 302-4, 302-5,305-5

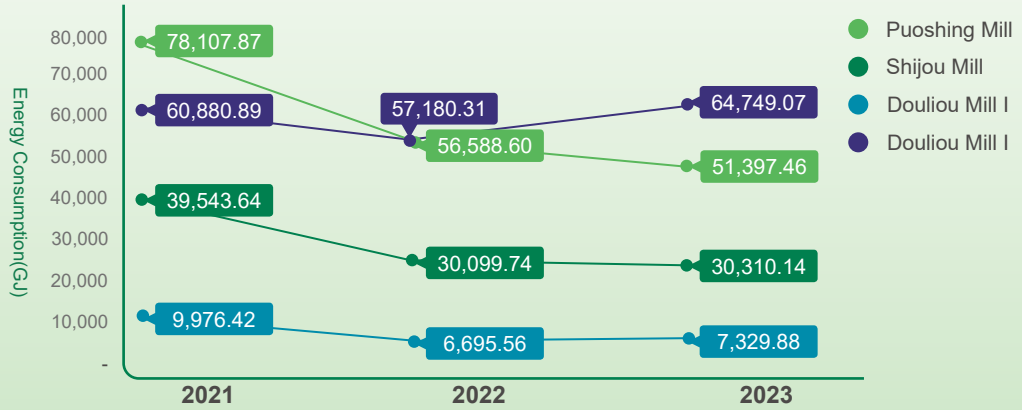
Material Topic Management (GRI 3-3)					
Material Topic		Energy Management	Corresponding GRI	GRI 302	
Impact		Use of low-carbon and diversified energy sources in conjunction with effective energy management practice can improve company operational performance and achieve goal of net zero carbon emissions. If energy and greenhouse gas management are not prioritized, the enterprise may fall behind industry trends, resulting in inferior product competitiveness. YC INOX's energy and greenhouse gas management will have either positive or negative impact on environment or economy.	Commitment/Policy	Support the use of energy-efficient products, designs and services to improve energy efficiency.	
Targets	Short Term (2025)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Introducing new welding technologies to increase speed of production and reducing energy consumption by 2%.	Mid-to-Long Term (2030)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. • Introducing new heat treatment technologies to reduce energy consumption for subsequent processes.	
Action Plans		• Installation of high-efficiency equipment with flow monitoring to reduce energy consumption of high-energy-consuming devices such as air compressors and chillers. • Managing energy usage to identify energy-saving opportunities, replace less efficient equipment to mitigate energy losses.		• Promoting energy-saving awareness among employees, encourage participation in energy-saving activities. • Monitoring energy usage data effectively, regularly evaluate and improve energy management effectiveness. • Monitoring risks and issue early warnings.	
Effectiveness Assessments	Tracking Progress	According to the ISO 50001 Energy Management System and ISO 14064-1 Greenhouse Gas Inventory Standard, data is collected and tracked monthly, performance results are reviewed annually, and management reviews are also conducted along with proposal for appropriate countermeasures.	Compliant Channels	Complaint or Communication Channels	Meeting on energy related issues (Shall be convened at least once annually)
	Achievements of The Year	Achieved energy savings rate of 3.97%. In 2023, total electricity savings for the Company was 1,392,421 kWh, resulting in reduction of 689.25 metric tons of CO_2 emissions.		Communication Results	In 2023, we held one energy related issues meeting to review potential energy-saving solutions and distinguish opportunities for short-term and medium- to long-term improvements.

To effectively manage energy usage and respond to increasing global environmental awareness, YC INOX actively assesses its energy consumption. Our main energy source is purchased electricity. The Company has successfully obtained ISO 50001 Energy Management System certification in 2021 and has been monitoring and regulating energy usage in every mill. The Company also implements energy-saving measure to reduce energy consumption and carbon emissions.

In 2023, the Company's total energy consumption was 153,786.55 GJ, with total energy intensity of 1.19 GJ per ton of production. Due to the implementation of various energy-saving projects and the increase in energy use efficiency, in 2023 the total energy intensity decreased by 3.25% compared to 2022. Hence, the Company successfully achieved its goal of 1% annual energy reduction.

Total Energy Intensity **3.25%↓**

Historical Total Energy Consumption For Each Mill



Historical Energy Consumption and Energy Intensity for Each Mill

(Unit: GJ)

Energy Consumption			
Site	2021	2022	2023
Puoshing Mill	78,107.87	56,588.60	51,397.46
Shijou Mill	39,543.64	30,099.74	30,310.14
Douliou Mill I	9,976.42	6,695.56	7,329.88
Douliou Mill II	60,880.89	57,180.31	64,749.07
Total	188,508.82	150,564.21	153,786.55

(Unit: GJ/Metric Tons of Production)

Energy Intensity			
Site	2021	2022	2023
Puoshing Mill	1.86	1.98	2.00
Shijou Mill	1.37	1.42	1.32
Douliou Mill I	0.11	0.13	0.13
Douliou Mill II	2.36	2.55	2.55
Total	1.00	1.23	1.19

Note 1:Energy consumption data is obtained from electricity bills, actual usage of natural gas, gasoline, and diesel, with no estimated.

Note 2:The source of the heat transfer coefficients is the 2016 Energy Statistical Annual Report published by the Ministry of Economic Affairs, Bureau of Energy (issued on June 30, 2017).

Note 3:The audit scope covers all of YC INOX's mills, including Puoshing Mill, Shijou Mill, Douliou Mill I, and Douliou Mill II.

Note 4:YC INOX's energy consumption includes externally purchased and consumed energy.

YC INOX has implemented energy-saving and carbon reduction measures to reduce energy consumption. These measures are reducing energy consumption and allocating capital expenditure and manpower, in the meantime, focused on increasing employee awareness of energy conservation and environmental protection. In 2023, estimated energy-saving amount from these projects was 5,012.74 GJ, which is equivalent to reducing CO_2 emissions by 689.25 metric tons.

Energy-Saving and Carbon Reduction Measures in 2023

Energy-Saving and Carbon Reduction Project	Project Description	Estimated Energy Saved (GJ)	Estimated GHG Reduction (Metric Ton of CO_2e)
Reducing Energy Consumption			
Air Compressor Operations Reduction	Installing variable frequency converters on air compressors to reduce electricity consumption.	793.49	109.10
Cease of Production Line Heating Furnace	Ceasing the use of heating furnace equipment for production.	3,459.47	475.68
Reduction of Furnace Annealing Water Cooling System Motor Operations	Integrating internal and external cooling systems to reduce the number of motors.	127.62	17.55
Reduction of Inkjet Printer Transmission Motor Operations	Controlling the number of transmission motors based on product length requirements.	118.17	16.25
Enhancement of Slitting Machine Process Capabilities	Improving equipment slitting capabilities.	97.84	13.45
Reduction of Nighttime Lighting Equipment in the Mills	Modifying circuits to allow independent activation of regional lighting.	4.42	0.61
Optimization of Cooling Circulation System Pipeline	Connecting mid-frequency machine and copper busbar cooling pipelines to reduce the number of motors used.	411.73	56.61
Total		5,012.74	689.25

Note 1: Based on energy saved (in kWh) per year converted into GJ.
Note 2: Electricity carbon emission coefficient was based on latest value announced by Bureau of Energy for 2022, which was 0.495 kg CO_2e/kWh.

Responding to the Smart Electricity Policy

In 2023, YC INOX was honored by the Changhua Branch of Taipower with a certificate of appreciation for "Demand Response Load Management", recognizing the Company's outstanding performance in this area. Upholding a spirit of long-term cooperation, we have actively participated in Taipower's demand response load management measures. By proactively adjusting our electricity usage and implementing demand response load management, we have successfully partnered with Taipower to curb peak loads, establishing an exemplary "Changhua Energy Saving Team." We will continue to maintain this cooperative spirit, jointly facing the challenges of energy saving and carbon reduction, and making further contributions to environmental sustainability.





Develop and Establish Renewable Energy Sources

In response to international trade dynamics and government's efforts to achieve net-zero carbon emissions, YC INOX completed the first phase of its solar power generation system with an installed capacity of 5,511.72 kWp in May 2022. In 2023, the Company further installed the second phase with an additional capacity of approximately 6,000 kWp, with an estimated annual generation of about 8.4 million kWh. The total investment for the aforementioned installations is around NT$450 million, with a total generation capacity of approximately 16.23 million kWh. According to the latest carbon emission coefficient (0.495 kg CO_2e/kWh) published by the Bureau of Energy for 2022, these solar power generation systems are expected to reduce emissions by approximately 8,030 metric tons of CO_2 equivalent annually, which is equivalent to the carbon absorption capacity of 20.6 Daan Forest Parks or the environmental benefits of afforesting approximately 811 hectares of land.



Mill Rooftop Solar Power Panel



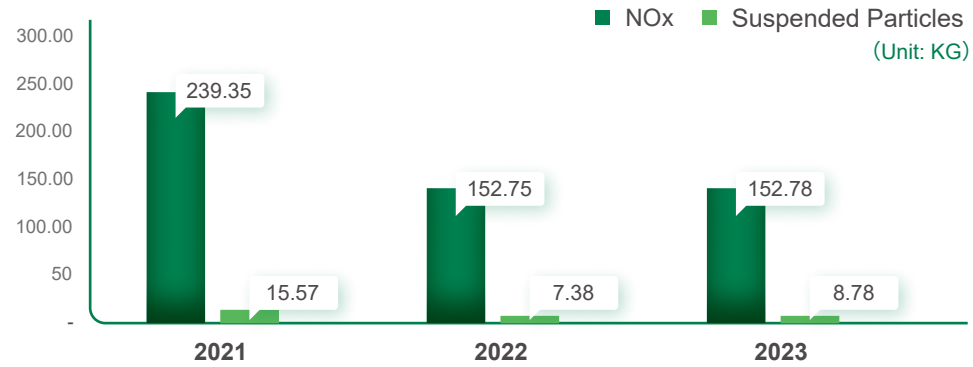
Smart Monitoring Dashboard for Power Generation

Air Pollution Management | GRI 305-7

To reduce the impact of air pollution on the natural environment, YC INOX continues to monitor and actively engage in air pollution control. Currently, regulated mills that are subjected to monitoring and reporting as per regulatory requirements include Puoshing Mill and Douliou Mill II. In 2023, all average monitored emissions for these mills complied with "Standards for Air Pollutant Emission from Stationary Pollution Sources".

The air pollutants generated by YC INOX primarily consist of Nitrogen Oxides (NOx) and particulate pollutants. In 2023, the Puoshing Mill emitted 161.56 kilograms of air pollutants, an increase of approximately 0.89% compared to2022. The Douliou Mill II emitted 1,142.04 kilograms of air pollutants, an increase of approximately 120.91% compared to 2022. The increase in emissions at Douliou Mill II was due to adjustments in production capacity and increased production. The emission trends of air pollutants in each mill for 2023 were as follows:

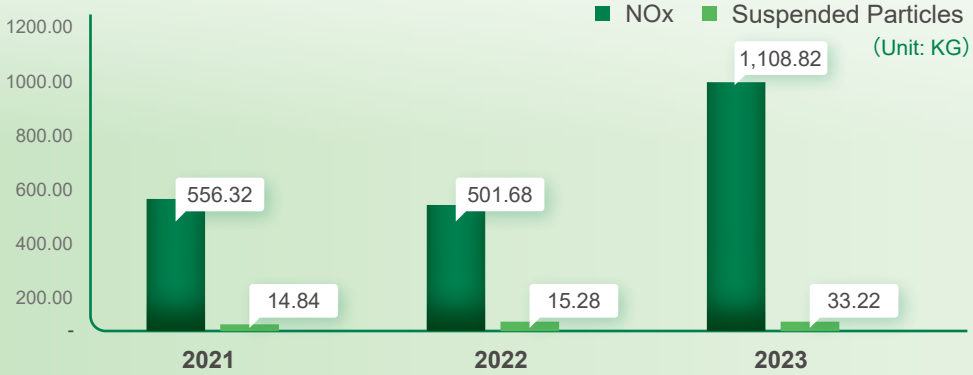
Historical Air Pollutant Emissions - Puoshing Mill



Note 1:Results were obtained using directly measured emissions, calculations made based on specific data on-site, calculations made based on publicly available emission coefficients, or estimations made using other assumptions.

Note 2:The emission coefficients are calculated based on coefficients publicly announced by Environmental Protection Administration, whereas the emission standards used are based on "Standards for Air Pollutant Emission from Stationary Pollution Sources".

Historical Air Pollutant Emissions - Douliou Mill II



Note 1:Results were obtained using directly measured emissions, calculations made based on specific data on-site, calculations made based on publicly available emission coefficients, or estimations made using other assumptions.

Note 2:The emission coefficients are calculated based on coefficients publicly announced by Environmental Protection Administration, whereas the emission standards used are based on "Standards for Air Pollutant Emission from Stationary Pollution Sources".

Douliou Mill II: Optimization of Wet Scrubber Treatment Equipment and Treatment Process

We have optimized the treatment process for the two existing wet scrubber treatment equipment at Douliou Mill II. The original series configuration had some inefficiencies, so we changed it to a parallel configuration to improve treatment efficiency and achieve energy saving and carbon reduction goals.



Wet Scrubber Treatment Equipment

CH5

Workplace Well-Being

5.1	Human Rights Protection	56
5.2	Safe and Friendly Working Environment	58
5.3	Manpower Structure and Employee Benefits	67
5.4	Employee Training Program	69



Chapter Highlights

- In 2023, the completion rate of human rights awareness promotion and education training for new employees reached 100%.
- In 2023, no reports or complaints related to human rights issues were received.
- Occupational work safety education and training: 2,685 employee training attendances, totaling 10,800 hours.
  313 contractor training attendances, totaling 475 hours.
- Douliou Mill I was awarded the Occupational Safety and Health Excellence Award and the Safety and Health Performance Improvement Award by the Yunlin County Government and the Taiwan Steel & Iron Industries Association.
- Shijou Mill and Puoshing Mill were awarded the Friendly Breastfeeding Room Certification by the Changhua County Government.
- 22,618 training hours accumulated, averaging 28.78 hours per employee.
- 560 newly received or renewed job domain related professional certifications.

5.1 Human Rights Protection | GRI 2-23

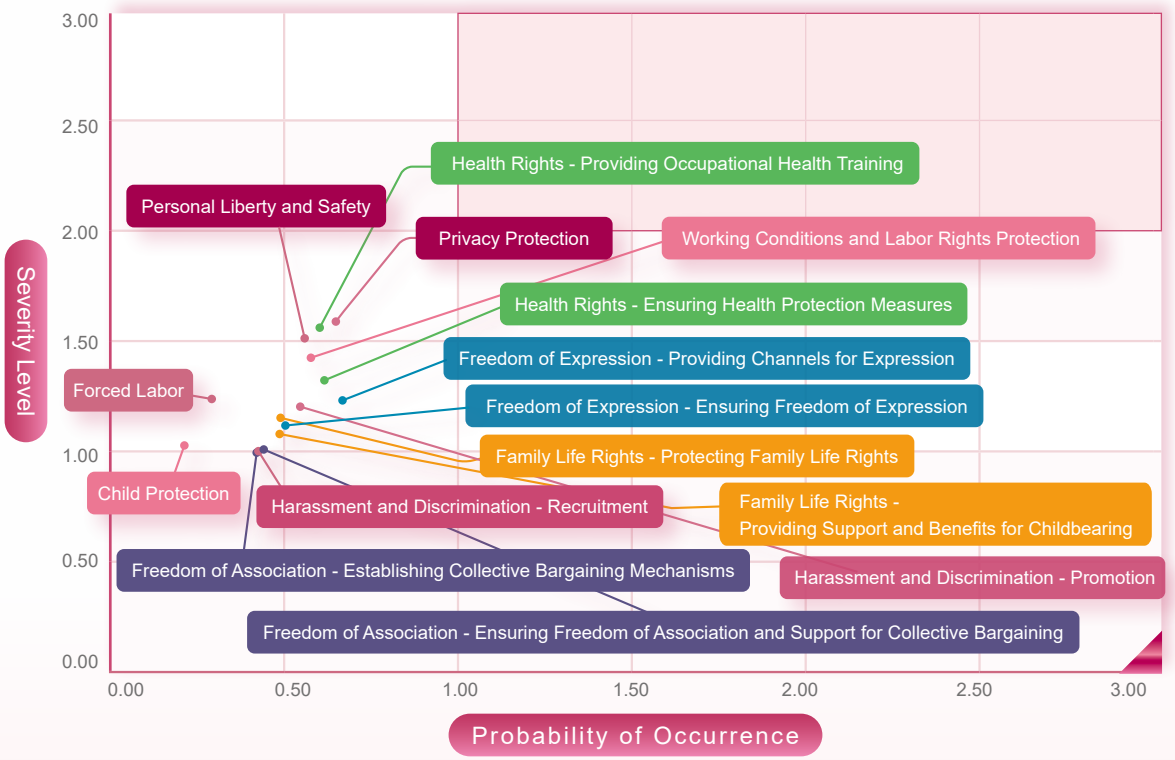
<table>
<tr><th colspan="6">Material Topic Management (GRI 3-3)</th></tr>
<tr><td colspan="2">Material Topic</td><td>Human Rights Protection</td><td>Corresponding GRI</td><td colspan="2">N/A</td></tr>
<tr><td colspan="2">Impact</td><td>If the enterprise is unable to effectively identify and manage human rights risks across the entire value chain and establish a risk response system, it may lead to potential impacts such as reputational damage, financial risks, operational risks, and political and legal risks for the enterprise and its stakeholders.</td><td>Commitments/ Policies</td><td colspan="2">To fulfill our corporate social responsibility and safeguarding fundamental human rights of our employees, customers, and stakeholders, the Company supports and adheres to international human rights standards and principles, such as the “United Nations Universal Declaration of Human Rights” and the conventions of the “International Labour Organization (ILO) Conventions”. We treat our employees with dignity and respect and strictly comply with local labor-related regulations, ensuring that we do not violate or infringe human rights.
Human Rights Policy Link: https://www.ycinox.com/tw/ir/ir-242.</td></tr>
<tr><td rowspan="2">Target</td><td>Short-Term (2025)</td><td>• In compliance with government regulations and policies, continuously improve the Company's internal human rights-related procedures and processes.
• No incidents of forced labor, labor disputes, violations of gender equality, or sexual harassment, nor any major human rights violations have occurred.
• Continuously promote human rights awareness and education training.</td><td>Medium-to-Long Term (2030)</td><td colspan="2">• No incidents of forced labor, labor disputes, violations of gender equality, or sexual harassment, nor any major human rights violations have occurred.
• Continuously promote human rights awareness and education training.
• Strengthen supply chain management by requiring suppliers to sign commitments on human rights-related issues.</td></tr>
<tr><td colspan="2">Action Plans</td><td colspan="4">Specific actions include incorporating human rights protection policies into the Company's personnel management systems, including but not limited to the "Factory working rules", "Codes of Conduct for Safety and Health", and "Prevention and Management of Unlawful Infringement in the Performance of Duties and Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment". We hold regular labor-management meetings and Safety and Health Committee meetings every quarter to help employees maintain physical and mental health and work-life balance, providing a safe and healthy working environment. Additionally, through education and training, we enhance employee awareness of human rights protection in order to safeguard their legal rights and interests.</td></tr>
<tr><td rowspan="3">Effectiveness Assessments</td><td rowspan="2">Tracking Process</td><td rowspan="2">• Every year, we formulate annual operational plan covering human rights policy issues. We track progress of annual operational plan on a quarterly basis and review achievement of our goals during annual management review meetings.
• The Internal Audit Office regularly reviews compliance with human rights policies.
• The Sustainability Committee reviews, tracks, and revises human rights issues related to sustainable development.</td><td rowspan="3">Complaint Channels</td><td>Complaint or Communication Channels</td><td>Reporting and complaint channels have been established on the company website.</td></tr>
<tr><td rowspan="2">Communication Results</td><td rowspan="2">• Relevant information is published on the company's website under the Sustainable Development Zone and Investor Relations Zone, providing communication channels for stakeholders.
• The 2023 internal audit results have been reported to the Board and no human rights issues deficiencies has been identified.</td></tr>
<tr><td>Achievements of The Year</td><td>• In 2023, the completion rate of human rights awareness promotion and education training for new employees reached 100%.
• In 2023, no reports or complaints related to human rights issues were received.</td></tr>
</table>

To fulfill our corporate social responsibility and safeguarding fundamental human rights of our employees, customers, and stakeholders, the Company supports and adheres to international human rights standards and principles, such as the “United Nations Universal Declaration of Human Rights” and the conventions of the "International Labour Organization (ILO) Conventions". We treat our employees with dignity and respect and strictly comply with local labor-related regulations, ensuring that we do not violate or infringe human rights. Specifically, we have incorporated human rights protection policies into the Company's personnel management systems, including but not limited to the "Factory working rules", "Codes of Conduct for Safety and Health", and "Prevention and Management of Unlawful Infringement in the Performance of Duties and Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment". Through education and training, we enhance employee awareness of human rights protection in order to safeguard their legal rights and interests.

In addition to our focus on human rights issues, we continually optimize our management systems to create a diverse and friendly workplace. We also work towards reducing occupational safety risks. For more detailed information regarding occupational safety issues, please refer to Section 5.2 "Safe and Friendly Working Environment."

Human Rights Policies

2023 Human Rights Due Diligence (Human Rights Risk Assessment Results)



YC INOX refers to international human rights conventions, relevant guidelines, and due diligence reports from benchmark enterprises, consolidating related human rights risk issues to assess potential human rights risks within the value chain and incorporate them into the human rights risk assessment process. This year, we conducted a human rights risk assessment for internal employees through an online questionnaire survey.

The questionnaire content evaluates the "Probability of Occurrence" and "Severity Level" of various human rights risk issues.

Probability of Occurrence

0	Will not occur
1	Low likelihood (1% - 30%)
2	Moderate likelihood (31% - 60%)
3	High likelihood (greater than 61%)

Severity Level

0	No impact
1	Not severe
2	Severe
3	Very severe

Based on the responses, a human rights risk matrix is generated. Human rights risks are classified into three levels according to the following standards:

Human Rights Risk

Low Risk	Probability of Occurrence score below 1
Moderate Risk	Probability of Occurrence score above 1 and Severity Level score below 2
High Risk	Probability of Occurrence score above 1 and Severity Level score above 2

We collected a total of 139 questionnaires, and the assessment results are as follows:

Based on the 2023 Human Rights Due Diligence results, no human rights issues above moderate risk have been identified. YC INOX will continue to conduct human rights risk assessments and implement preventive and mitigating measures for managing related risks.



5.2 Safe and Friendly Working Environment

GRI 2-25, 2-26, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Material Topic Management (GRI 3-3)

Material Topic	Occupational Safety and Health	Corresponding GRI	GRI 403
Impact	Taking care of employee health is one of enterprise's social responsibilities. Creating safe working environment allows employees to work with peace of mind. This would elevate our operational performance. Conversely, neglecting this responsibility might lead to talent shortage, hindering our ability to provide high-quality products consistently. Occupational safety and health of an enterprise will have either positive or negative impact on economy or society.		
Commitments/Policies	YC INOX has established environmental, safety, health, and energy policies and actively implemented this policy to create a safe and friendly working environment, ensuring the safety of employees. (1) Regulatory Compliance: Comply with energy, environment, and occupational health and safety-related laws and regulations as well as other requirements. (2) Raised Awareness: Enrich technical knowledge, communicate it to workers, make them aware of their personal responsibilities, and facilitate their participation in and implementation of management systems. (3) Consultation and Communication: Strengthen worker interactions, establish consultation participation and communication channels, and give appropriate responses. (4) Risk Control: Adopt appropriate risk control technologies to eliminate hazard risks caused by pollutants and hazard factors, and control related losses to protect worker health and safety. (5) Sustained Performance: Through pollution, injury, and disease prevention, elevate energy performance, set goals and action plans, and continuously improve management performance. (6) Friendly Environment: Strengthen workplace environment improvements and employee health management, and provide safe and healthy working conditions to prevent work-related injuries and health hazards. (7) Energy-Saving and Carbon Reduction: Support the use of energy-saving products, designs, and services to elevate energy usage efficiency and lower greenhouse gas emissions.		
Targets	Short Term (2025): No high-consequence work-related injury. (GRI 403-9 definition: High-consequence work-related injury refers to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months).		
	Mid-to-Long Term (2030): Employee disablement injury frequency rate <6.		
Action Plans	• Building upon ISO 45001 Occupational Health and Safety Management System to improve our operational processes. • Senior managements and safety and health officers shall conduct audits at irregular basis to ensure compliance in all units, and provide suggestions or improvement measures as needed. • Mid-level managements regularly carry out safety observations and propose improvement plans as needed. • Fire drills and occupational safety and health training are conducted on a regular basis to raise employee emergency response readiness and instill self-management capabilities.		
Effectiveness Assessments	Tracking Progress: • Regular Meetings: We hold Occupational Safety and Health Committee meetings quarterly, company-level safety and health meetings, and labor-management meetings. Additionally, we conduct management review meetings annually. • Conducting hazard identification: We organize hazard identification activities to recognize potential risks and develop improvement measures.		
	Achievements of The Year: • No high-consequence work-related injury. • Training Achievements: (1) Conducted 3 sessions of training for foreign workers on crane operation and lifting operations, with a total of 85 attendances. (2) Conducted safety education training for local employees on fixed crane operatio n, with a total of 128 attendances. (3) Conducted safety and health hazard identification training and disaster prevention training for local employees, with a total of 928 attendances. (4) Organized 9 sessions of safety and health hazard prediction training for foreign workers, with a total of 448 attendances. (5) Conducted safety and health education and training for supervisory personnel, with a total of 212 attendances. • Employee Care: (1) 235 occupational therapy consultation sessions were conducted by occupational medical physicians. (2) 28 health promotion sessions were conducted by occupational medical nurse.		
Complaint Channels	Complaint or Communication Channels: • Reporting and complaint channels have been established on the company website. • Quarterly Occupational Safety and Health Committee meetings, labor-management meetings, and annual management review meetings.		
	Communication Results: • No occupational safety-related complaints have been received. • 4 Occupational Safety and Health Committee meetings and labor-management meetings were convened to discuss the implementation of occupational safety and propose improvement measures for identified deficiencies.		

Safe Workplace

YC INOX adheres to a people-centric philosophy, prioritizing safety and health of its employees. As such, YC INOX has established occupational safety management system, regularly identifies hazards and risks, proposing preventive measures to prevent accidents.

Occupational Safety and Health Management System

To enhance occupational safety and health management, the Company implemented Occupational Safety and Health Management System in 2008. In 2009, we received Occupational Health and Safety Assessment Series (OHSAS) 18001 certification, and in the same year, we obtained verification from Ministry of Labor on Taiwan TOSHMS, which later became national standard CNS 15506 in 2011. To align with new standards of ISO 45001:2018/TOSHMS (CNS 45001:2018), we revised our existing safety and health management regulations and completed transition verification by TÜV Rheinland in 2020.

Occupational Safety and Health Management System applies to all personnel within the Company's mills and workplace areas, including both employees and non-employees, contract workers are separately defined by contracting agreements. Each department conducts hazard identification and risk assessment for their respective operations and implements improvements. Effectiveness of these improvements is then assessed through management and operational performance indicators.

The primary responsible units for occupational safety and health management are the safety and health offices in each mill. For every safety and health office, we have Class 1 qualified Occupational safety and health affairs managers and specialists. In addition, the Company provides occupational medical physicians and occupational medical nurses. Regular meetings and emergency response drills are conducted to track occupational safety and health performance and to ensure timely updates to the safety and health management plans. Meetings and emergency response drills are conducted at the following frequencies:

Bi-weekly	Quarterly	Semi-annual
• Operational safety observation review meetings	• Company-level safety and health meetings • Occupational Safety and Health Committee meetings	• Operational environmental monitoring and assessment meetings • Emergency response drills

Hazard Identification and Management

The Company conducts comprehensive hazard identification assessments annually in accordance with "Hazard Identification and Risk Assessment Management Procedure." Activities are organized to identify hazards, including expert diagnosis, site audits by senior managements, and regular dynamic safety observation activities. In 2023, our 4 mills have developed action plans to control risks for hazard levels 4 and 5 based on the results of their identification assessment.

Occupational Hazard Identification and Risk Assessment Management Procedures

Step 1 Formation of Hazard Identification Team

- Every department assigns staff to attend meetings.
- Conducting hazard identification trainings.



Step 2 Evaluate Hazard Identification

- Work arrangements, social factors, etc.
- Routine and non-routine activities and situations.
- Previous internal or external relevant incidents.
- Potential emergency situations.
- Other issues.



Step 3 Assess Hazard Risks

- Defining severity of hazards and assess the likelihood.
- Use of risk matrix for assessment.



Step 4 Quantify Hazard Risks

- Defining risk levels (i.e., from levels 1 to 5).
- Defining nature of risks, where levels 1 and 2 are considered low risks (tolerable), level 3 is considered medium risks (tolerable), and levels 4 and 5 are considered high risks (intolerable).



Step 5 Eliminate Hazard Risks

- Developing response strategies for each risk level.
- Proposing improvement plans for intolerable risks (action planning).



Step 6 Improve Continuously

- Holding regular management review meetings as well as Occupational Safety and Health Committee meetings to review and improve current plans.
- Holding ad-hoc meetings for review and improvement (in cases of unexpected occupational accidents or other temporary needs).



Important Risk Items and Response Measures

Risk items	Risk-related Descriptions	Response Measures
Fall/Tumble	• Risk of falling when personnel enter the slitter machine buffer pit.	• Installing ascent, descent, and fall protection equipment.
	• Risk of falling when personnel climb the safety ladder.	• Optimizing safety ladder protection measures.
	• Risk of personnel injury from raw materials tipping over in the storage area due to lack of support columns.	• Establishing temporary storage area.
	• Risk of personnel falling due to lack of standing platform when placing automatic clamps.	• Optimizing the storage rack by installing ladders and standing platforms.
Clamp/Roll/Crush Injury	• Risk of pinching injuries when personnel adjust air cylinders or pressure roller seats during mold changing operations.	• Improving the adjustment of pressure roller seats for air cylinders.
	• Risk of body being pressed or pinched when lift platform ascends or descends.	• Installing photoelectric sensor functions.
	• Risk of personnel injury from falling steel coils during material turning process.	• Installing material turning machine stakes.
	• Risk of personnel injury from falling sheet blocks during movement.	• Installing movable wheels on sheet blocks for easier movement during operations.
	• Risk of personnel injury from tilted steel coils breaking anti-tilt rods during product unloading with discharge carts.	• Optimizing shearing machine protection.
	• Risk of personnel injury from sliding steel coils during material turning due to uneven placement.	• Optimizing material turning machine.
	• Risk of personnel injury from collapsing raw materials due to lack of support facilities.	• Installing support stakes for raw materials.
	• Risk of personnel injury from unguarded gears in new material rack crane turning positions.	• Improving new material racks.
	• Risk of personnel injury from tipping vertical fans in the maintenance area.	• Replacing fans.
	• Risk of personnel injury from collapsing material racks when crane descending guide rods collide with side racks.	• Modifying guide rod detection method.
Collisions	• Risk of personnel being hit if not paying attention to cart route during transport.	• Installing photoelectric sensor functions, increasing sensor range, and changing automatic mode to manual mode.
	• Risk of personnel being hit due to uncontrolled crane movement from signal malfunction.	• Modifying emergency cut-off function.
	• Risk of personnel being hit by crane due to obstructed view from new material rack.	• Improving crane lifting equipment for new material racks.
Dust Exposure	• Risk of personnel experiencing discomfort from long-term inhalation of metal fumes produced during welding when closely observing weld points.	• Installing local exhaust ventilation systems.
Slip/Trip	• Risk of personnel spraining or falling due to stepping on pipelines while walking during operations.	• Installing anti-slip covers on pipelines.
Fire and Explosion	• Risk of fire due to welding slag splashing onto the mask and being placed back into the iron cabinet without cooling, causing smoldering and igniting flammable materials around.	• Using welding jigs with slag collection.
Objects Flying/Falling	• Risk of equipment damage caused by pipe slings falling and hooking onto equipment during transport.	• Installing iron plates at the bottom of racks.

Bonus for Occupational Safety Proposals

To enhance the Company's occupational safety and health management capabilities, we have established “Regulations Governing Operations of Policy Improvement Proposals”. Using a bottom-up improvement approach, we encourage employees to submit proposals that address identified safety and health issues along with specific improvement ideas. When a proposal is adopted, we award a bonus to the employee and take into consideration during their individual performance evaluation.

Implementation of Occupational Safety Measures

Installation of "projection warning lights" on fixed cranes

To effectively prevent common accidents caused by fixed cranes where improper operation can result in suspended objects injuring workers, it is essential to adhere to safety regulations and ensure that surrounding personnel are aware of potential hazards. We have installed projection warning lights in areas where equipment or personnel may interfere with each other (such as narrow pedestrian walkways) to provide safety alerts. These lights project onto the ground, marking the hazardous zones of fixed cranes and reminding personnel to keep a safe distance, thereby preventing accidental injuries.





Installation of "projection warning lights" on forklifts

Collisions and impacts involving forklifts are also common accidents. To enhance the hazard awareness of nearby personnel, we use projection lights to mark hazardous areas on the ground around forklifts. These lights serve as a reminder for personnel to stay clear, thereby preventing accidents.



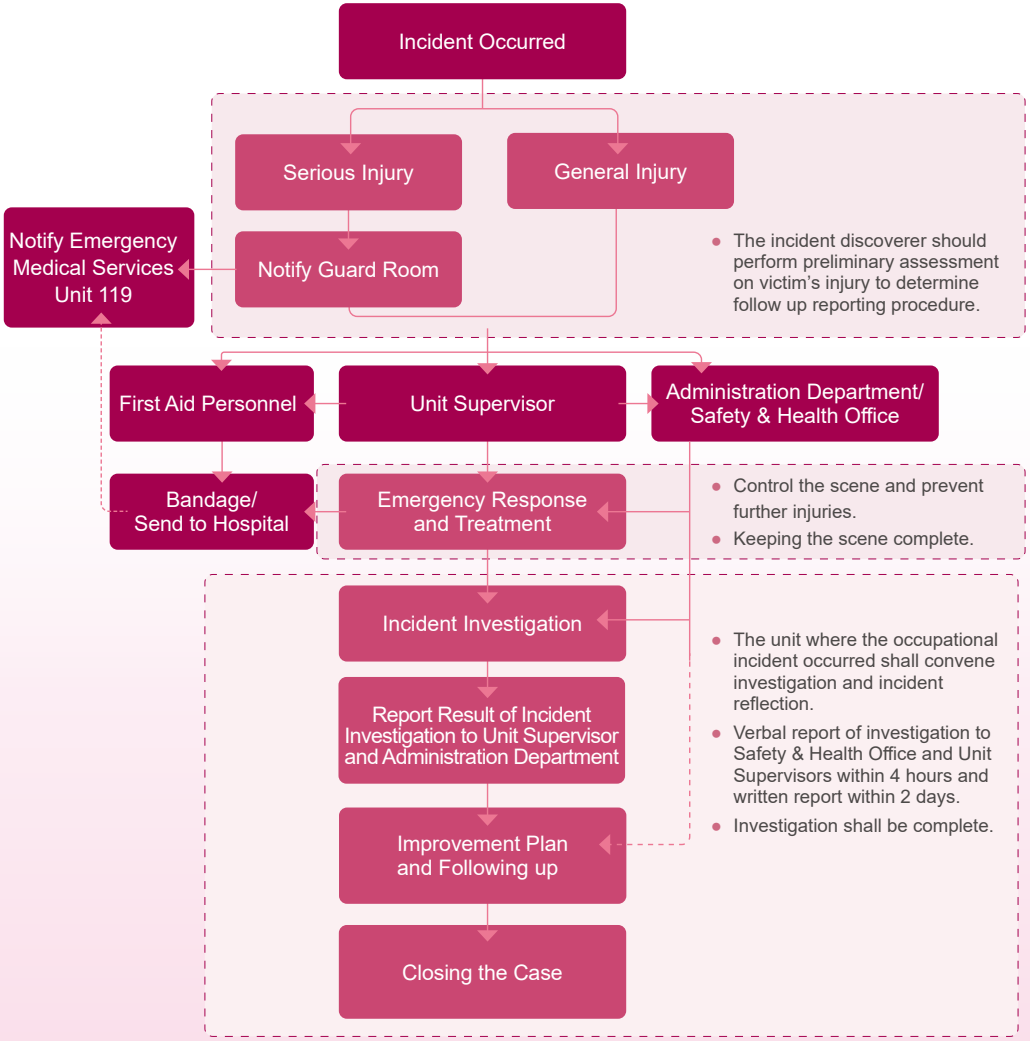
All mills in Taiwan are equipped with smart medical grade blood pressure monitor

Employees have to enter their staff identification number when they are using blood pressure monitor. Blood pressure data will be automatically transmitted to ERP system. Employees can access their blood pressure record with ease. These records are also available for use by occupational medical physician and nursing staff to monitor employees' health status as needed. In 2023, the smart medical grade blood pressure monitor was used a total of 3,818 times.



Emergency Response Contingency Procedure

In the event of potential hazards within the workplace, employees are required to promptly report to their supervisor or Safety and Health Offices. Supervisor must take immediate action to cease on-site operations and arrange safe evacuation of fellow workers. Employees are permitted to independently suspend their work and retreat to secure location when such actions do not compromise safety of other employees. No disciplinary actions shall be imposed on employees taking these steps. The contingency procedure in the event of a hazard is outlined as follows:











Occupational Safety Performance

In 2023, 13 occupational injury cases have been reported, which is an increase of 8 injury cases as compared to 2022. Common types of occupational injuries reported including sprains, crush injuries, cuts, abrasions, and falls. The Company has taken improvement measures, including reinforcing safety awareness, providing educational training and offering safety equipment. Concerning occupational diseases, 60 cases have been reported in 2023, representing an increase of 39 cases as compared to 2022. The main reason is attributed to hearing impairment caused by working environment noise pollution. In response, the Company has prepared hearing protection devices and implemented hearing protection health program to safeguard and monitor our employees' hearing health. As injury incidents for both 2022 and 2023 involved only employees, table below only provides breakdown of employee work hours and calculates the disability injury frequency.

Historical Occupational Safety and Health Performance

Year		2022					2023				
Site		Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	Total	Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	Total
Total work hours		722,314	613,687	203,528	266,592	1,806,121	675,627	559,759	179,714	294,740	1,709,840
Occupational Injuries	Cases of general occupational reported (Number of lost workdays ≧ 180)	3	1	-	1	5	1	3	2	7	13
	Cases of serious occupational injuries (Number of lost workdays ≦ 180)	-	-	-	-	-	-	-	-	-	-
	Cases of recordable occupational injuries	3	1	-	1	5	1	3	2	7	13
	Number of deaths resulting from occupational injuries	-	-	-	-	-	-	-	-	-	-
	Lost workdays[Note1]	37	13	-	2	52	14	35	38	57	144
	Ratio of serious occupational injuries[Note2]	-	-	-	-	-	-	-	-	-	-
	Ratio of recordable occupational injuries[Note3]	0.83	0.33	-	0.75	0.55	0.30	1.07	2.23	4.75	1.52
	Ratio of occupational injuries that result in deaths[Note4]	-	-	-	-	-	-	-	-	-	-
Occupational Diseases	Number of occupational diseases reported	4	14	2	1	21	14	29	8	9	60
	Number of deaths resulting from occupational diseases	-	-	-	-	-	-	-	-	-	-
	Ratio of occupational diseases that result in deaths[Note 5]	-	-	-	-	-	-	-	-	-	-
	Number of recordable occupational diseases	4	14	2	1	21	14	29	8	9	60

Note 1: Total number of lost workdays due to a single occupational injury case is calculated from date of injury or fatality. It includes days when injured party is temporarily (or permanently) unable to return to work, excluding the day of injury and the day of returning to work. It should also include any intervening days, including weekends, holidays, or any days when the business unit is not in operation, as well as any days when individual is unable to work due to effects of disaster after returning to work.

Note 2: Ratio of serious occupational injuries = (number of serious occupational injuries (excluding those that result in deaths) × 200,000 work hours)/total work hours.

Note 3: Number of recordable occupational injuries = (number of recordable occupational injuries × 200,000 work hours)/total work hours.

Note 4: Ratio of occupational injuries that result in deaths = (number of occupational injuries that result in deaths × 200,000 work hours)/total work hours.

Note 5: Ratio of occupational diseases that result in deaths = (number of occupational diseases that result in deaths × 200,000 work hours)/total work hours.

Raising Occupational Health and Safety Awareness

Occupational Safety and Health Education and Training

To enhance occupational safety and health awareness of workers, occupational safety- and health-related education and trainings are provided not just to our employees but also to our contractors. As of December 31, 2023, a total of 2,998 attendances have received training, accumulating a total of 11,275 training hours. New employees are required to undergo a "New Employee Occupational Safety and Health Education and Training" which is a 6 hours program during onboarding, and trainees shall pass the final assessment to meet course requirements. Specialized occupational safety and health education and training are also arranged for operators of specialized equipment, such as fixed cranes, forklifts, aerial work platforms, high-pressure gas specific equipment, etc. Trainees will receive completion certificates or skill certification licenses upon successful completion of training and passing the assessment.

Case study videos relating to occupational accidents are broadcast in our mills biweekly to stress the importance of occupational safety.







Number of Occupational Safety and Health Training Attendances and Training Hours For 2023

Employees

Training Attendances	Total Training Hours
2,685	10,800

Contractors

Training Attendances	Total Training Hours
313	475

General Training

- General occupational safety and health training.
- Disseminate information about hazard identification within our mills. Investigation and handling procedure of in-house occupational accidents.
- Behavioral safety observation training.
- Emergency response training.
- Mechanical protection and prevention of mechanical equipment hazards.
- Safety and health retraining due to changes in manufacturing process.
- General hazard awareness education and training.

Specialized Operator Training

- Safety and health education and training for fixed crane operators.
- Education and training for forklift operators.
- Special safety and health education and training for aerial work platform operators.
- Training for high-pressure gas specific equipment operators.
- Training for supervisors in high-pressure gas supply and consumption operations.
- Safety and health on-the-job training for hazardous substance operation supervisors.
- Safety and health education and training for specific chemical substance operation supervisors.
- Training for operators of ionizing radiation equipment.
- Safety and health education and training for roof work supervisors.
- On-the-job education and training for acetylene welding operators.
- Safety and health education and training for first-aid personnel.
- Supervisory safety and health training.



General occupational safety and health training



Safety and health education and training for fixed crane operators



Special safety and health education and training for aerial work platform operators





Safety and health education and training for first-aid personnel



Emergency response training

Occupational Health Services

The Company offers a range of occupational health resources to employees. Individual health examination results and records of health service utilization are securely stored and managed by medical personnel with strict access control. These records cannot be disclosed without individual's explicit consent.

Regular General Health Examinations for Employees

We regularly conduct General Health Examinations for our employees, offering examinations that go beyond legal requirements in terms of scope and frequency. We conduct environmental monitoring depending on the nature of occupation in accordance with regulatory requirements. Specialized occupational health examinations are also carried out annually. Employee health examination data is systematized and kept confidential.

On Site Medical Service by Occupational Medical Physicians

Every month, our occupational medical physicians and nursing staff visit our mills to provide professional and highly accessible medical resources. We maintain medical records to track and manage health services.

The occupational medical physicians conduct regular on-site visits to provide recommendations for working environment improvement, hazard identification, occupational injury and disease prevention as well as reference for work selection and assignment.

We have infirmaries in our mills, equipped with emergency medical supplies and equipment. To provide more effective medical service for foreign workers, we have acquired translation devices and smart blood pressure monitors. We also designed medical communication forms in foreign workers' native languages for smoother communication.

Provide First Aid Education and Training

We enhance our employees' emergency first aid capabilities by conducting relevant first aid training and drills. AEDs and resuscitation bags are available in all our mills to improve our emergency response capabilities and provide immediate assistance in critical situations.

Devise Annual Health Service Plans

We offer comprehensive healthcare services and support our employees in implementing self-healthcare management effectively.

Disseminate Health Information

We periodically disseminate health education, communicable disease prevention and policy messages through the Company's Line groups. Additionally, we have established specific chatroom groups for foreign workers, using their native languages to ensure seamless transmission of health information.

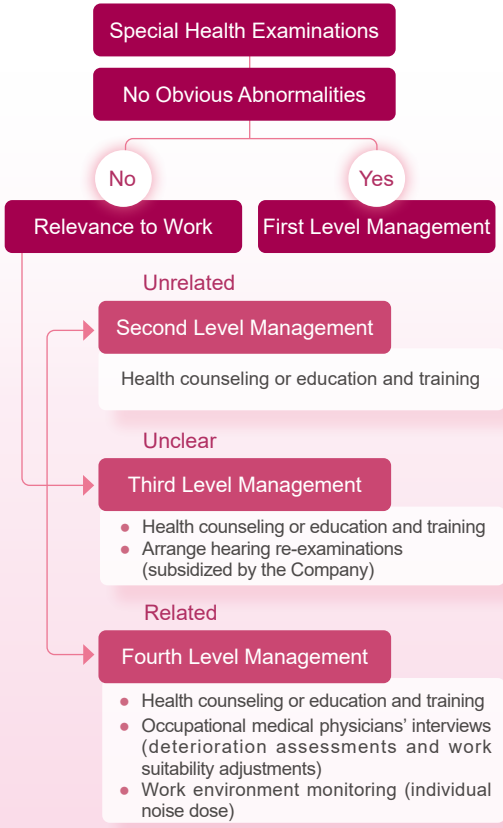


Hearing Healthcare

As some of the processes involve noisy environments, hearing protection for our employees is of paramount importance. Therefore, we provide hearing protection devices to employees working in noisy environments, along with annual special health examinations. We have also formulated hearing protection plan in accordance with “Regulations of the Labor Health Protection” and managed by control banding based on results of special health examinations. In 2023, a total of 406 hearing examinations were conducted.











Labor-Management Communication

In accordance with Article 10 of the “Occupational Safety and Health Management Regulations” of the Ministry of Labor, Occupational Safety and Health Committees are established in every mill. Plant manager shall be chairman of the Committee. Committee members include unit supervisors and employees, with a total of 19 employee representatives, accounting for 40% of total committee members. Quarterly meetings are held to discuss occupational safety and health issues and keep track of safety performance indicators. Additionally, company-level safety committee has also been established, convening quarterly meetings. This committee is being chaired by representative from the management and head of Production Department, with supervisors and safety personnel from each mill serving as committee members. They discuss the implementation status of occupational safety and health in each mill.

The Company has established internal and external communication, participation, and consultation channels to appropriately provide relevant environmental and occupational safety and health information. This ensures that the needs and expectations of workers and stakeholders are conveyed, as well as communicating the commitment and performance of occupational safety and health management.

The participation of non-management workers is emphasized in the following matters:

- Deciding the mechanisms for consultation and participation.
- Identifying hazards and assessing risks and opportunities.
- Deciding actions to eliminate hazards and reduce occupational safety and health risks.
- Determining competency requirements, training needs, and training evaluations.
- Deciding the matters to be communicated and the methods of execution.
- Deciding control measures and ensuring their effective implementation and use.
- Investigating incidents and non-conformities and deciding corrective actions.

Labor-management communication in 2023

Organization	Occupational Safety and Health Committee		Labor-Management Meeting		Employee Welfare Committee	
Purpose	Review and provide recommendation on occupational safety and health policies and latest circumstances.		Promote and coordinate labor-management relationships		Protect and improve employee welfare	
Members Type	Management	Labor	Management	Labor	Management	Labor
Number of Representative	28	19	20	20	3	6
Ratio	60%	40%	50%	50%	33%	67%
Communication Target	All employees		All employees		All employees	
Communication Frequency	Quarterly		Quarterly		Quarterly	
Communication Effectiveness	4 Occupational Safety and Health Committee meeting sessions held for each mill		4 labor-management meetings sessions held for each mill		4 Employee Welfare Committee meetings held at company-level	

Note: Mill level: Occupational Safety and Health Committee and labor-management meeting Company level: Employee Welfare Committee.

Business Partnership Management

The Company has established the "Supplier Management Measures", conducting regular evaluations and creating a list of qualified suppliers. Qualified suppliers are prioritized as long-term partners for procurement and engineering units. Through the "Contractor Management Measures," we ensure safe management of contractors entering the mills, enhancing the quality and safety standards of contracted work.

The Company has been actively participating in occupational safety and health management activities promoted by the Ministry of Labor. Since 2017, we have served as a cadre of the technical promotion team member of the TOSHMS Central Region Association. During this period, we have published manuals on the case studies of return-to-work procedures after injuries and illnesses, and practical case studies on high (air) temperature hazard prevention. We have also assisted the association in revising multiple case study manuals. By autonomously planning and organizing related TOSHMS workshops, training, experience sharing, and observation activities, we aim to improve the safety and health techniques and management experience of relevant personnel in enterprises.





Honors of Occupational Safety and Health



Awarded

"Occupational Safety and Health Excellent Unit" by the Yunlin County Government



Awarded

"Progress Award for Safety and Health Performance" by the Taiwan Steel & Iron Industries Association



Awarded

"Friendly Breastfeeding Room Certification" by the Changhua County Government

5.3 Manpower Structure and Employee Benefits

GRI 2-7, 2-8, 2-21, 2-23, 2-24, 201-3, 401-1, 401-2, 401-3, 405-1

Human Resource

As of December 31, 2023, total number of employees in the Company is 786. The male-to-female ratio is 6:1. The greater male representation is attributed to the characteristics of manufacturing industry, whereby male employees tend to have a higher tolerance towards this working environment. Among our employees, around 6% hold managerial positions, with approximately 23% being female. In terms of educational attainment, for managerial positions, majority holds either a bachelor's degree (33%) or a master's degree (31%). Among non-managerial positions, majority of our employees have educational attainment of high school and below (56%), followed by bachelor's degree (30%).

Non-employee workers are individuals who provide labor but do not have an employment relationship with us. In 2023, there were a total of 18 non-employee workers with the majority being contractors. The headcount information is calculated based on the average number of non-employee workers entering the Company each day during that year. The ratio of employees to non-employee workers is 43:1, with employees being the primary source of labor.

Employee Mobility

As of December 31, 2023, total number of new employees was 55, which translates to a new hire rate of 7%. Total number of resignees was 83, leading to a departure rate of 11% (including foreign workers on fixed term contract). Our recruitment channels are diverse, encompassing online job banks, campus recruitment, job fairs organized by local employment service centers and partnerships with headhunters. Additionally, we encourage our employees to introduce suitable candidates by offering referral bonuses.

Manpower Structure by Gender and Age for 2023

Site/Age	Male			Female			Total
	<30	30-49	≥50	<30	30-49	≥50	
Shijou Mill	45	190	25	4	62	20	346
Puoshing Mill	62	127	23	0	6	3	221
Douliou Mill I	9	52	6	0	4	2	73
Douliou Mill II	43	90	6	0	7	0	146
Subtotal	159	459	60	4	79	25	
Percentage	23%	68%	9%	4%	73%	23%	786
Total	678 (86%)			108 (14%)			

Note: Listed data only represent employees based in Taiwan. The data of Shijou Mill included our employees at headquarters and sales offices.

Manpower Structure by Educational Attainment in 2023

Position Level/ Education Level	Managerial Position		Non-Managerial Position		Total	
	Number	Ratio	Number	Ratio	Number	Ratio
Ph.D. Degree	0	0%	0	0%	0	0%
Master's Degree	15	31%	16	2%	31	4%
Bachelor's Degree	16	33%	220	30%	236	30%
Other Higher Education	11	23%	85	12%	96	12%
High School and Below	6	13%	417	56%	423	54%
Total	48	100%	738	100%	786	100%

Manpower Structure by Gender and Job Category For 2023

Gender	Age	Managerial Position		Non-Managerial Position	
		Number	Ratio	Number	Ratio
Female	<30	0	0%	4	1%
	30-49	7	15%	72	9%
	≥50	4	8%	21	3%
	Subtotal	11	23%	97	13%
Male	<30	0	0%	159	21%
	30-49	26	54%	433	59%
	≥50	11	23%	49	7%
	Subtotal	37	77%	641	87%
Total	<30	0	0%	163	22%
	30-49	33	69%	505	68%
	≥50	15	31%	70	10%
	Subtotal	48	100%	738	100%

Note: "Managerial Position" refers to employees who are assistant managers or above.

2023 Status of New Hires and Employee Resignations

Gender	Age	Total	New Hires						Employee Resignations					
			Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	Subtotal	As a percentage of new employees	Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	Subtotal	As a percentage of new employees
Female	<30	4	1	0	0	0	1	3%	2	1	0	0	3	75%
	30-49	79	3	0	0	0	3	4%	4	0	0	1	5	6%
	≥50	25	0	0	0	0	0	0%	1	0	0	0	1	4%
	Subtotal	108	4	0	0	0	4	4%	7	1	0	1	9	8%
Male	<30	159	14	12	0	9	35	22%	9	7	4	4	24	15%
	30-49	459	3	4	0	9	16	3%	15	8	4	14	41	9%
	≥50	60	0	0	0	0	0	0%	4	2	2	1	9	15%
	Subtotal	678	17	16	0	18	51	8%	28	17	10	19	74	11%
Total	<30	163	15	12	0	9	36	22%	11	8	4	4	27	17%
	30-49	538	6	4	0	9	19	4%	19	8	4	15	46	9%
	≥50	85	0	0	0	0	0	0%	5	2	2	1	10	12%
	Subtotal	786	21	16	0	18	55	7%	35	18	10	20	83	11%

Note: Listed data only represent employees based in Taiwan. The data of Shijou Mill included our employees at headquarters and sales offices.

Remuneration and Welfare

Employees are the driving force behind a company's operations. Therefore, the Company adheres to philosophy of sharing profits with employees through integration with a diverse system of remuneration and rewards. This approach helps us with our recruitment, retention and development of talented individuals. Our HR unit regularly reviews industry salary standards and conducts annual employee performance evaluations, which serve as a basis for salary adjustments. We ensure that salary and remuneration decisions are not influenced by factors such as race, religion, skin color, nationality and gender, to uphold fairness in employee remuneration.

Ratio of Annual Remuneration of Highest Paid Employee in Comparison with other Employees in 2023

Annual Remuneration Ratio (Notes 1 and 3)	Annual Remuneration Growth Ratio (Notes 2, 3, and 4)
6.61 : 1	-28.27 : 1

Note 1: Annual remuneration ratio = Annual remuneration of highest-paid employee/Median remuneration for other employees.

Note 2: Annual remuneration growth ratio = Percentage increase in annual remuneration of highest-paid employee/median percentage increase in annual remuneration for other employees.

Note 3: Annual remuneration refers to salary of employees based on accrual basis, which includes employee's recurring salary (i.e., monthly salary, fixed allowance and bonus), overtime pay (both taxable and non-taxable) and non-recurring salary (e.g., allowance, bonus and remuneration not paid on monthly basis).

Note 4: The 2023 annual percentage increase in the total remuneration of the highest paid employee was negative, while the median increase for other employees (excluding the highest paid employee) was positive.

Bonus and Incentives

Year-end Bonus
Based on current year profit, bonus is distributed before Chinese Lunar New Year in the following year.

Incentive Bonus
This bonus is a variable amount given only when monthly revenue or shipment volume hits record high.

Employees' Profit Sharing Bonus
Based on current year profits, bonus is distributed in the following year.

Other Bonuses
Full attendance bonus, full overtime attendance bonus, model employee, bonus for occupational safety proposals, etc.

Monthly Operating Profit Bonus
This bonus is given when the Company meets certain monthly profit target.

Welfare Policy

Bonuses Given to
8,448 Individuals

Grants Given to
839 Individuals

Health Examination Conducted for
407 Individuals

Benefit Type	Description
Insurance Benefits	• Group accident insurance, Group accident insurance for business travel, etc.
Leaves	• Annual paid leaves, Marital leave, Funeral leave, Official leave, Occupational injury leave, Pregnancy checkup accompaniment and paternity leaves, Maternity leave, Ordinary sickness leave, Menstrual leave, Normal leave, Family care leave, etc. as stipulated by law.
Allowances and token of appreciation	• Festive payout, Cohesion meal allowance, Maternity allowance, Birthday gift, Wedding gift, House warming gift, Funeral Condolences, Token of Appreciation for retired employee, etc.
Education Grants	• Grants are provided to fund employee's continual education, Scholarship for employees' children.
Health Benefits	• Regular health examinations and annual special health examinations are conducted to prevent occupational accidents. • Occupational medical physicians conduct monthly on-site visits to provide health lectures and training as well as analyzes and handles health checkup results, and provides periodic health education to employees. • Nurses are responsible for tasks such as evacuation, first aid, rest, or other activities to protect the physical and mental health of workers, prevent diseases triggered by abnormal workloads, and safeguard maternal health.
Complimentary Meals	• Complimentary lunch and overtime dinner.
Other Benefits	• 20-year service anniversary employee commemorative gold medal.

Parental Leave

To support employees' parenting needs, employees can apply for unpaid parental leave for up to two years before their child reaches the age of three. In 2023, a total of 59 employees met the eligibility criteria, of which 5 employees (8%) actually applied and utilized this benefit.

Status of 2023 Parental Leave

Item	Male	Female	Total
Number of employees entitled to parental leave 2023 (A) Note	47	12	59
Actual number of employees using parental leave in 2023 (B)	2	3	5
Number of employees expected to return to work after completing parental leave in 2023 (C)	2	2	4
Number of employees returning to work after completing parental leave in 2023 (D)	1	1	2
Number of employees returning to work after completing parental leave in 2022 (E)	2	0	2
Number of employees who continue to work for at least 12 months after returning from parental leave in 2022 (F)	1	0	1
Parental leave application rate (B/A)	4%	25%	8%
Job-returning rate (D/C)	50%	50%	50%
Retention rate (F/E)	50%	0%	50%

Note: The data is calculated based on the number of employees who applied for paternity or maternity leave from January 1, 2020, to December 31, 2023, excluding those who left the company before (on) December 31, 2022.

Retirement Policy

Retirement pension plan of the Company follows “Labor Pension Act (LPA)” and “Labor Standards Act (LSA)”. Under LPA, the Company makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. Under LSA, the Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. For more details, please refer to Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022.

When employees retire, we organize retirement farewell parties and present them with gift box and trophy to express our gratitude for their contributions to us.

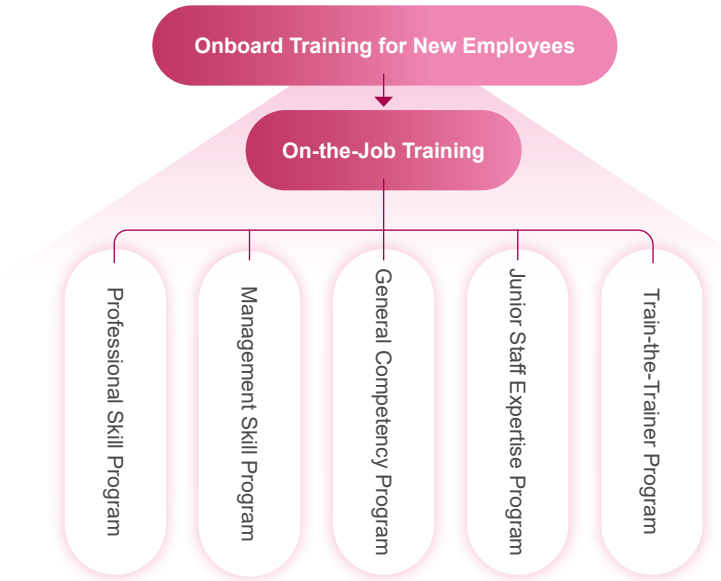




5.4 Employee Training Program

GRI 404-1, 404-2, 404-3

To cultivate and retain professional talents, the Company has established “Regulations for employees education and training”. We have a series of education and training programs based on needs of various job positions, keeping in mind regulatory requirements and practical needs. Training methods include classroom training and On-the-Job Training (OJT), where employees learn through hands-on experience under guidance of supervisors or senior staff members. Planned courses are budgeted by the HR unit each year based on the needs of various units and scheduled according to unit’s annual training plan. In 2023, NT$3.2 million was spent on education and training. We provide a variety of courses, including professional skills, management, and general courses. Training courses are either conducted by employees serving as instructors or by participating in professional programs offered by external training organizations, ensuring effective training to enhance employees' job competencies. Our training courses have been standardized and managed through ISO 9001 management system to ensure its quality.



Company Business Philosophy
Business Goals and Strategies

Training Outcomes

Accumulated Education and Training Hours for Employee in 2023	Average Education and Training Hours Per Employee in 2023	Newly received or renewed job domain related professional certifications in 2023
22,618 hours	28.78 hours	560 employees

Average Education and Training Hours per Employee in 2023

Gender / Position Level	Male			Female			Total Average Hours
	Number	Hours	Average Hours per Employee	Number	Hours	Average Hours per Employee	
Managerial Position	37	561	15.16	11	110	10.00	13.98
Non-Managerial Position	641	20,894	32.60	97	1,053	10.86	29.78
Total	678	21,455	31.64	108	1,163	10.77	28.78

Note: "Managerial Position" refers to employees who are assistant managers or above. Reason for difference in education and training hours between male and female employees is due to industry's characteristics. The Company deployed more male employees and workers on-site whose work tend to be riskier. Consequently, more education and training have been arranged for male employees, resulting in a higher average training time per male employee.

Training Highlights	Number of Trained Employees	Total Training Hours
Training for Operators of Fixed Cranes Over 3 Tons - Foreign Workers	45	2,205

Performance Appraisal

Performance appraisal is conducted annually. Local employees who have been with the Company for less than 3 months and all foreign workers are not subjected to annual performance appraisal. In 2023, all employees who were eligible for the performance appraisal have completed it.

Number of Performance Appraisals in 2023

Gender / Position Level	Male		Female		Total	
	Number	%	Number	%	Number	%
Managerial Position	37	100%	11	100%	48	100%
Non-Managerial Position	435	100%	94	100%	529	100%
Total	472	100%	105	100%	577	100%

Note: "Managerial Position" refers to employees who are assistant managers or above. Employee performance appraisal period for every year is from January 1 to December 31. Performance appraisal completion rate is calculated based on following formula: total number of performance appraisals completed/total number of employees requiring performance appraisals.



CH6

Social Harmony and Co-Prosperity

6.1 Social Participation Philosophies 72

6.2 Social Welfare 72



Chapter Highlights

- Continual involvement in community events and caring for vulnerable groups. Organization/participation of community events on 52 occasions. NT$2.74 million contributed towards charitable activities expenditure and donations, an 18% increase compared to the previous year.

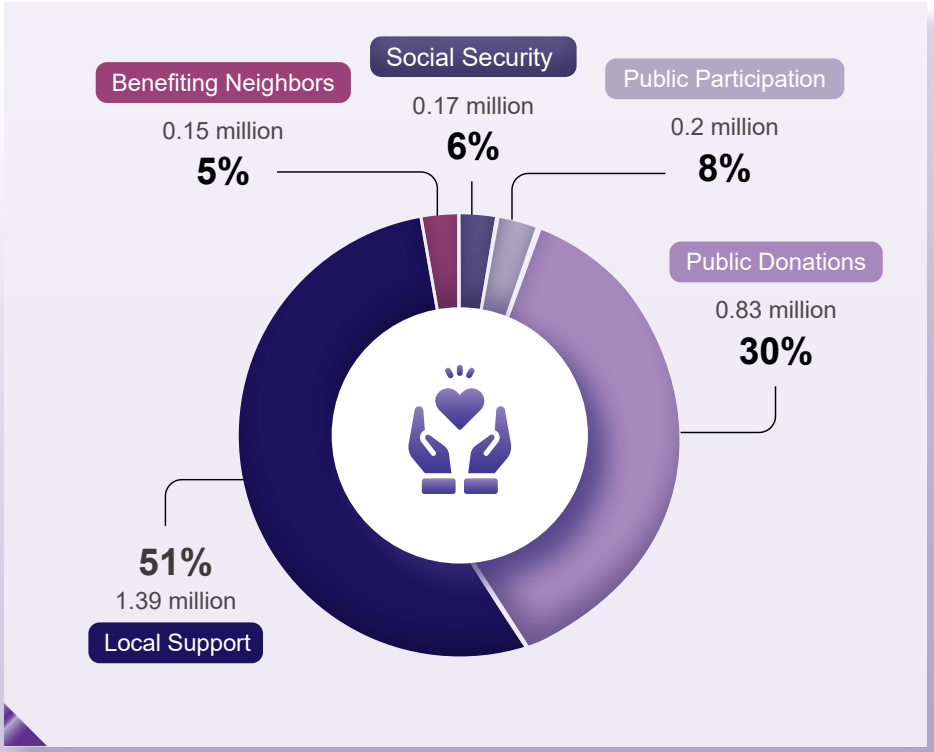
6.1 Social Participation Philosophies

In YC INOX's sustainability blueprint, the Company adheres to our core business philosophy of "giving back to society". While striving to achieve our business performance goals, we remain committed to supporting vulnerable groups and being a good neighbor to local communities. In pursuit of profitability, the Company continues to care for society and upholds our social responsibilities.

6.2 Social Welfare

In 2023, the Company invested a total of NT$2.74 million in social welfare activities, with NT$1.39 million (51%) directed towards local support. Additionally, NT$830 thousand (30%) went to charitable donations, NT$150 thousand (5%) supported community-building initiatives, NT$170 thousand (6%) were dedicated to social welfare, and NT$200 thousand (8%) were used for public participation projects.

Social Welfare Investment



Spreading Happiness, Caring for the Vulnerable

Caring for vulnerable groups, YC INOX makes annual donations to Saint Wisdom Enabling Center and Changhua Children and Families Support Center to improve the living conditions of more individuals with special needs and the families under their care. In addition to ongoing financial support, in 2023, we proactively donated 2,200 Covid-19 rapid test kits to Changhua Children and Families Support Center, Huashan Social Welfare Foundation, and Christian Joyce McMillan Social Welfare Foundation, among other organizations, ensuring the optimal use and maximum benefit of these pandemic resources.

In the winter of 2023, we actively participated in the "A Generation Without Poverty, Winter Warmth - Caring for Changhua Foster Children" charity fair. We invited our colleagues to join in the charitable efforts by donating for the purchase of fair tickets, hoping that through participation in the fair, we could raise awareness of the needs of foster children. Additionally, we set up a booth for our colleagues to participate in selling items, joining the effort to spread happiness and care for the underprivileged. All proceeds from the day were donated, creating a cycle of goodness and contributing to society.









Engaging with the Local Community and Deepening Our Local Roots

The Taiwan Rice Heaven-Tianzhong Marathon has been held for many years and is one of the most prestigious marathon events in Taiwan. We, upholding the spirit of ESG, are dedicated not only to achieving our business operations but also to supporting local activities. In 2023, YC INOX became a collaborative sponsor of the Taiwan Rice Heaven-Tianzhong Marathon, one of the four major marathons in Taiwan. A total of 20 colleagues participated in the full marathon, half marathon, and health run events, showing their enthusiasm and support for Changhua through action. Running a marathon requires strong willpower, much like YC INOX's spirit of "Stick to Offer the Best Stainless Products to You Through the Decades", there are no miracles, only accumulation. As a local enterprise in Changhua, we cheer on the Tianzhong Marathon together.

Additionally, YC INOX continues to support local activities organized by government, participating for two consecutive years in the “Changhua Flower Festival: Company Image Exhibition” held by Changhua County Government at Shijou Park. In 2023, we gathered 38 colleagues and their families to join the "GuaShan Grand Hike Series - Labor and Management Chill Hike" organized by the Department of Labor Affairs of the Changhua County Government. This event was held to celebrate the 300th anniversary of Changhua County and promote work-life balance, facilitating local development and cultural transmission.







As Corporate Citizens, Let's Work Together to Create a Better Future

YC INOX upholds the philosophy of "treating employees as family members" by providing excellent living environments and facilities for migrant workers. In 2023, we participated in the "Happy Living" Foreign Workers Dormitory Environment Evaluation Competition organized by the Department of Labor Affairs of the Changhua County Government. This allowed us to comprehensively review the living environment and safety measures to ensure a more comfortable and safer residence for our migrant workers. Ultimately, Puoshing Mill and Shijou Mill were awarded first place and honorable mention, respectively.

Additionally, we collaborate with our meal suppliers to regularly purchase Joy Dumplings made by the Changhua County Erlin Happy Christian Home, supporting the employment stability of the center's slow-flying angels. We also continue to regularly send personnel to maintain and clean the four bus shelters we have donated over the years, ensuring they remain in good condition. These activities enable us to work hand in hand with our suppliers and community neighbors, creating a better future together.

Furthermore, we continue to adopt 50 public streetlights in Shijou Township every year, contributing to the community by illuminating the roads and ensuring the neighbors can return home safely at night.


獎 狀

允強實業股份有限公司(埔心廠)

榮獲 112年度

「彰化縣外國人宿舍環境評比競賽」

A組 第一名

特頒此狀 以資鼓勵

彰化縣長 王惠美

Changhua County Magistrate Wang,Hui-Mei

中華民國 112 年 11 月 11 日


獎 狀

允強實業股份有限公司(溪州廠)

榮獲 112年度

「彰化縣外國人宿舍環境評比競賽」

A組 佳作

特頒此狀 以資鼓勵

彰化縣長 王惠美

Changhua County Magistrate Wang,Hui-Mei

中華民國 112 年 11月 11日

Appendices

Global Reporting Initiatives (GRI) Index	75
Sustainability Accounting Standards Board (SASB) Standards Index	80
Taiwanese Industry Enhanced Sustainability Index	82
Climate-Related Information Table	83
Independent Assurance Report by the Certified Public Accountant	87



Appendix 1 Global Reporting Initiatives (GRI) Index

Statement of Use	The Company has mapped 2023 release in accordance with GRI Index.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable.

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
GRI 2: General Disclosures 2021	2-1	Organizational details	About YC INOX	4	
	2-2	Entities included in the organization's sustainability reporting	About this Report	3	
	2-3	Reporting period, frequency, and contact point	About this Report	3	
	2-4	Restatements of information	-	-	Not applicable; no restatements of information
	2-5	External assurance	About this Report	3	
	2-6	Activities, value chain, and other business relationships	About YC INOX 3.2 Product Quality	4 33~35	
	2-7	Employees	5.3 Manpower Structure and Employee Benefits	67	
	2-8	Workers who are not employees	5.3 Manpower Structure and Employee Benefits	67	
	2-9	Governance structure and composition	2.1 Corporate Governance and Organization	20~23	
	2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance and Organization	20, 22~23	
	2-11	Chair of the highest governance body	2.1 Corporate Governance and Organization	20, 22~23	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Corporate Governance and Organization	21	
	2-13	Delegation of responsibility for managing impacts	2.3 Risk Management	27	
	2-14	Role of the highest governance body in sustainability reporting	2.1 Corporate Governance and Organization	21	
	2-15	Conflict of interest	2.1 Corporate Governance and Organization	24	
	2-16	Communication of critical concerns	2.1 Corporate Governance and Organization	24	
	2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance and Organization	22~23	
	2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance and Organization	24	
	2-19	Remuneration policies	2.1 Corporate Governance and Organization	24	
	2-20	Process to determine remuneration	2.1 Corporate Governance and Organization	24	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
GRI 2: General Disclosures 2021	2-21	Annual total compensation ratio	5.3 Manpower Structure and Employee Benefits	68	
	2-22	Statement on sustainable development strategy	1.2 Sustainable Business Philosophies 1.3 Sustainable Visions and Goals	9 10	
	2-23	Policy commitments	2.2 Ethical Management Results 5.1 Human Rights Protection	25 56	
	2-24	Embedding policy commitments	2.2 Ethical Management Results 5.1 Human Rights Protection	25~26 56	
	2-25	Processes to remediate negative impacts	2.2 Ethical Management Results 5.2 Safe and Friendly Working Environment	26 66	
	2-26	Mechanisms for seeking advice and raising concerns	2.2 Ethical Management Results 5.2 Safe and Friendly Working Environment	26 66	
	2-27	Compliance with laws and regulations	2.2 Ethical Management Results	26	
	2-28	Membership associations	About YC INOX	4	
	2-29	Approach to stakeholder engagement	1.5 Stakeholder Engagement	17~18	
	2-30	Collective bargaining agreements	-	-	Not applicable

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.4 Material Topics Identification	11~13	
	3-2	List of material topics	1.4 Material Topics Identification	14~16	
Material Topic: Regulatory Compliance and Ethical Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Ethical Management Results	25	
GRI 2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	2.2 Ethical Management Results 5.2 Safe and Friendly Working Environment	26 66	
	2-27	Compliance with laws and regulations	2.2 Ethical Management Results	26	
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	2.2 Ethical Management Results	26	
	205-2	Communication and training about anti-corruption policies and procedures	2.2 Ethical Management Results	26	
	205-3	Confirmed incidents of corruption and actions taken	2.2 Ethical Management Results	26	
Material Topic: Information Security Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.4 Information Security Management	29	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
Material Topic: Operational Performance					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Business Performance	32	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.1 Business Performance	32~33	
	201-3	Defined benefit plan obligations and other retirement plans	5.3 Manpower Structure and Employee Benefits	69	
	201-4	Financial assistance received from government	3.1 Business Performance	33	
Material Topic: Product Quality Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.2 Product Quality	33~34	
Material Topic: Customer Relationship Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.4 Customer Relationship Management	37	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4 Customer Relationship Management	38	
Material Topic: Climate Change Adaptation					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Climate Change Management	40	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	4.1 Climate Change Management	44~45	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.1 Climate Change Management	42	
	305-2	Energy indirect (Scope 2) GHG emissions	4.1 Climate Change Management	42	
	305-3	Other indirect (Scope 3) GHG emissions	4.1 Climate Change Management	42	
	305-4	GHG emissions intensity	4.1 Climate Change Management	42	
	305-5	Reduction of GHG emissions	4.1 Climate Change Management	41~42	
Material Topic: Energy Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.2 Sustainable Production-related Management	51	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.2 Sustainable Production-related Management	51~52	
	302-2	Energy consumption outside of the organization	-	-	Not applicable; no restatements of information
	302-3	Energy intensity	4.2 Sustainable Production-related Management	51~52	
	302-4	Reduction of energy consumption	4.2 Sustainable Production-related Management	52	
	302-5	Reductions in energy requirements of products and services	4.2 Sustainable Production-related Management	52	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
Material Topic: Occupational Safety and Health					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2 Safe and Friendly Working Environment	58	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.2 Safe and Friendly Working Environment	59	
	403-2	Hazard identification, risk assessment, and incident investigation	5.2 Safe and Friendly Working Environment	59~60	
	403-3	Occupational health services	5.2 Safe and Friendly Working Environment	64~65	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.2 Safe and Friendly Working Environment	66	
	403-5	Worker training on occupational health and safety	5.2 Safe and Friendly Working Environment	64	
	403-6	Promotion of worker health	5.2 Safe and Friendly Working Environment	65	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.2 Safe and Friendly Working Environment	59~61	
	403-8	Workers covered by an occupational health and safety management system	5.2 Safe and Friendly Working Environment	59	
	403-9	Work-related injuries	5.2 Safe and Friendly Working Environment	63	
	403-10	Work-related ill health	5.2 Safe and Friendly Working Environment	63	
Material Topic: Human Rights Protection					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Human Rights Protection	56	
GRI 2: General Disclosures 2021	2-23	Policy commitments	2.2 Ethical Management Results 5.1 Human Rights Protection	25 56	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
Voluntary Disclosures					
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2 Ethical Management Results	26	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.2 Sustainable Production-related Management	46~47	
	303-2	Management of water discharge-related impacts	4.2 Sustainable Production-related Management	47	
	303-3	Water withdrawal	4.2 Sustainable Production-related Management	46~47	
	303-4	Water discharge	4.2 Sustainable Production-related Management	46~47	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
GRI 305: Emissions 2016	305-6	Emissions of ozone-depleting substances (ODS)	-	-	Not applicable
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.2 Sustainable Production-related Management	54	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	4.2 Sustainable Production-related Management	49	
	306-2	Management of significant waste-related impacts	4.2 Sustainable Production-related Management	49	
	306-3	Waste generated	4.2 Sustainable Production-related Management	49	
	306-4	Waste diverted from disposal	4.2 Sustainable Production-related Management	49~50	
	306-5	Waste directed to disposal	4.2 Sustainable Production-related Management	49~50	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.3 Manpower Structure and Employee Benefits	67	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Manpower Structure and Employee Benefits	68~69	
	401-3	Parental leave	5.3 Manpower Structure and Employee Benefits	69	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.4 Employee Training Program	70	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.4 Employee Training Program	69~70	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.4 Employee Training Program	70	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.3 Manpower Structure and Employee Benefits	67	

Appendix 2 Sustainability Accounting Standards Board (SASB) Standards Index: Iron & Steel Producers

Industry-Specific Indices				
Dimension	Topics	Code	Metrics	YC INOX's Response
Environmental Capital	Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions	Scope 1 GHG emissions by all YC INOX mills totaled 1,885.42 metric tons of CO_2e.
			Percentage covered under emissions-limiting regulations (%)	Currently, there are no such regulatory requirements.
		EM-IS-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	YC INOX has obtained ISO 50001 Energy Management System third-party certification in 2021. In 2022, the Company completed ISO 14064-1 Greenhouse Gas inventory and third-party verification of Scope 1 to Scope 3. YC INOX continued to promote energy-saving and carbon reduction projects to counter climate-related risk on our future operations. The Company's greenhouse gas emission reduction targets are as follows: **Short-term targets** 1.Electricity usage savings by >1% annually. 2.Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. 3.Introducing new welding technologies to increase speed of production and reducing energy consumption by 2%. **Mid-to-long-term targets** 1.Electricity usage savings by >1% annually. 2.Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. 3.Introducing new heat treatment technologies to reduce energy consumption for subsequent processes. Management reviews are conducted annually in accordance with ISO 14001 and ISO 50001 requirements, along with proposals for appropriate countermeasures, to ensure the effective operation of the environmental and energy management system. >> For more information, please refer to 4.2 Sustainable Production-related Management.
	Air Emissions	EM-IS-120a.1	Air emissions of the following pollutants: (1) CO (2) NOx (excluding N_2O) (3) SOx (4) Particulate matter (PM10) (5) Manganese (MnO) (6) Lead (Pb) (7) Volatile organic compounds (VOCs) (8) Polycyclic aromatic hydrocarbons (PAHs)	(1) Not applicable (2) 1.262 metric tons of NOx (3) 0 metric tons of SOx (4) 0.042 metric tons of particulate matter (PM10) (5) Not applicable (6) Not applicable (7) 0 metric tons of VOCs (8) Not applicable Data for (1), (5), (6), and (8) are not available as they are not subject to mandatory regulatory testing and reporting, hence there is no relevant data available.

Industry-Specific Indices				
Dimension	Topics	Code	Metrics	YC INOX's Response
Environmental Capital	Energy Management	EM-IS-130a.1	Total energy consumed	153,786.55 GJ
			Percentage grid electricity (%)	82.08%
			Percentage renewable (%)	0%
		EM-IS-130a.2	Total fuel consumed	27,564.47 GJ
			Percentage coal (%)	Not applicable due to no usage.
			Percentage natural gas (%)	83.13%
			Percentage renewable (%)	Not applicable due to no usage.
	Water Management	EM-IS-140a.1	Total water withdrawn	125.09 thousand cubic meters
			Percentage recycled water (%)	99%
			Percentage of each in regions with High or Extremely High Baseline Water Stress	Not applicable in Taiwan.
	Waste Management	EM-IS-150a.1	Amount of waste generated	1,090.44 metric tons
			Percentage hazardous waste (%)	30.91%
			Percentage recycled (%)	4.67%
Human Capital	Employee Health and Safety	EM-IS-320a.1	Non-fixed term employee total recordable incident rate (TRIR)	1.52
			Fixed term employee total recordable incident rate (TRIR)	0
			Non-fixed term employee fatality rate	0
			Fixed term employee fatality rate	0
			Non-fixed term employee near miss frequency rate (NMFR)	3.04
			Fixed term employee near miss frequency rate (NMFR)	0
Business Model and Innovation	Supply Chain Management	EM-IS-430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues.	Not applicable; Our primary raw materials are cold-rolled and hot-rolled stainless steel coil/plate.

Normalized event indices		
Code	Accounting/Activity Indices	YC INOX's Response
EM-IS-000.A	Raw steel production	Not applicable; Our primary raw materials are cold-rolled and hot-rolled stainless steel coil/plate, hence there is no relevant data available.
	Percentage from basic oxygen furnace processes	
	Percentage from electric arc furnace processes	
EM-IS-000.B	Total iron ore production	
EM-IS-000.C	Total coking coal production	

Appendix 3 Taiwanese Industry Enhanced Sustainability Index: Iron and Steel

Item	Sustainability Index Disclosed	YC INOX's Response
01	Total energy consumption	153,786.55 GJ
	Percentage purchased electricity (%)	82.08%
	Percentage renewable (%)	0%
	Total self-generated and self-consumed energy (Note 1)	0 GJ
02	Total fuel consumed	27,564.47 GJ
	Percentage coal	Not applicable due to no usage.
	Percentage natural gas	83.13%
	Percentage renewable fuel	Not applicable due to no usage.
03	Total water withdrawn	125.09 thousand cubic meters.
	Total water consumed	93.10 thousand cubic meters.
04	Total weight of waste generated	1,090.44 metric tons
	Percentage hazardous waste	30.91%
	Percentage recycled	4.67%
05	Number and percentage of employees involved in occupational accidents	13
		1.52
06	Main products produced, listed by product category	Stainless steel pipe/tube: 70,738 metric tons. Stainless steel sheet/coil: 54,954 metric tons. Other stainless steel products: 3,633 metric tons.

Note 1: The total self-generated and self-consumed energy was calculated pursuant to the "Renewable Energy Development Act", "Implementation Regulations Governing Renewable Energy Certificates", and other relevant regulations.

Appendix 4 Climate-Related Information Table

1. Implementation Status of Climate-Related Information

Item	Implementation Status
01 Description of the board and management's oversight and governance on climate-related risks and opportunities	YC INOX places significant importance on environmental impact and climate change issues relevant to value chain. The Company actively develops measures to address global climate change and transition trends, aiming to mitigate industry's impact on climate and reduce operational disruptions caused by current trends. In order to identify risks and opportunities associated with climate change for each department and effectively mitigate and reduce extensive impacts arising from climate change, YC INOX adopted 2017 “Climate-Related Financial Disclosures Framework” issued by Financial Stability Board (FSB). This framework covers four core elements: governance, strategy, risk management, and metrics and targets. The Board of Directors and the Audit Committee are highest governing bodies responsible for reviewing and guiding YC INOX's overall climate change strategy, action plans and annual objectives. The Sustainability Committee reports to them annually on implementation plans and achievements in this regard. In order to effectively manage climate-related risks and opportunities, YC INOX established a Sustainability Committee and formed Environmental Sustainability Execution Team. Environmental Sustainability Execution Team is led by management from Administration Department. In accordance with YC INOX's risk management policies, this execution team is responsible for analyzing and monitoring climate-related risks and opportunities. It holds regular meetings to discuss related topics. After compiling its work, the Environmental Sustainability Execution Team shall periodically report to Sustainability Committee.
02 Description of how the identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, mid-term, long-term)	YC INOX manages climate-related issues based on TCFD recommendation framework. The Company collects climate data beforehand and conducts cross-departmental discussions to identify significant climate change risks and opportunities. We assess short, medium, and long-term financial impacts of these risks and opportunities and formulate adjustment policies and response measures for the Company's operating models and strategies. Management timeframe is defined as short-term with impact of less than three years and medium to long-term with impact of more than three years. YC INOX identified climate-related risks and opportunities based on different time spans and topics by evaluating impact on the Company's operations before formulating response strategies. In total, 5 climate change risks and 3 climate change opportunities have been identified. Please refer to the Major climate risks and opportunities identified in the 2023 Sustainability Report and the company website.
03 Description of the impact on finance from extreme climate events and transitional actions	For the explanation of the financial impacts of extreme weather events and transition actions, please refer to the Major climate risks and opportunities identified in the 2023 Sustainability Report and the company website.
04 Description of how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system	The process for managing climate change-related risks is executed by the Administration Department of the Company in accordance with the “Risk Management Policies and Procedures”. We periodically collect information on domestic and international climate change trends and regulatory changes, identify climate-related risks and opportunities in the industry, and compile a list of climate-related risks and opportunities. We also conduct educational training on climate risks and opportunities, and hold group meetings to annually identify and screen risks. The process concludes with a summary of significant climate-related risks and opportunities for YC INOX, as well as existing management measures and response plans. For the overall risk management system at YC INOX, please refer to the risk management in the 2023 Sustainability Report and the company website.
05 If scenario analysis is used to assess the company's resilience in face of climate change risks, explanations on the scenario, parameters, hypotheses, analysis factors and major financial impacts should be provided	Due to the increasing trend of carbon credit mechanism, carbon taxes or carbon fee implemented by countries worldwide, may result in additional costs for businesses, leading to overall increase in operating costs. YC INOX will assess the primary financial impacts of the aforementioned transition risks under different scenarios. For complete information, please refer to the Carbon Fee/Tax Scenario Analysis in the 2023 Sustainability Report and the company website.

06 If there are transition programs in response to managing climate-related risks, provide details of the programs, as well as the metrics and targets used to identify and manage physical risks and transitional risks	For the transition programs in response to managing climate-related risks and the corresponding risk management measures, please refer to the Major Climate Risks and Opportunities Identified in the 2023 Sustainability Report and the company website.
07 If the internal carbon pricing is used as a planning tool, the pricing mechanism should be explained	As of the publication date of the Sustainability Report, YC INOX has not yet used internal carbon pricing as a planning tool.
08 If climate-related targets are in place, information such as their scope of action, GHG emissions, planned timeline, and annual progress should be explained; for targets achieved through carbon offset and Renewable Energy Certificates (RECs), the source of offset amount and number of RECs should be specified	Facing the challenges of global climate change, YC INOX actively responds to Taiwan's 2050 net-zero emission policy. Through a series of strategic implementations and innovative technology applications, the Company is gradually consolidating its position as a sustainable leadership enterprise. Since 2021, YC INOX has simultaneously launched the ISO 14064-1 Greenhouse Gas Inventory and the ISO 50001 Energy Management System across all its mills in Taiwan, committed to reducing the carbon footprint of its operations. To actively manage the Company's carbon emission hotspots, YC INOX initiated a carbon footprint inventory program starting in 2023. This program is a comprehensive multi-year strategy, covering every stage from raw material procurement to the production process. The Company has set clear short-term, medium-term, and long-term goals, including completing the carbon footprint inventory for three major product categories between 2023 and 2024. These three product categories, evaluated for their significant carbon reduction potential, are: stainless steel coil from Douliou Mill I, stainless steel tube from Shijou Mill, and stainless steel pipe from Puoshing Mill and Douliou Mill II. The program is divided into three phases: • Phase 1: Establish an inventory team, identify target products, create process maps, and determine life cycle boundaries. • Phase 2: Collect inventory data within the product life cycle boundaries, conduct mass balance, allocation, and calculation. • Phase 3: Conduct internal verification simulations, compile the carbon footprint inventory report, and, if necessary, perform third-party verification. After launching the plan in 2023, the inventory data revealed that, for stainless steel coil products, carbon emissions from raw materials accounted for as much as 99.13%, while emissions from YC INOX's manufacturing phase accounted for only 0.87%. In response to raw materials being the primary source of carbon emissions, YC INOX plans to focus its future carbon reduction strategy on evaluating the possibility of purchasing low-carbon raw materials.
09 Greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and specific action plans (to be detailed in sections 1-1 and 1-2)	As specified in 1-1 and 1-2.

1-1 Status of The Company's Greenhouse Gas Inventory and Assurance for The Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Description of greenhouse gas emissions for the most recent two years (in metric tons of CO_2e), intensity (metric tons of CO_2e per million NT$), and data coverage.

1. Greenhouse Gas (Scope 1 and 2) Emissions and Intensity for The Most Recent Two Years

Greenhouse Gas (Scope 1) Emissions (Unit: Metric Ton of CO_2e)

Site \ Year	2022	2023
Puoshing Mill	357.66	332.90
Shijou Mill	185.49	185.64
Douliou Mill I	64.29	68.64
Douliou Mill II	995.58	1,298.24
Total	1,603.02	1,885.42

Greenhouse Gas (Scope 2) Emissions (Unit: Metric Ton of CO_2e)

Site \ Year	2022	2023
Puoshing Mill	7,284.59	6,422.28
Shijou Mill	3,963.48	3,895.55
Douliou Mill I	843.42	905.85
Douliou Mill II	5,873.79	6,131.86
Total	17,965.28	17,355.54

Scope 1 and 2 Emission Intensity (Unit: Metric Ton of CO_2e/Metric Tons of Production)

Site \ Year	2022	2023
Puoshing Mill	0.27	0.26
Shijou Mill	0.20	0.18
Douliou Mill I	0.02	0.02
Douliou Mill II	0.31	0.29
Total	0.16	0.15

Note 1: Scope 1 emissions include use of natural gas, gasoline and diesel, welding, refrigerant fugitive, and other direct emissions created during manufacturing processes; Scope 2 emissions are emissions from purchased electricity.
Note 2: Global warming potential (GWP) is calculated based on “IPCC Sixth Assessment Report (2021)”, whereas greenhouse gas emission coefficients are obtained by referencing GHG Emission Factor Management Table (version 6.0.4) released by Environmental Protection Administration.
Note 3: Electricity carbon emission coefficients are obtained by referencing the latest values announced by the Bureau of Energy, which was 0.495 kg CO_2e/kWh in 2022.
Note 4: Inventory scope of YC INOX: Puoshing Mill, Shijou Mill, Douliou Mill I and Mill II.

2. Greenhouse Gas (Scope 3) Emissions for The Most Recent Two Years

Greenhouse Gas (Scope 3) Emissions (Unit: Metric Ton of CO_2e)

Site \ Year	2022	2023
Puoshing Mill	2,264.90	2,186.84
Shijou Mill	2,178.54	1,920.37
Douliou Mill I	1,780.39	2,555.17
Douliou Mill II	1,508.58	1,863.92
Total	7,732.41	8,526.30

Note 1: Scope 3 includes indirect emissions from raw material, mining, manufacturing, and processing process (e.g., purchased electricity, tap water, and pharmaceutical), transportation, wastewater discharge, waste treatment emissions, and other indirect emissions.
Note 2: GWP is calculated based on “IPCC Sixth Assessment Report (2021)”, whereas greenhouse gas emission coefficients are obtained by referencing the GHG Emission Factor Management Table (version 6.0.4) released by Environmental Protection Administration.
Note 3: Inventory scope of YC INOX: Puoshing Mill, Shijou Mill, Douliou Mill I, and Douliou Mill II.

1-1-2 Greenhouse Gas Assurance Information

Description of the assurance status, including the assurance scope, assurance institution, assurance standards, and assurance opinion for the most recent two years.

Site \ Year	2022	2023
Assurance Scope	All Mills in Taiwan (Puoshing Mill, Shijou Mill, Douliou Mill I, and Douliou Mill II) Verification coverage: 2022/1/1~2022/12/31	All Mills in Taiwan (Puoshing Mill, Shijou Mill, Douliou Mill I, and Douliou Mill II) Verification coverage: 2023/1/1~2023/12/31
Assurance Institution	TUV Rheinland Taiwan Ltd.	TUV Rheinland Taiwan Ltd.
Assurance Standard	ISO 14064-1:2018	ISO 14064-1:2018
Assurance Opinion	Assurance Level: Reasonable Assurance	Assurance Level: Reasonable Assurance

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Description of the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and the progress toward achieving the reduction targets.

1. The baseline year for greenhouse gas reduction and its data.	Baseline Year: 2020 Scope 1, Scope 2, and Scope 3 GHG emissions by all mills totaled 1,530.73, 21,050.71, and 10,179.98 metric tons CO_2e, respectively. Scope 3 inventory types mainly included indirect emissions from raw material mining, manufacturing, and processing processes (purchased electricity, tap water, pharmaceutical use, and transportation) and other indirect emissions.	
2. Enterprise Strategies for Climate Change Adaptation or Greenhouse Gas Management	The Company's all mills in Taiwan began conducting ISO 14064-1 Greenhouse Gas Emission Inventory and ISO 50001 Energy Management System implementation in 2021, with ISO 50001 third-party verification completed in that same year and ISO 14064-1 Scopes 1 to Scope 3 inventories and third-party verification completed in 2022. The Company continues to promote energy-saving and carbon-reduction projects to address risks posed by future climate change to its operations. In 2023, the Company formulated relevant risk management policies and strategies based on risk assessments as follows: • The Company has established "Pre-Environmental Review Management Procedures" and "Energy Review Operating Procedures" in accordance with ISO 14001 and ISO 50001 requirements. These procedures shall be subjected to annual management reviews and appropriate measures are proposed to ensure effective operation of environmental and energy management system. • Various management measures have been established to implement and control waste reduction, emissions reduction, pollution prevention, and other projects, actively avoiding the risk of environmental pollution. • Effective waste sorting is being conducted to minimize waste generation and enhance waste resource recovery rates as much as possible.	
3. Enterprise greenhouse gas emission reduction targets	Short Term (2025) • Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Obtain ISO 14067 Carbon Footprint of Products certification for type 1 products. • Establishing intelligent monitoring system that can capture 75% of Company's electricity consumption information. • Compliance with regulations relating to climate action and greenhouse gas emissions disclosure.	Medium-to-Long Term (2030) • Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. • Optimizing intelligent monitoring system that can capture 90% of Company's electricity consumption information. • Regularly identifying climate risks and opportunities and developing corresponding strategies and action plans.
4. Specific Budget and Plan for Greenhouse Gas Emission Reduction	The Company is actively promoting the installation of solar power generation systems as follows: • The first phase, with an installed capacity of 5,511.72 kWp, was completed in May 2022. • The second phase, with an additional capacity of approximately 6,000 kWp, is expected to generate approximately 8.4 million kWh in electricity. The total investment for the aforementioned installations is around NT$450 million, with a total generation capacity of approximately 16.23 million kWh. According to the latest carbon emission coefficient (0.495 kg CO_2e/kWh) published by the Bureau of Energy for 2022, these solar power generation systems are expected to reduce emissions by approximately 8,030 metric tons of CO_2 equivalent annually, which is equivalent to the carbon absorption capacity of 20.6 Daan Forest Parks or the environmental benefits of afforesting approximately 811 hectares of land.	
5. Achievement of Emission Reduction Targets:	• The Company achieved an energy saving rate of 3.97% across all mills. In 2023, the total energy savings for the Company amounted to 1,392,421 kWh, resulting in a reduction of 689.25 metric tons of CO_2e emissions annually. • The installation capacity of green power accounts for 59.2% of the total contracted capacity for all facilities in Taiwan. In 2023, the total solar power generation reached 7,255 thousand kWh, resulting in a reduction of approximately 3,591 metric tons of CO_2e emissions. • In 2023, all major equipment at each mill was equipped with smart monitoring system, enabling the tracking of electricity usage data for production, which can be used for calculating product costs.	

Appendix 5 Independent Assurance Report by the Certified Public Accountant

Crowe

國富浩華聯合會計師事務所
Crowe (TW) CPAs
40308 台中市西區台灣大道二段285號15樓
15F., No.285, Sec.2, Taiwan Boulevard, West Dist., Taichung 40308, Taiwan
Tel +886 4 3600 5588
Fax +886 4 3600 5577
www.crowe.tw

會計師有限確信報告

允強實業股份有限公司　公鑒：

本會計師接受允強實業股份有限公司（以下簡稱允強實業）之委任，對其民國 112 年度永續報告書中所選定之永續績效資訊（以下簡稱確信標的）執行確信程序並出具有限確信報告。有關允強實業所選定之標的資訊及其適用基準，詳附件一。

管理階層之責任

管理階層之責任係依據臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」及全球永續性報告協會（Global Reporting Initiatives，GRI）發布之 GRI 準則（GRI Standards）編製永續報告書，並應設計、執行及維護與報告編製相關之內部控制，以蒐集並揭露永續報告書內容，並確保永續報告書所報導之永續績效資訊未存有重大不實表達。

會計師之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」之要求規劃及執行有限確信工作，對上開永續報告書所選定之標的資訊（詳附件一）在所有重大方面是否未存有重大不實表達取得有限確信。相較於合理確信，有限確信案件所執行程序之性質及時間與適用合理確信案件不同，其範圍相對較小，故有限確信程序取得之確信程度明顯較合理確信為低。

確信工作

本會計師針對上開永續報告書所述之確信標的資訊依專業判斷執行有限確信程序，以獲取相關標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師主要執行之確信程序包括：

- 取得允強實業民國 112 年度永續報告書，並閱讀其內容；
- 與允強實業之管理階層及攸關人員進行訪談，以瞭解允強實業編製永續報告書有關之政策及程序；
- 針對報告中所選定之確信標的資訊進行分析性程序；必要時抽選樣本核對相關文件，以獲取足夠及適切之有限確信證據。

先天限制

因諸多確信標的係屬非財務資訊，相較於財務資訊之確信存在更多先天性之限制，對於該資訊之揭露內容可能涉及允強實業管理階層之重大判斷、假設及解釋，故不同利害關係人可能對於該等資訊有不同之解讀。

品質管制與獨立性

本會計師及所隸屬之事務所遵循品質管理準則 1 號「會計師事務所之品質管理」之規範，建立並維護完備之品質管制制度，包含遵循職業道德規範、專業準則及所適用法令規範相關之政策或程序，亦遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

有限確信結論

依據所執行之確信程序及所獲取之證據，本會計師並未發現允強實業民國 112 年度永續報告書中所選定之確信標的資訊在所有重大方面有未遵循其適用基準編製而須作修正之情事。

其他事項

本確信報告出具後，　貴公司對任何確信標的或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

國富浩華聯合會計師事務所

會計師：

中華民國 113 年 6 月 27 日

附件一

確信標的項目彙總表

編號	確信標的	對應章節	衡量基準
一	消耗能源總量、外購電力百分比、再生能源使用率及自發自用能源總量	4.2 永續生產管理	2023 年總公司、溪州廠、埔心廠、斗六一廠及斗六二廠之外購電力、柴油、汽油及天然氣之能源消耗總量
二	消耗燃料總量、煤炭百分比、天然氣百分比及再生燃料百分比	4.2 永續生產管理	2023 年總公司、溪州廠、埔心廠、斗六一廠及斗六二廠之柴油、汽油及天然氣之消耗燃料總量
三	總取水量及總耗水量	4.2 永續生產管理	2023 年總公司、溪州廠、埔心廠、斗六一廠及斗六二廠之總取水量及廢(汙)水排放量
四	所產生廢棄物之重量、有害廢棄物之百分比及回收百分比	4.2 永續生產管理	2023 年總公司、溪州廠、埔心廠、斗六一廠及斗六二廠之於生產過程中所製造的廢棄物總量
五	說明職業災害人數及比率	5.2 安全友善工作環境	2023 年總公司、溪州廠、埔心廠、斗六一廠及斗六二廠員工因職業傷害所造成之死亡、嚴重與可記錄的職業傷害的數量與比率、職業傷害主要類型及總經歷工時。
六	依產品類別之主要產品產量	3.2 產品品質	允強實業依產品類別之主要產品產量

允強實業股份有限公司