

# 2021 Sustainability Report



長榮鋼鐵股份有限公司  
EVERGREEN STEEL CORPORATION

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## About this Report

This report is the first Sustainability Report issued by Evergreen Steel Corporation. With five core aspects covering corporate governance, product and value chain, environmentally sustainable development, a friendly workplace, and social participation, this report discloses the management philosophy of Evergreen Steel Corp. in terms of corporate governance, the economy, the environment, society, and other sustainable development indicators in 2021, as well as a detailed description of the current situation. Evergreen Steel Corp. will be referred to as "Evergreen Steel", "the Company" or "we" in this report. We hope that with the issuance of this report, all stakeholders will understand the achievements of Evergreen Steel in promoting corporate sustainability.

### Coverage Period, Scope, and Compilation Principles of the Report

This report covers the relevant operations of Evergreen Steel from January 1, 2021 to December 31, 2021. The scope includes: Taipei head office of Evergreen Steel, Hsinchu Factory, Xinying Factory, Kaohsiung Factory, and main subsidiaries Hsin Yung Enterprise Corporation, Ever Ecove Corporation (including economy and society), and Super Max Engineering Enterprise Co., Ltd. (economy only), as shown in the following table:

Item	Taipei head office, Hsinchu Factory, Xinying Factory, Kaohsiung Factory	Major subsidiaries		
		Hsin Yung Enterprise Corporation	Ever Ecove Corporation	Super Max Engineering Enterprise Co., Ltd.
Corporate governance	V			
Economy	V	V	V	V
Society	V	V	V	
Environment	V			

Note: the social aspects of Hsin Yung Enterprise Corporation and Ever Ecove Corporation include only social public welfare activities.

The statistical data disclosed in the report are from self-reporting and investigation results of Evergreen Steel and the management system data of CNS 45001/ISO 45001 and ISO 9001. The financial data refer to the Company's 2021 financial report, which has been audited and certified by Deloitte, and is presented in the commonly used numerical description. The financial information also includes the consolidated subsidiaries.

The content framework of this report is prepared in accordance with the guidelines set out in GRI Standards: Core, G4 Sector Disclosures – Mining and Metals published by the Global Reporting Initiative (GRI) and the Taiwan Stock Exchange's "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", and with reference to the United Nations sustainable development goals (SDGs), to disclose relevant strategies, objectives and actions material to Evergreen Steel according to reporting principles. The GRI content index is detailed in the appendix.



## Report Editing, Review and Finalization

In order to implement and promote corporate sustainable operations, Evergreen Steel formulated its "Corporate Social Responsibility Principles" in March, 2020, established a "Corporate Social Responsibility Committee" (hereinafter referred to as the CSR Committee) in November of the same year, renamed it the "Corporate Sustainability Committee" (hereinafter referred to as the CSC) in October, 2021, and passed a resolution by the Board of Directors on December 21 of the same year. In addition, the "Corporate Social Responsibility Principles" were revised as the "Sustainable Development Principles" in January 2022, which was adopted by the Board of Directors on January 24 of the same year.

The "Corporate Sustainability Committee" of the Company consists of six groups: the corporate governance group, employee care group, customer care group, supplier management group, environmental sustainability group, and social welfare group to implement and improve the corporate sustainability of the business. The Supervisory Department serves as the executive secretary and a dedicated unit responsible for communication and integration, data collection, editing and revision. The President serves as the chairman and the heads of all departments serve as members. They are responsible for the implementation of relevant affairs and plans according to each power and responsibility group, and report the implementation results to the Board of Directors once a year.

The "Management Measures for the Preparation and Verification of the Sustainability Report of Evergreen Steel" were formulated on February 15, 2022 and incorporated into the internal control system to implement the transparent disclosure of the Company's information related to corporate sustainable development. This report is prepared in accordance with these measures. The relevant contents and data are compiled, reviewed and revised by the responsible members of each department. After being reviewed by the head of each responsible department, it is submitted to the Supervisory Department for consolidation and editing, and submitted to the President and the Chairman for review and issuance. This report has not been verified by a third-party organization.

## Issuance Time of the Report

Evergreen Steel plans to publish the Sustainability Report of the previous year before June 30 of each year, and disclose relevant information in the "corporate sustainability section" of the Company's official website.

(Link URL: <https://www.evergreennet.com/fileList>)

Current release version: June 2022

## Contact Information

We hope that through this report, stakeholders and the public can understand the Company's efforts to achieve corporate sustainability. If you have any valuable suggestions, please contact us through the following ways:

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 Zhongshan District, Taipei 104094  
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 Fax: (02) 2513-5699  
 E-mail : [csr@evergreennet.com](mailto:csr@evergreennet.com)



## Letter from the Management



In 2021, COVID-19 had a great impact on the global economy. Due to effective control of the domestic pandemic, and because the steel structure and reinvested environmental protection businesses rely on domestic demand, the Company has not been affected. In addition, ongoing domestic public works, new buildings, and returning Taiwanese businesses that are investing in new factories have helped the Company to maintain stable growth and achieve expected goals. This year, through the efforts of our colleagues, we have effectively managed raw materials procurement, improved manufacturing processes, and implemented cost controls to greatly improve operating performance.

Steel structures have gradually become the go-to material for new buildings because they hasten construction, provide good earthquake resistance and have green credentials. However, the steel structure industry is a labor-intensive 3K industry and faces a serious shortage of workers due to Taiwan's changing demographics. The Company has created a friendly and safe working environment, cooperates with industry

partners and universities, encourages ongoing education and training, and works to cultivate and retain specialized talent.

Rapid economic growth has made environmental protection more important than ever. The Company has invested in environmental protection businesses and makes contributions to environmental protection and pandemic prevention, resulting in enhanced profit performance of Evergreen Steel. In 2021, the revenue and profit of the invested companies Hsin Yung Enterprise Corporation and Super Max Engineering Enterprise Co., Ltd. grew steadily. In addition, in order to improve operational performance and better comply with environmental protection laws and regulations, Hsin Yung Enterprise Corporation began various equipment improvement projects, while Super Max Engineering Enterprise plans to build a new incinerator production line. In addition, in line with the "circular economy" and "bio-waste recycling" policies of Taoyuan City, Ever Ecove Corporation, which the Company has invested in, is also actively engaged in plant construction, trial runs, and other operations.

In recent years, greenhouse gas effects have led to global warming and climate change. As a member of the global village, Evergreen Steel will continue to focus on energy conservation and carbon reduction, improve production processes, install solar panels on plant roofs, and study further measures for energy conservation and carbon reduction to reduce greenhouse gas emissions. We judge climate-related risks, opportunities and financial impacts according to the framework of TCFD, evaluate impacts on the Company's business, strategy and financial planning, and conduct internal risk management through strategic planning to formulate countermeasures.

Evergreen Steel became a listed company on April 12, 2021, marking a new milestone. Looking ahead, the management team and all employees will continue to adhere to the spirit of "challenge, innovation and teamwork" to achieve "safety first", "superior quality", "customer satisfaction" and "sustainable operations." We will endeavor to improve our technical abilities, study new construction methods, follow good corporate governance principles, and remain committed to environmental protection and social improvements, fulfilling our corporate social responsibilities and achieving our goal of sustainable operations.

A handwritten signature in black ink, reading '林耿互' (Lin Jianwu).

Chairman of Evergreen Steel Corporation



# 01

## Sustainable Development

- 1.1 Sustainable Development Strategy
- 1.2 Stakeholder Interaction
- 1.3 Management of Material Topics



## Chapter I Sustainable Development

### 1.1 Sustainable Development Strategy

#### 1.1.1 Sustainable Development Strategy Objectives

With the concepts of "safety first", "superior quality", "customer satisfaction" and "sustainable operations", Evergreen Steel continuously improves its technical capabilities in pursuit of sustainable development. It will focus on economic, environmental and social issues, and comply with laws and regulations in all operating activities. Through peer education and training and the Company's internal control system, it will comply with corporate ethics and government laws and regulations. In addition to operations development, it is also committed to abiding by its sustainable development policy.

### Corporate Sustainability Policy

To fulfill its corporate sustainability, the company focuses on economic, environmental, and social issues and insists that all operational activities comply with relevant laws and regulations. Through education and training of personnel and internal control systems, the company ensures corporate ethics and compliance with laws and regulations.

The company promises to comply with the following corporate sustainability policies :

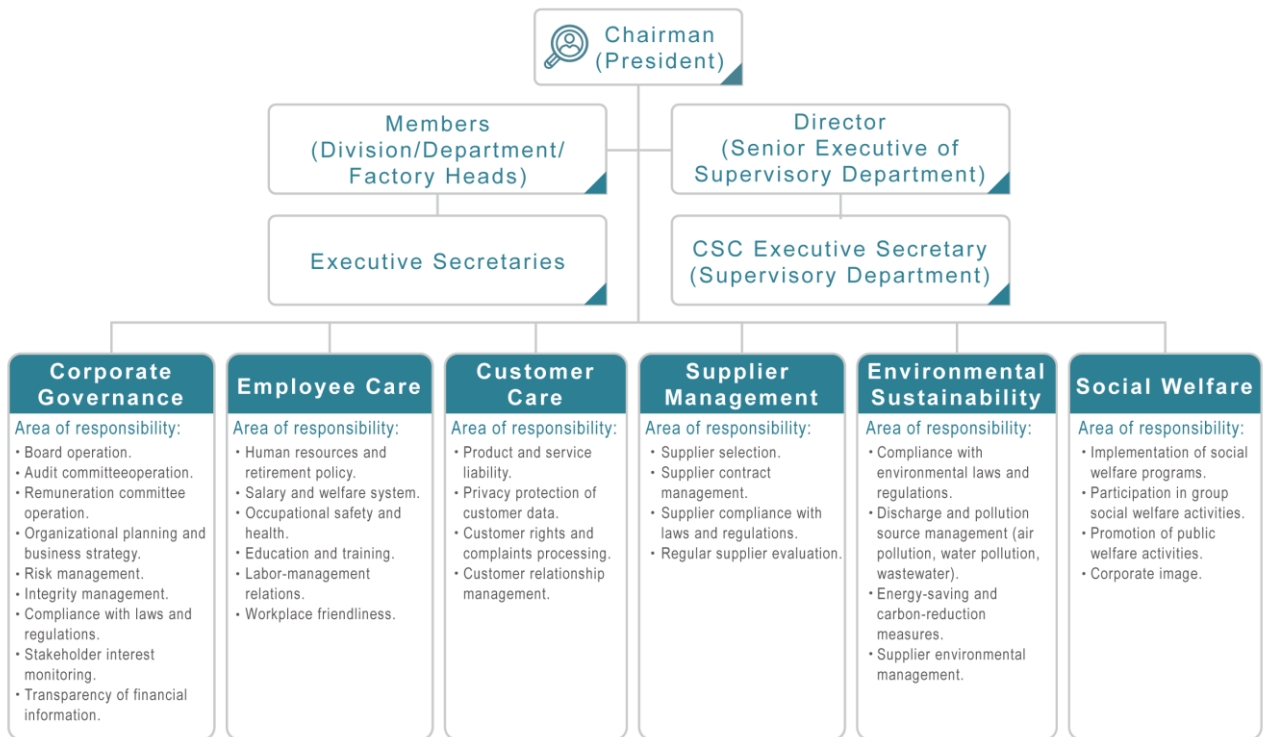
1. All commercial activities and operations are in compliance with relevant laws and regulations.
2. Compliance with laws and regulations relating to public disclosure of corporate governance, organizational structure, financial status, and performance.
3. Respect the human rights and freedoms of employees, and assist employees to develop and establish a friendly, healthy, and safe working environment.
4. All employees and suppliers are required to abide by laws in all business activities and refuse any form of bribery, corruption, and improper transactions.
5. Promoting energy conservation, carbon reduction, and compliance with environmental protection laws and regulations. The company also encourages suppliers and business partners to comply with relevant environmental laws and regulations in goods and services procurement.
6. Caring for society and committing to public welfare activities, assisting disadvantaged groups, and being the best we can be.
7. The "Code for Corporate Sustainability" was formulated to help ensure compliance.



● **Corporate Sustainability Committee**

In order to implement and promote corporate sustainable operations, Evergreen Steel established a "Corporate Social Responsibility Committee" (hereinafter referred to as the CSR Committee) in November, 2020, renamed it the "Corporate Sustainability Committee" (hereinafter referred to as the CSC) in October, 2021, and passed a resolution by the Board of Directors on December 21 of the same year.

The "Corporate Sustainability Committee" of the Company consists of six groups: the corporate governance group, employee care group, customer care group, supplier management group, environmental sustainability group, and social welfare group to implement and improve the corporate sustainability of the business. The Supervisory Department serves as the executive secretary and a dedicated unit responsible for communication and integration, data collection, editing and revision. The President serves as the chairman and the heads of all departments serve as members. They are responsible for the implementation of relevant affairs and plans according to each power and responsibility group, and report the implementation results to the Board of Directors once a year.






### 1.1.2 SDGs Target Connection

Evergreen Steel attaches importance to corporate sustainable development and pays attention to trends and issues related to global sustainability. Therefore, the Company reviews its internal operations and actively responds to the 17 sustainable development goals (SDGs) of the United Nations, adopting the following 7 goals in total, with a view to integrating with the goals of global joint efforts and promoting the success of SDGs.

Aspect	Corresponding SDGs	Practice of SDGs
 <p>G governance</p>	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Peace and justice system</p> <p>16.5 Substantially reduce all forms of corruption and bribery</p>	<p>All operating units in all regions must abide by relevant regulations on ethical operations and anti-corruption. In addition to publishing educational and advocacy articles provided on the Company's internal website, senior management reminds department heads at business meetings from time to time, and requires the department heads to remind entry level employees at department meetings to abide by relevant conduct policies.</p>
 <p>E environment</p>	 <p>13 CLIMATE ACTION</p> <p>Climate action</p> <p>13.1 Strengthen post disaster resilience and adaptation capacity of all countries to natural disasters and climate related risks.</p> <p>13.3 Improve education, enhance awareness, and increase human and institutional capacity for climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>In April, 2022, the Company signed up as a TCFD supporter to monitor global climate change and observe international responses. The Company identifies relevant uncertainties (both risks and opportunities) that may be affected by climate change as early as possible. Starting from the disclosure of information related to its own business field, the Company formulated adaptation and mitigation measures through the use of existing programs and policies, and then shaped climate strategies to grasp opportunities. In the future, we can strengthen organizational resilience and embark on new business opportunities according to various simulated scenarios, and firmly move forward with the sustainable goal of risk management and value creation, moving towards the topic of sustainable management of natural resources.</p>
 <p>E environment</p>	 <p>14 海洋生態保育</p> <p>Marine ecological conservation</p> <p>14.1 Before 2025, we shall prevent and significantly reduce all kinds of marine pollution, especially from land-based activities, including marine debris and nutritional pollution.</p>	<p>"Ever Ecove Corporation", a subsidiary of Evergreen Steel, takes resource regeneration as its main business. In order to promote environmental protection, it cooperates with "EverFun Travel Services Corp." to jointly respond to the Matsu autumn and winter "pay tribute to the sea" beach cleaning project organized by Matsu National Scenic Area Administration, Tourism Bureau, M.O.T.C. A three-day beach cleaning activity was held from December 30, 2020 to January 1, 2021, with one beach place arranged for cleaning every day to achieve the goal of protecting the marine environment.</p>
 <p>E environment</p>	 <p>11 永續城市及社區發展</p> <p>Sustainable city and community development</p> <p>11.6 By 2030, we shall reduce the harmful impact of cities on the environment, including paying special attention to air quality, urban waste, and other waste.</p>	<p>The Company has developed relevant management and maintenance procedures for dust collection equipment to reduce air pollution and protect the environment.</p>
 <p>E environment</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Responsible consumption and production</p> <p>12.5 By 2030, the generation of waste shall be greatly reduced through prevention, reduction, recycling and reuse.</p>	<p>The Company has signed contracts with qualified cleaners to regularly clean up and outsource treatment (off-site treatment) in accordance with the Company's output. At present, the submerged arc welding slag is delivered to a professional qualified recycling vendor, and general business waste is delivered to a qualified treatment agency.</p>

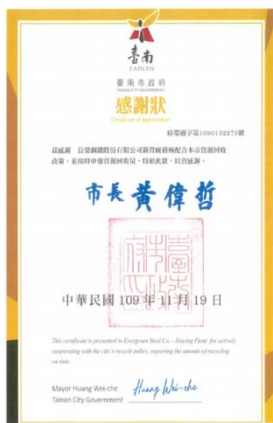


Aspect	Corresponding SDGs	Practice of SDGs
 <p>S society</p>	 <p>3.d. Strengthen early warning, risk reduction and national and global health risk management capacity in all countries, especially in developing countries.</p>	<p>Established an occupational safety and health management system, which covers the workers in the Xinying Factory, Hsinchu Factory and the construction sites of Evergreen Steel and passed the OHSAS 18001 &amp; CNS 15506 occupational safety and health management system verification in 2015. In 2019, we completed the OHSAS 18001 conversion to ISO 45001 &amp; CNS 45001 verification. We conduct internal and external audits once a year to confirm the implementation and effectiveness of the management system, and continuously use the PDCA system to improve safety and health performance and create healthy and friendly working environment for employees.</p>
	 <p>8.5 By 2030, we will achieve full and productive employment, provide all men and women with good jobs, including young people and people with physical and mental disabilities, and achieve equal pay for equal work.</p>	<p>In accordance with the Company's complaint handling measures, employees may appeal to the competent authorities at all levels and local government agencies or personnel for non-compliance with the Labor Standards Act, Occupational Safety and Health Act, Employee Welfare Fund Act, Labor Insurance Act, Labor Inspection Act, Employment Services Act and other labor-related laws and regulations. In addition, an independent whistleblowing mailbox was established: (comment@evergreenet.com) for internal and external personnel to provide feedback.</p>

1.1.3 Annual Performance List

2021 Annual Performance

- In 2020, the Xinying Factory of the Steel Structure Division actively cooperated with the resource recovery policy of the Tainan City Government, declared the amount of resources recovered on time, and was awarded a certificate of appreciation.
- In 2021, the amount of green procurement reached more than NT\$5 million, winning an "excellent green procurement enterprise" award from the Tainan City Government.
- In 2021, the Taipei City Government awarded the Company a certificate of appreciation for eliminating the use of disposable and melamine tableware.



## Economy

- In 2021, the steel structure output was about 210,000 tons, an increase of 50.42% over 2020, and the operating revenue was NT\$11,449.74 million, an increase of **60.86%** over 2020.
- In 2021, the operating revenue of the Container Department was NT\$164.7 million, an increase of **12.82%** over 2020.
- In 2021, the budgeted consolidated operating income was NT\$10,890.25 million, and the actual operating income was NT\$1,3608.6 million, with an achievement rate of **124.96%**.
- The estimated pre-tax net profit in 2021 was NT\$1,627.84 million, and the actual pre-tax net profit was NT\$1,954.63 million, with an achievement rate of **120.08%**.

## E-Environment

- In April, 2022, the Company signed up as a TCFD supporter.
- Evergreen Steel has developed relevant management and maintenance procedures for dust collection equipment to reduce air pollution and protect the environment through strict controls.
- Evergreen Steel produces green steel to reduce carbon dioxide emissions. Steel structures have become the backbone of civil architecture in advanced industrialized countries.
- Part of its commitment to sustainable development, the Company participated in the BOT investment promotion project of Taoyuan Biomass Energy Center organized by the Taoyuan City Government, and was rated as the best applicant. It was built and is operated by the private organization Ever Ecove Corporation. The plant site is located in the land for environmental protection facilities in Taoyuan Science and Technology Industrial Park, covering an area of 4.38 hectares. The construction started in July 2019 and is expected to be completed in 2022. It has three environmental protection facilities, including heat treatment, anaerobic fermentation and solidification landfill. Heat energy generated by waste incineration and the biogas generated by anaerobic fermentation of kitchen waste will generate renewable energy. Waste treatment will help achieve reduction, reuse and recycling. The facility will help create a new generation of green, low-emission, sustainable technology park.

## S-Society

- Non-destructive testing is accredited by the Taiwan Accreditation Foundation (TAF) for the following lab projects, Accreditation Number : 3161
- It has been verified by ISO 9001-2015 quality management system.
- The welded H beam for structure has obtained the CNS Mark of the Bureau of Standards, Metrology and Inspection, MOEA, and the product is **100%** free of radiation pollution.
- Introduce the management system of ISO 45001 and CNS 45001.
- No discrimination cases in 2021.
- No violation of forced labor in 2021.
- No occupational disease case in 2021.
- The achievement rate of material supply in 2021 is **100%**

## G-Governance

- The Board of Directors of the Company is elected by the shareholders' meeting in accordance with the provisions of the articles of incorporation by adopting the candidate nomination system. Currently, the Board of Directors is composed of 7 directors, 3 of whom are independent directors, accounting for **42.86%**.
- The target for the proportion of female directors of the Company is above 20%. There are 7 directors in total, of which 3 are female directors, accounting for **42.86%**.
- At the 2021 Audit Committee meeting of Evergreen Steel, the attendance rate of directors was **100%**.
- In 2021, the Company did not violate the Ethical Corporate Management Best Practice Principles, Codes of Ethical Conduct, Corporate Governance Best Practice Principles and Sustainable Development Best Practice Principles.
- In 2021, there were no related complaints or sanctions imposed by the Taiwan Stock Exchange.
- In 2021, there was no breach of customer privacy and data leakage.
- In 2021, the advocacy of the Ethical Corporate Management Best Practice Principles and the Codes of Ethical Conduct in pre-service education and training reached **100%** implementation.



## 1.2 Stakeholder Interaction

### 1.2.1 Identification of Stakeholders







Evergreen Steel attaches great importance to trust and communication with stakeholders. Stakeholders are identified by the Supervisory Department and relevant departments according to GRI Standards (Sustainability Reporting Standards) and AA 1000 SES Stakeholder Engagement Standards and ranked according to characteristics like dependence, responsibility, influence, diversity, attention, etc. Based on an analysis using the above principles and identifying any tensions that exist, the Company gives priority to six types of stakeholders: employees, shareholders, customers/distributors, suppliers/contractors, government agencies, and steel industry peers.

#### ● Stakeholder Contact

A dedicated contact hotline and email address for stakeholders are published on the Company's website. The responsible unit reviews and takes action on notifications, suggestions, complaints and tipoffs from whistle-blowers.

Category	Content and information
 <p><b>Company website</b></p>	<p>Evergreen Steel Corporation: <a href="https://www.evergreenet.com/">https://www.evergreenet.com/</a></p>
 <p><b>Corporate sustainability</b></p>	<p>Email: <a href="mailto:csr@evergreenet.com">csr@evergreenet.com</a>            Contact information: 02-25135858 ext. 5711 or #0 Mr. Lu of the Supervisory Department</p>



Category	Content and information
 <p><b>Employee</b></p>	<p>In order to establish a good communication channel with employees, we announce employee benefits and other useful information from time to time, and encourage internal and external personnel to report unethical acts or misconduct. A dedicated mailbox is listed on the Company's website and internal website for the use of external personnel and Company employees:</p> <p>Email: <a href="mailto:comment@evergreennet.com">comment@evergreennet.com</a>.                      Contact information: 02-25135858 ext. 5671 Miss Xu, HR Department</p>
 <p><b>Shareholder</b></p>	<p>The Company's website has an "Investor Service Area" (<a href="http://www.evergreennet.com/customPage">www.evergreennet.com/customPage</a>), which is managed by a dedicated unit to disclose the Company's financial and operational governance information. Also listed are the Company's spokespersons and acting spokespersons.</p> <p>Email: <a href="mailto:finacs@evergreennet.com">finacs@evergreennet.com</a>                      Contact information: 02-25135858 ext. 5701 Miss He, Finance Department</p>
 <p><b>Customer / dealer</b></p>	<p>A dedicated email address exists for business and customer service. The Business Department is responsible for all relevant communication:</p> <p>Email: <a href="mailto:business@evergreennet.com">business@evergreennet.com</a>                      Contact information: 02-25135858 ext. 5860 Mr. Lin, Business Department</p>
 <p><b>Supplier / contractor</b></p>	<p>Suppliers/contractors are invited to sign the "supplier/contractor corporate sustainability commitment" and attend meetings to discuss business needs.</p> <p>Contact information: 06-6520066 ext. 5300 Mr. Wang, Public Works Department</p>
 <p><b>Government agencies</b></p>	<p>Company representatives participate in policy discussions and symposiums from time to time to allow closer cooperation with regulatory agencies.</p> <p>Contact information: 02-25135858 ext 5651 Miss Cai, Supervisory Department</p>
 <p><b>Steel industry</b></p>	<p>The Company establishes and improves communication channels with peers through participation in trade meetings and technical exchanges.</p> <p>Contact information: 06-6520066 ext. 1300 Mr. Chen, Occupational Safety and Health Department</p>



### • Participation in Social Organizations

In addition to listing stakeholders, Evergreen Steel also actively participates in organizations such as the Steel & Iron Industries Association, Association of Industry and Commerce, domestic and foreign industry associations (academies) and trade associations to establish exchanges and other forms of cooperation.

Name of academic association or professional organization	Significance to the sustainable operations of Evergreen Steel	Membership
Taiwan Institute of Steel Construction	Develop steel structure engineering technical expertise, promote the sound development of steel structure industry, exchanges with relevant industries, government officials, universities and research institutes, and improve the safety of public works.	Executive director and supervisor
Taiwan Steel Structure Hoisting Engineering Professional Construction Industry Association	Develop steel structure hoisting technical expertise, establish a safe hoisting operation environment, and improve the safe labor environment.	Director
Taiwan Steel Structure Erection Engineering Professional Construction Industry Association	Develop steel structure erection technical expertise, improve the accuracy of steel structure erection and maintain stable quality.	Directors and supervisors
Taiwan Steel & Iron Industries Association	To seek the unity and development of the iron and steel industry, assist the government in economic construction, strive for foreign exchange, coordinate industry relations, and promote common interests.	Convener of steel structure professional group


#### 1.2.2 Communication Frequency and Channel

The "Corporate Sustainability Committee" of Evergreen Steel is divided into six groups to manage relevant affairs, including corporate governance, employee care, customer care, supplier management, environmental sustainability and social welfare. According to the division of business, the relevant departments are responsible for communicating and responding to issues of concern to stakeholders. They also communicate with stakeholders through the Company's website, annual report, MOPS and other channels, and report matters, such as communication and negotiation results to the Board of Directors after submitting it to the chairperson for review.

Stakeholder	Focus topic	Communication channel	Frequency	Implementation of stakeholder communication in 2021
 <p>Employee</p>	Economic performance Occupational safety and health Labor relations Compliance with regulations on environmental protection Non discrimination	ESG questionnaire	Annually	<ul style="list-style-type: none"> <li>• Monthly business meetings (12 times in total)</li> <li>• Monthly department meetings (12 times in total)</li> <li>• Weekly factory affairs meeting (52 times for Hsinchu Factory and Xinying Factory respectively)</li> <li>• Employee performance appraisals in March and September of each year (2 times)</li> <li>• The Company / each factory holds one labor management meeting each quarter (March, June, September and December)</li> <li>• The Employee Welfare Committee meeting is held once a quarter (March, June, September and December)</li> <li>• The Labor Pension Supervisory Committee draws pensions once or irregularly every quarter (8 times in total)</li> <li>• The Occupational Safety and Health Committee meeting is held every quarter (March, May, September and December)</li> <li>• Health consultation once a week (38 times in total)</li> <li>• Company website</li> </ul>
		Business meeting	Monthly	
		Department / factory / section meeting	Monthly / instant	
		Labor management meeting of the Company / each factory	Quarterly / instant	
		Employee Welfare Committee	Quarterly / instant	
		Labor Pension Supervisory Committee	Quarterly / instant	
		Occupational Safety and Health Committee	Quarterly	
		Medical health consultation	Instant	
		Education and training program	Annually / quarterly / instant	
		Performance appraisal and interview	Twice a year / instant	
		Employee grievance mechanism	Instant	
		Relevant announcements within the Company	On demand	
		Telephone and face-to-face communication	Instant	
Internal communication email	Instant			
Stakeholder section of the Company's website	Instant			
 <p>Shareholder</p>	Economic performance Compliance with regulations on environmental protection Occupational safety and health Compliance with social and economic laws and regulations Corporate governance Tax Labor relations	ESG questionnaire	Annually	<ul style="list-style-type: none"> <li>• Held the 2021 shareholders' meeting</li> <li>• Invited to participate in KGI Securities' online road show</li> <li>• The annual report of the shareholders' meeting has been sent to the shareholders' meeting and disclosed on the MOPS and the Company's website.</li> <li>• Important financial and business information has been disclosed on the MOPS and the Company's website.</li> </ul>
		Shareholders' meeting	Annually	
		Road show	Annually	
		Annual report of shareholders' meeting	Annually	
		Important financial and business information announced on the MOPS	According to the regulations of the competent authority	
		Investor service section of the Company's website	Instant	
		Stakeholder section of the Company's website	Instant	



Stakeholder	Focus topic	Communication channel	Frequency	Implementation of stakeholder communication in 2021
 Customer /Dealer	Occupational safety and health			
	Waste			
	Economic performance	ESG questionnaire	Annually	<ul style="list-style-type: none"> <li>• Immediate improvement for customer response</li> <li>• 25,669 visits to the Company's website</li> <li>• Company website</li> </ul>
	Anti-competitive practices	Telephone, fax, email Business visit	Instant On demand	
	Air pollution	External communication mailbox	Instant	
	Waste water			
	Customer privacy	Stakeholder section of the Company's website	Instant	
Compliance with social and economic laws and regulations				
Material management				
 Supplier /Contractor	Occupational safety and health	ESG questionnaire Education and training	Annually Quarterly / on demand	<ul style="list-style-type: none"> <li>• 56 signed corporate social responsibility commitments</li> <li>• 1 supplier meeting was held (July 2021)</li> <li>• 1 joint operation agreement organization meeting was held</li> <li>• 12 contractor agreement organization meetings were held</li> <li>• Convened contractors to participate in occupational safety and health meetings 11 times</li> <li>• Convened contractors to participate in safety and health education and training in the factory 5 times</li> <li>• Company website</li> </ul>
	Procurement practices	Telephone, fax, email	Instant	
	Compliance with social and economic laws and regulations	Supplier evaluation	Once every half a year	
	Economic performance	Supplier meeting	On demand	
	Forced and compulsory labor	Face to face communication Supplier commitment	On demand	
	Marketing and signage	Toolbox Meeting Purchase contract	On demand Contract period	
	Customer privacy	Agreement organization meeting	Monthly	
		Stakeholder section of the Company's website	Instant	
 Government agency	Air pollution	ESG questionnaire	Annually	<ul style="list-style-type: none"> <li>• Participated in government seminars and presentations 5 times.</li> <li>1. "Maternal health protection and workplace health management advocacy meeting" of Labor Affairs Bureau, Tainan City Government</li> <li>2. "Water advocacy forum" of Economic Development Bureau, Tainan City Government</li> <li>3. "Symposium on the promotion of solar photovoltaic panels on the roofs of industrial parks" in Xinying Industrial Park, Tainan City</li> <li>4. "Workers in partnership - labor rights and occupational safety forum for foreign migrant workers" by Labor Affairs Bureau, Tainan City Government</li> </ul>
	Financial impact of climate change	Online platform data filling	Annually	
	Indirect economic impact	Correspondence of official documents	On demand	
	Material	Seminar / symposium / public hearing	On demand	
	Energy	Telephone, fax, email	Instant	
	Bio-diversity	Business visit	On demand	
	Greenhouse gas emissions	Visit of competent authority	On demand	
	Waste water	Safety and health family education training / symposium	On demand	
Waste				
Compliance with regulations on environmental protection	Stakeholder section of the Company's website	Instant		

Stakeholder	Focus topic	Communication channel	Frequency	Implementation of stakeholder communication in 2021
 <p>Steel industry</p>	Procurement practices	ESG questionnaire	Annually	<ul style="list-style-type: none"> <li>5. "Seminar on sharing professional knowledge and practice of labor health services" by Occupational Safety and Health Administration, Ministry of Labor</li> <li>Participated in environmental protection agency policy announcements and seminars 3 times</li> <li>Participated in education and training of Labor Affairs Bureau of Tainan City Government 4 times</li> <li>Participated in self-management symposia of the Occupational Safety and Health Administration, Ministry of Labor 3 times</li> <li>Participated in 1 family health and safety training/seminar</li> <li>Company website</li> <li>Steel structure group meetings of steel and Iron Industries Association was held 3 times (once per quarter, not held in the second quarter due to the pandemic)</li> <li>Market Observation Post System (MOPS)</li> <li>Company website</li> </ul>
	Economic performance	Business visit	On demand	
	Anti-competitive practices	Telephone, fax, email	Instant	
	Tax	Stakeholder section of the Company's website	Instant	
	Training and education			
	Non-discrimination			
	Customer privacy			

### 1.3 Management of Material Topics

#### 1.3.1 Identification of Material Topics and Boundaries

To ensure that the information disclosed in the sustainability report meets the needs of stakeholders, Evergreen Steel follows the "P-D-C-A" (Plan-Do-Check-Act) management model to determine material sustainability topics through five major steps: Stakeholder Identification, Topic Collection and Summarization, Topic Analysis, Materiality Identification, and Review and Discussion.

1

The AA1000 SES standard was used to identify the Company's stakeholders through internal discussions and by reference to stakeholder groups identified by industry peers.

2

In the context of sustainability, the GRI Standards, SDGs, and mining and metals industry special indicators were used as the basis for collecting topics. 41 topics were summarized and questionnaires were designed, covering corporate governance, economic, environmental and social aspects.

3

A questionnaire survey was conducted to determine the level of stakeholder concern (influencing stakeholder assessment and decision making) and the level of impact on sustainable management (significant economic, environmental and social impact) as a reference for ranking the topics. 113 questionnaires were collected.

4

Through questionnaire analysis and discussion, 8 material topics were identified and their management guidelines were disclosed.

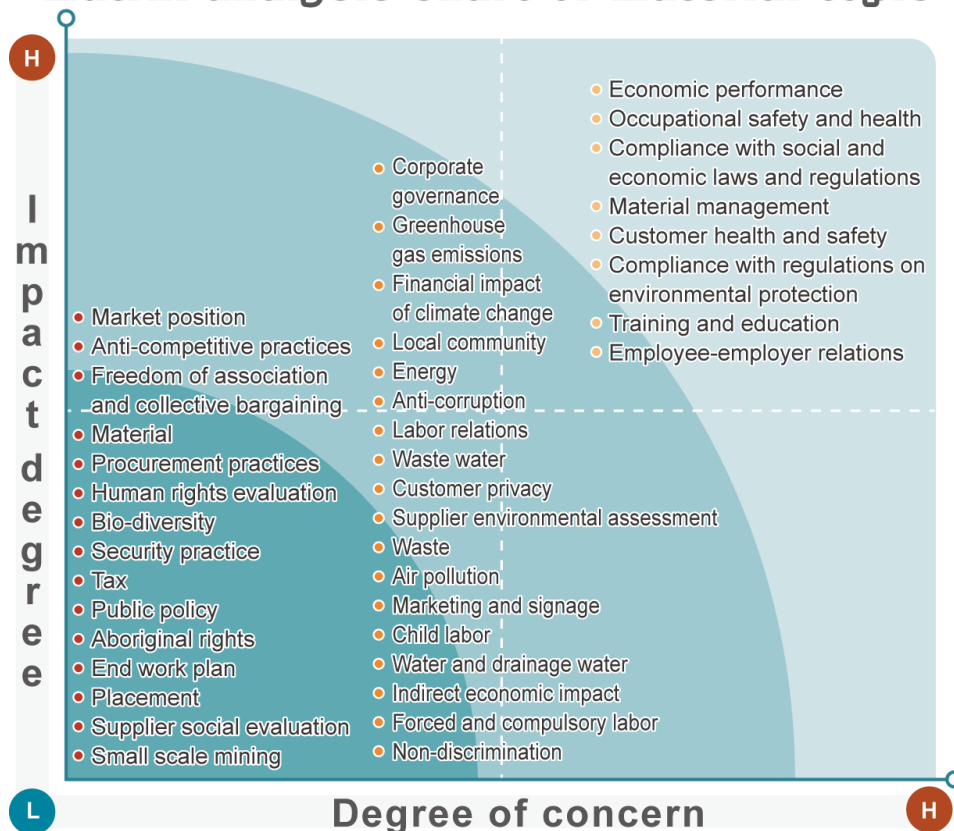
5

Material topics were analyzed using the value chain as a boundary element and relevant information is disclosed in the report.

• Identification of Material Topics

This year's sustainability topics were identified through stakeholder questionnaire analysis and internal discussion. Eight material topics were identified.

Matrix analysis chart of material topic





Ranking of material topics	Ranking of secondary topics			
1. Economic performance	9. Corporate governance	17. Customer privacy	25. Forced and compulsory labor	33. Bio-diversity
2. Occupational safety and health	10. Greenhouse gas emissions	18. Supplier environmental assessment	26. Non-discrimination	34. Security practices
3. Compliance with social and economic laws and regulations	11. Financial impact of climate change	19. Waste	27. Market position	35. Tax
4. Material management	12. Local community	20. Air pollution	28. Anti-competitive practices	36. Public policy
5. Customer health and safety	13. Energy	21. Marketing and signage	29. Freedom of association and collective bargaining	37. Aboriginal rights
6. Compliance with regulations on environmental protection	14. Anti-corruption	22. Child labor	30. Material	38. End work plan
7. Training and education	15. Labor relations	23. Water and drainage water	31. Procurement practices	39. Placement
8. Employee-employer relations	16. Waste water	24. Indirect economic impact	32. Human rights evaluation	40. Supplier social evaluation
				41. Small scale mining

• **Material Topic Value Chain Boundaries**

After analysis, the material topics of this report are summarized into four aspects: "corporate governance", "products and value chain", "sustainable environmental development" and "friendly workplace". With the value chain as the boundary analysis element, we regularly carry out discussions on material economic, social and environmental issues, the achievement of objectives of each unit and the formulation of future directions, summarize relevant results and data, discuss the results with stakeholders, discuss suggestions for ESG, report to the Board of Directors every year, continuously strengthen management, and disclose relevant information in the sustainability report.

Sustainable aspects (corresponding chapters)	Corresponding to GRI standards/ custom topic	Value chain impact boundary		
		Evergreen Steel	Customer / dealer	Supplier / contractor
Corporate governance (Chapter 2)	Compliance with social and economic laws and regulations (GRI 419)	■	□	□
Product and value chain (Chapter 3)	Economic performance (GRI 201), customer health and safety (GRI 416), material management	■	□	□
Environmentally sustainable development (Chapter 4)	Compliance with regulations on environmental protection (GRI 307)	■	□	□
Friendly workplace (Chapter 5)	Employee-employer relations (GRI 401), training and Education (GRI 404), occupational safety and health (GRI 403)	■	-	-

■ Direct impact      □ Business practice impact

# 02

## Corporate Governance

2.1 Company Profile








2.2 Corporate Governance Structure

2.3 Ethical Management

2.4 Risk Management



## Chapter 2 Corporate Governance

 <p>Corresponding Material Topics</p>	<p>Socioeconomic compliance</p>
 <p>Reason for Materiality and Purposes</p>	<p>Compliance with laws and regulations is an essential part of an enterprise’s business operations. Management goals include avoiding potential violations and their implications while meeting stakeholders’ expectations. Evergreen Steel will continue to pay attention to laws and regulations at home and abroad that may be related to company finance, environment, and business and strive to meet legal requirements to maintain the Company’s sustainable development.</p>
 <p>Policies</p>	<p>The Company requires employees and partners to comply with laws and regulations and abide by social ethics and has formulated the Ethical Corporate Management Best Practice Principles, established relevant operating procedures and guidelines for conduct, and incorporated them into employee performance evaluations and human resources policies. It has also established a clear and effective reward, punishment, and grievance system. An independent and dedicated internal audit unit performs business and financial audits regularly or from time to time to evaluate the effectiveness, efficiency, and legality of operations.</p>
 <p>Commitment</p>	<p>The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, Taiwan Stock Exchange’s and Taipei Exchange’s regulations, and other business and social norms, to avoid serious violations.</p>
 <p>Targets</p>	<ul style="list-style-type: none"> <li>● <b>Short-term targets:</b> Ensure that the Company’s operations are in compliance with laws and regulations set by the government, as the basic premise for implementing ethical management.</li> <li>● <b>Mid- and long-term targets:</b> Effectively manage and abide by the principles of business conduct, ethical management, and the operating standards set by the Company, regularly review effectiveness and implementation, and avoid any corruption and relevant illegal activities. Introduce the Ethical Corporate Management Best Practice Principles and the Codes of Ethical Conduct in the pre-employment education and training to keep all employees informed.</li> </ul>
 <p>Responsible Units</p>	<p>The Board of Directors and the management team review and evaluate whether the preventive measures established for ethical management are being carried out effectively. The Audit Department performs internal audits regularly or from time to time to effectively manage the Company’s operations and ensure compliance with applicable laws and regulations.</p>
 <p>Resources</p>	<ul style="list-style-type: none"> <li>● We strengthen employees’ awareness of compliance through relevant education and training.</li> <li>● The Audit Department reviews the Company’s self-evaluation report every year for effective internal management.</li> <li>● The Human Resources Department evaluates compliance with ethical management principles during business operations, prepares a report, and submits it to the Board of Directors once a year.</li> </ul>





### Grievance Mechanism

The Company has an independent reporting mailbox ([comment@evergreenet.com](mailto:comment@evergreenet.com)) to provide a channel for internal and external personnel to file grievances about unethical or improper conduct.



### Specific Actions

- The Company provides pre-employment education and training for new employees on their first day of work. The content of the training includes regulations, such as the Ethical Corporate Management Best Practice Principles and the Codes of Ethical Conduct, to strengthen and promote compliance.
- Comply with applicable laws and regulations, such as the Securities and Exchange Act, Company Act, and other laws and regulations related to business conduct and social norms.



### Management Evaluation Mechanism

- The Audit Department annually reviews the self-assessment reports of the company and its subsidiaries, and notes internal control deficiencies and improvements. The board of directors and president evaluate the effectiveness of the overall internal control system and issue an Internal Control System Statement to ensure that the design and implementation of the internal control system achieve the following three objectives:
  1. Effectiveness and efficiency of operations.
  2. Reliable, timely, and transparent reports that are in compliance with relevant regulations.
  3. Compliance with relevant laws and regulations.
- To improve ethical management, the human resources unit is responsible for formulating an ethical management policy and supervising its implementation. It is mainly in charge of the matters below and regularly reports to the Board of Directors:
  - I. Assist in integrating moral values into the Company's business strategy and formulate relevant anti-corruption measures to ensure integrity in operations in accordance with laws and regulations.
  - II. Formulate and amend the Procedures for Ethical Management and Guidelines for Conduct.
  - III. Conduct and coordinate ethical management policy awareness training.
  - IV. Implement the whistle-blowing system.
  - V. Assist the Board of Directors and the management in checking and evaluating whether the preventive measures established for the implementation of ethical management are carried out effectively as well as regularly evaluating compliance during relevant business processes and preparing reports.



### Actions and Performance

- In 2021, the Company did not violate the Ethical Corporate Management Best Practice Principles, Codes of Ethical Conduct, Corporate Governance Best Practice Principles and Sustainable Development Best Practice Principles.
- In 2021, there were no related complaints or sanctions imposed by the Taiwan Stock Exchange.
- In 2021, there was no breach of customer privacy and data leakage.
- In 2021, the advocacy of the Ethical Corporate Management Best Practice Principles and the Codes of Ethical Conduct in pre-service education and training reached 100% implementation.

## 2.1 Company Profile

Evergreen Steel Corp. was incorporated in January 1973 as a limited company registered in accordance with the Company Act of the Republic of China and was listed on the stock market in 2021 (stock code: 2211).

The Evergreen Group set up Evergreen Heavy Industrial Corp. in Kaohsiung in August 1982 in response to the growth of Evergreen Marine Corp.'s container shipping business. The next year, Evergreen Heavy Industrial Corp. built a container manufacturing factory in Zhongli, Taoyuan.

Initially, the company mainly focused on container manufacturing, renovation, maintenance, and repair. In 1989, the container manufacturing activities were transferred to Malaysia. In order to meet market needs, the Evergreen Heavy Industrial Corp. also set up factories for manufacturing steel structures and reinforcing steel. In July 2011, the company changed its name to Evergreen Steel Corp. In July 2019, the Hsinchu reinforcing steel Plant completed the transformation, transformed the production reinforcing steel into steel structures and production.

Evergreen Steel Corp.'s main business activities include the manufacture and assembly of steel structures and the maintenance and repair of containers. The factories at Xinying in Tainan and Hukou in Hsinchu are capable of professional steel structure design and manufacturing. The factories have automated equipment for steel cutting, welding, and sandblasting, tower cranes with capacity of 400-900 meters-tons, and a professional assembly team to help clients meet their construction projects' schedules and requirements. Moreover, the company's first-rate quality management system has received ISO 9001 certification.

Evergreen Steel Corp. has actively participated in multiple construction and infrastructure projects. Important projects it has participated in include the elevated Wugu-Yangmei section of National Highway No. 1; railway construction for the Taiwan High Speed Rail network; Taipei World Trade Center's Nangang Exhibition Center; the Kaohsiung Exhibition & Convention Center; Evergreen Aviation Technologies Corp. aircraft maintenance hangars; Fu Jen Catholic University Hospital; the Southern Branch of the National Palace Museum; Sheraton Hsinchu Hotel; and luxury condos in Taipei, such as the Palace Mansion, Peace Palace, and Agora Garden.

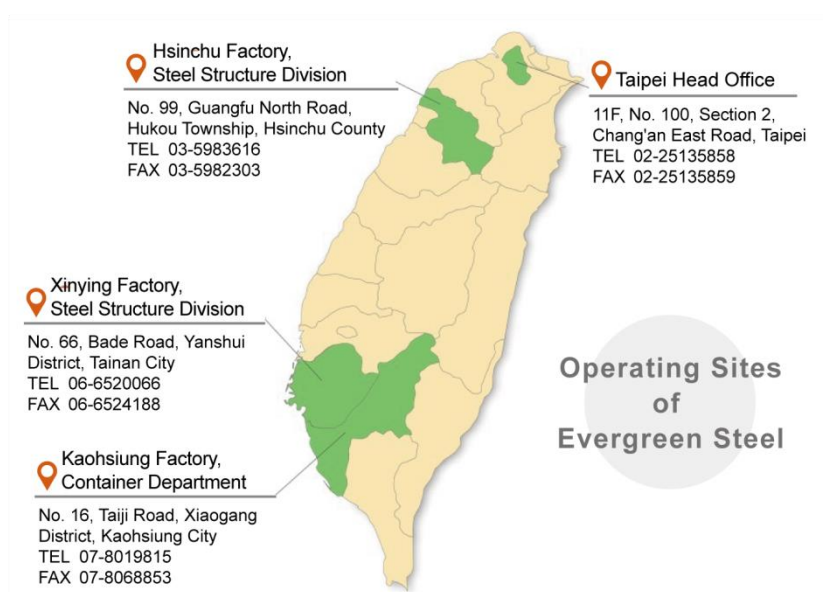
Evergreen Steel Corp. provides container maintenance and repair services to container shipping companies in Kaohsiung. The company's facilities in Linhai Industrial Park expedite pickup of containers to be repaired and delivery of repaired containers. Its container repair and cleaning facilities in the container terminal have highly efficient equipment that can simultaneously maintain and repair sixty 40-foot containers, sixty 20-foot containers, and twenty reefer containers. In addition, we invest in environmental protection businesses, including the disposal of general and industrial waste and medical waste.

In the future, Evergreen Steel Corp. will continue to embrace the Evergreen spirit of challenge, innovation, and teamwork. It will provide customers optimized services with its dedication to further enhancement of technical capabilities, construction methods, and manufacturing processes, while protecting the environment and pursuing sustainable development at the same time.



### Basic Information of Evergreen Steel

<b>Company name</b>	Evergreen Steel Corp.	<b>Date of Incorporation</b>	January 29, 1973
<b>Listing on TWSE</b>	April 12, 2021	<b>Stock Code</b>	2211
<b>Paid-in Capital</b>	NT\$4,199,819,630	<b>Number of Employees</b>	553 people
<b>Chairman</b>	Lin, Keng-Li	<b>President</b>	Liu, Pang-En
<b>Headquarters</b>	11F, No. 100, Section 2, Chang'an East Road, Zhongshan District, Taipei City 104094		
<b>Business Scope</b>	Manufacturing and assembly of steel structures and repair of containers. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.		



### Shareholdings of Evergreen Steel and Subsidiaries in the Consolidated Financial Statements



Hsin Yung Enterprise Corp.	<b>68.46%</b>
Super Max Engineering Corp.	<b>48.13%</b>
Mingyu Investment Corp.	<b>100%</b>
Ever Ecove Corp.	<b>50.06%</b>

### 2.1.1 Company Profile

#### ● Current Development

The steel structure industry is a lower stream industry as well as the most important related industry of the steel industry. It also plays a crucial role in the construction industry as it helps other related industries develop. As a labor, technology and capital-intensive industry, the steel structure industry is evidently important for both the steel industry and construction industry in Taiwan.

Domestic demand for steel structures has increased significantly, thanks to domestic public construction, construction of buildings and factories, and return of some China-based Taiwanese businesses to Taiwan. Nevertheless, market competition remains fierce due to fluctuation of raw materials prices, labor shortage, and client solicitation efforts of competing businesses. As a result, the Company will set the priority of reducing costs, maintaining product quality, enhancing production technology, and strengthening management in order to increase our gross profit.

The impact of the COVID-19 pandemic to the Company has been relatively minor as steel structures are mainly sold to domestic clients for construction of large buildings, factories, and bridges. Prefabricated steel structures are used in the large-scale construction sector for rapid deployment, good seismic resistance, and environment-friendliness. Use of steel structures for public construction of government projects, buildings and factories has led to steady growth of our steel structure business. In regard to our operations, the Company will continue to monitor fluctuations of raw materials prices and endeavor to optimize cost controls in order to maintain a stable profit.

#### ● Competitive Advantage

1. As one of the main steel structure companies in the nation, Evergreen Steel Corporation has established a good reputation among business partners and clients.

Evergreen Steel Corporation works with its clients on a long-term basis to pursue both business growth and improvement in product quality. Since the company has the largest production area across Taiwan, it can provide stable quality of steel structures for clients.

2. Rich Construction Experience in Steel Structure Facilities, Buildings and Bridges

Evergreen Steel Corporation has rich experience in steel structures and has provided structural steel for special construction projects including Agora Garden, the steel structure bridge from Taishan to Linkou on the Wugu-Yangmei Elevated Freeway, the Wugu Section and the interchange of the Bali-Wugu Section of the Bali-Xindian Line on the East-West Expressway, and Southern Branch of National Palace Museum.

3. Introduction of Building Information Modeling (BIM)

Building Information Modeling utilizes architectural details of a construction project to build a model that simulates all details of an analog building with digital information. It is visual, coordinated, representative, optimized and can be used to generate an actual drawing. In addition to customization services, this company brings in BIM, and combines TEKLA and AUTOCAD to generate and integrate construction drawings to ensure construction quality and keep the construction project on schedule.

4. A Professional Management Team with Strong Technological Capabilities

This company's professional management team has an average of more than 20 years of experience in the steel structure construction field. Despite not having a dedicated technology department, this company, when accepting a special steel structure construction



project, assigns experienced employees from various departments to form a task force to complete the project successfully.

#### 5. Excellent Construction Quality

The Company has obtained ISO9001 quality certification, set up a dedicated factory quality control department, has a non-destructive testing laboratory accredited by TAF, and quality control personnel and testing equipment to ensure the quality of products. As per the overall client satisfaction survey report, we meet ISO quality control targets every year. We have completed a number of certified earthquake-proof construction projects, and the overall construction quality has been praised by clients and owners.

### ● **Business Development Plan**

#### ➤ Short-term business development

##### 1. Business development strategy :

- (1) Enhance business development skills, continue to cultivate links with well-known companies (such as insurance companies and construction companies) to establish long-term partnerships.
- (2) Continue to pursue special construction projects to boost competitiveness. Currently, the company has participated in the now completed Kaohsiung Exhibition Center, Southern Branch of National Palace Museum, and Agora Garden. The Company is now participating in the ongoing projects of the Kaohsiung Train Station and Taichung International Convention and Exhibition Center. The Company will continue to pursue special construction projects on site to improve technological capabilities.
- (3) In line with the government's promotion for public construction projects, the Company has actively pursued public construction projects, such as steel structure bridges and improved its market share to maintain a steady stream of revenue.

##### 2. Manufacturing strategy :

- (1) As materials prices account for much of the costs in the steel structure business, the Company has signed fixed-price contracts with steel providers to avoid the risk that comes with fluctuations in the price of steel.
- (2) Reinforce the designers' professional skills and review manufacturing drawings to improve production efficiency.
- (3) Continue to follow and maintain the already-obtained ISO 9001 quality management system and test the products in the laboratories accredited by the Taiwan Accreditation Foundation (TAF) to ensure that the products are satisfactory to clients.
- (4) Review construction methods on site to improve construction efficiency, reduce costs, shorten the construction period on site, and boost competitiveness.
- (5) Regarding the promotion of labor safety, continue to promote and maintain the already-obtained CNS 45001 and ISO 45001 occupational safety management system as well as improve the labor environment continuously to effectively reduce occupational hazards and achieve business sustainability.

#### ➤ Long-term business development

1. Evergreen Steel Corporation has experience of exporting steel structures and is recognized by Mitsubishi Hitachi Power Systems for its quality. With a limited steel

structure market in Taiwan, the company will continue to expand its overseas business to boost both business volume and profit.

2. As the Hsinchu Factory for steel structures completed its transformation and established its steel structure production line, it can increase its capacity and boost its market share in a short period of time. It can also adjust its capacity according to a sudden increase in demand in the market or to meet a client's adjusted construction schedule. As wages are higher in northern Taiwan, the Hsinchu Plant will continue to develop its special structure processing business to boost its competitiveness.



### ● Investment in New Industries

To meet the need for eco-friendly services arising from urban development, the Evergreen Group participated in the Taoyuan City Government's Build-Operate-Transfer (BOT) infrastructure investment project to set up Ever Ecove Corp., creating the first large multi-functional biomass energy center in Taiwan.

Ever Ecove Corp. is located in an area designated for environment protection facilities in Taoyuan Technology Industrial Park cover an area of 4.38 hectare.

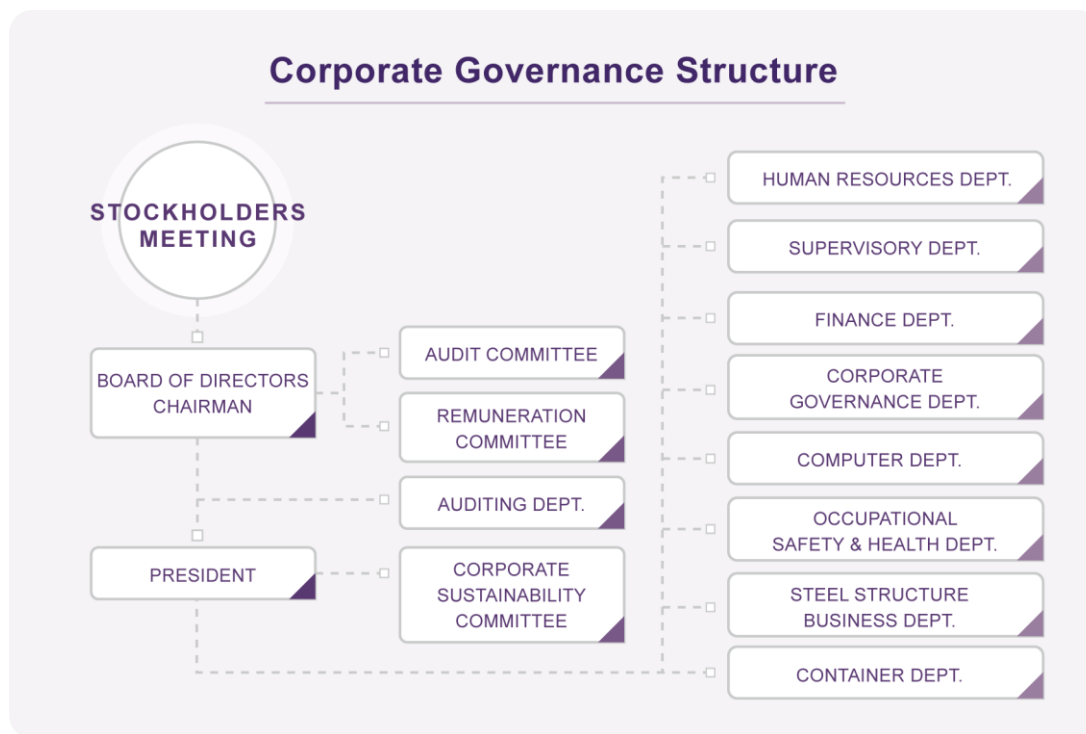
In October 2018, the company signed a concession agreement with the Taoyuan City Government, which is effective for 25 years from the signing date.

The construction of the company's three environmental protection facilities for heat treatment, anaerobic digestion, and a solidification landfill began in July 2019. Ever Ecove Corp. plans to produce power with the heat generated by waste incineration and biogas generated by anaerobic digestion of kitchen waste to create a circular environmental technology park that features low pollution, diversified treatment approaches, and sustainable operating practices with waste reduction, re-use and recycle solutions.

After Ever Ecove Corp. began operations, its facilities are estimated to treat 800 tons of household waste, kitchen waste, and non-hazardous industrial waste per day, effectively tackling the problem of growing trash volume in Taoyuan. The company aims to contribute to a better future with its green, low-carbon, sustainable, intelligent, and eco-friendly services.



## 2.2 Corporate Governance Structure



### 2.2.1 Board of Directors

The Company's Board of Directors consists of seven directors, three of which are independent directors, accounting for 42.86%, with a term of three years. Directors are elected by the shareholders' meeting in accordance with the Company's Articles of Incorporation through a candidate nomination system. They are responsible for the resolution of important matters related to the implementation of the Company's business, and we have formulated the Rules Governing the Scope of Powers of Independent Directors as a reference for independent directors to perform their duties.

To duly implement corporate governance, enhance the functions of the Board of Directors, and establish performance targets to enhance the operational efficiency of the Board of Directors, we have formulated the Rules of the Performance Evaluation of the Board of Directors in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

In addition, we have purchased the directors, supervisors, and important staff liability insurance to diversify directors' legal liability risks and enhance corporate governance capabilities.

- **Structure of the Board of Directors**

The Chairman does not concurrently serve as the President and is mainly responsible for supervising the main business managed by the management team to ensure that business is conducted in alignment with the Company's business philosophy.

All members of the Board of Directors possess the knowledge, skills, and qualities needed to perform their duties and have professional knowledge in different fields, such as finance, accounting, law, and environmental protection, and gender, age, nationality, race, cultural, and other diverse background elements are considered for the composition of the board. Among them, the target percentage of the Company's female directors is more than 20%. At present, there are three female directors out of seven directors, accounting for 42.86%.

Title	Name	Gender	Business Management	Business Administration	Law	Financial Accounting	Environmental Protection	Industry Knowledge	Risk Management
Chairman	Evergreen Logistics Corporation Representative: Lin, Keng-Li	Male	✓	✓			✓	✓	
Director	Evergreen International Corporation Representative: Chang, Kuo-Hua	Male	✓	✓				✓	✓
Director	Evergreen International Corporation Representative: Ko, Lee-Ching	Female	✓	✓		✓	✓	✓	
Director	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	Female	✓	✓		✓	✓	✓	
Independent Director	Lee, Kuan-Hsien	Male	✓	✓		✓			
Independent Director	Lien, Yuan-Lung	Male	✓	✓	✓				✓
Independent Director	Chiang, Jui-Chin	Female	✓	✓	✓				

### ● Responsibilities of the Board of Directors

The Company's major business decisions should be conducted through resolutions by the Board of Directors, except for matters that should be resolved by shareholders' meetings as otherwise provided by applicable laws and regulations or the Articles of Incorporation. To avoid conflicts of interest, directors with an interest involved in the proposals at a board meeting for themselves or the legal persons they represent should explain the important details of their interest. If it may undermine the Company's interests, they should be recused from the discussion and voting and should not exercise their voting rights on behalf of other directors. The annual report published by the Company every year clearly discloses directors' recusals from proposals in which their personal interests were involved.

Stakeholders can communicate their issues of concern with the responsible units through the Company's internal or external channels. The responsible units follow up on such issues and submit them to the Supervisory Department for compilation, and the Supervisory Department will report on the communication with stakeholders, the implementation of ESG initiatives, and the ESG report to the Board of Directors on a regular basis every year (once a year). The department reported on five items to the Board of Directors in 2021, namely corporate governance, sustainability, social responsibility, information disclosure, and communication with stakeholders. In addition, to strengthening ethical management, the Human Resources Department currently reports to the Board of Directors on ethical management progress once a year.



● **Operation of the Board of Directors**

A board meeting is convened at least quarterly but may be convened at any time in case of an emergency. The current term of directors took office from the extraordinary shareholders' meeting on November 29, 2019. As of December 31, 2021, a total of 13 (A) board meetings have been held. The attendance of directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance (%) [B/A]
<b>Chairman</b>	Evergreen Logistics Corporation Representative: Lin, Keng-Li	13	0	100%
<b>Director</b>	Evergreen International Corporation Representative: Chang, Kuo-Hua	13	0	100%
<b>Director</b>	Evergreen International Corporation Representative: Ko, Lee-Ching	13	0	100%
<b>Director</b>	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	13	0	100%
<b>Independent Director</b>	Lee, Kuan-Hsien	13	0	100%
<b>Independent Director</b>	Lien, Yuan-Lung	13	0	100%
<b>Independent Director</b>	Chiang, Jui-Chin	13	0	100%

● **Directors' Continuing Education**

To enhance directors' professional competencies, the Company offers advanced training courses for directors at least twice a year on risk control topics related to the Company's operations, such as law, finance, accounting, economy, environment, and information security, and also provides directors with information on training courses and forums held by the competent authorities and various training institutions. The courses offered by the Company in 2021 and the directors' participation are as follows. Please refer to the Market Observation Post System (MOPS) for other information on directors' continuing education.

Date of Course	Professional Training Institution	Training Course and Number of Hours or Certificates Obtained	Attendance
2021.09.08	Taiwan Corporate Governance Association	Business Opportunities and Challenges Related to Climate Disasters (3 hours)	100%
2021.10.08	Taiwan Corporate Governance Association	Discussion on Reward and Remuneration Strategies and Tools for Employees (3 hours)	100%

**2.2.2 Functional Committees**

● **Audit Committee**

The Company attaches great importance to operational transparency and corporate governance. To foster corporate governance and strengthen the functions of the Board of Directors, we have formulated a corporate governance structure and implementation regulations in accordance with Article 14-3 of the Securities and Exchange Act and Article 3 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies,

to continuously improve management performance and protect investors' and stakeholders' rights and interests. We have established an Audit Committee since November 29, 2019, which is composed entirely of independent directors, and at least one of them has accounting or financial expertise.

The Audit Committee is responsible for assisting the Company's financial statements, internal control system, compliance with relevant laws and regulations, management and control of the Company's existing or potential risks, major assets or derivatives trading, major loans to others or endorsements/guarantees provided to others, fundraising or issuing equity securities, appointment, dismissal, or remuneration of CPAs, as well as appointment or dismissal of financial and accounting officers or the chief internal auditor, to ensure that the Company's operations are in compliance with applicable government laws, regulations, and practices. The Audit Committee holds a meeting at least once a quarter and may convene one at any time as necessary. Its main responsibilities are as follows:

- ◆ Fair presentation of the Company's financial statements.
- ◆ Appointment, dismissal, independence, and performance of CPAs.
- ◆ Effective implementation of the Company's internal controls.
- ◆ Compliance with applicable laws and regulations.
- ◆ Management and control of existing or potential risks.

#### ➤ **Operation of the Audit Committee**

As of December 31, 2021, the current term of the Audit Committee held a total of 11 (A) meetings, and the members' attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance (%) [B/A]
Convener	Lee, Kuan-Hsien	11	0	100%
Member	Lien, Yuan-Lung	11	0	100%
Member	Chiang, Jui-Chin	11	0	100%

#### ● **Remuneration Committee**

To implement corporate governance and improve the remuneration system for the Company's directors and managers, we have established a Remuneration Committee in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. All committee members are independent directors. The Remuneration Committee holds at least two meetings a year, and its main responsibilities are as follows:

- ◆ Formulate and regularly review policies, systems, standards, and structures for directors' and managers' performance evaluation and remuneration.
- ◆ Regularly assess and determine directors' and managers' remuneration.

#### ➤ **Information on the Members of the Remuneration Committee**

The Remuneration Committee is formed by three independent directors. The current term is from November 29, 2019 to November 28, 2022.

Title	Name	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience		
			An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company
Convener	Lien, Yuan-Lung		✓		✓
Member	Lee, Kuan-Hsien		✓		✓
Member	Chiang, Jui-Chin		✓		✓

### ➤ Operation of the Remuneration Committee

As of December 31, 2021, the current term of the Remuneration Committee has held 6 (A) meetings, and the members' attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance (%) [B/A]
Convener	Lien, Yuan-Lung	6	0	100%
Member	Lee, Kuan-Hsien	6	0	100%
Member	Chiang, Jui-Chin	6	0	100%

### 2.2.3 Board Performance Evaluation

To enhance the functions of the Board of Directors, the Board of Directors should conduct an internal performance self-evaluation at least once a year in accordance with the Rules of the Performance Evaluation of the Board of Directors formulated by the Board of Directors and should appoint an external entity to perform such evaluation once every three years. The board evaluation includes performance evaluation of the board as a whole, individual board members (self-evaluation), and functional committees. The board performance evaluation methods and the information on the annual evaluation results have been disclosed on the Company's website or in the annual reports. The board members' self-evaluation results in 2021 were all excellent.

The indicators of the performance evaluation of the Board of Directors are as follows:

Board as a Whole	Individual Board Members (Self-evaluation)	Functional Committees
<ul style="list-style-type: none"> <li>✧ Involvement in the Company's operations</li> <li>✧ Improvement to the board's decision-making quality</li> <li>✧ Composition and structure of the board</li> <li>✧ Election and continuing education of directors</li> <li>✧ Internal control</li> </ul>	<ul style="list-style-type: none"> <li>✧ Understanding of the Company's goals and missions</li> <li>✧ Knowledge of directors' responsibilities</li> <li>✧ Involvement in the Company's operations</li> <li>✧ Internal relations management and communication</li> <li>✧ Directors' professional and continuing education</li> <li>✧ Internal controls</li> </ul>	<ul style="list-style-type: none"> <li>✧ Involvement in the Company's operations</li> <li>✧ Knowledge of the functional committee's responsibilities</li> <li>✧ Improvement to the functional committee's decision-making quality</li> <li>✧ Composition of the functional committee and member appointment</li> <li>✧ Internal controls</li> </ul>

Regarding the remuneration of the Board of Directors, the Company discloses the remuneration and a remuneration range of directors and senior managers (the President and Executive Vice Presidents) in a table in the annual report published every year.

- **Linkage Between Performance and Remuneration**

To regularly evaluate directors' and managers' remuneration, their remuneration should be determined reasonably in accordance with the Remuneration Committee Charter and applicable regulations based on factors, such as their internal management misconduct, personnel malpractice or other risk events with a negative impact on the Company's image, and their target achievement rates, including financial ratios, profit, management efficiency, and contribution. Relevant performance evaluations and the reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system may be reviewed at any time as per the actual operating conditions and applicable laws and regulations.

The Company's policies, standards, packages, and procedures for remuneration of managers are in accordance with the Remuneration Committee Charter and applicable regulations. We regularly evaluate managers' overall rewards and remuneration and adopt their performance evaluation results as the basis for rewards and remuneration. In addition to regularly reviewing the standards in the industry and indicators, such as professional titles, job levels, education and experience, and professional abilities and responsibilities, we ensure the competitiveness of our remuneration, to motivate talents and retain them. Relevant performance evaluations and the reasonableness of remuneration are based on the allocation principles suggested by the Remuneration Committee. The Company's overall operating performance and profit are an important basis for profit allocation, and the linkage between remuneration and operating performance is positively correlated.

Please refer to the 2021 Annual Report for information on the directors' and managers' remuneration in 2021.

## 2.3 Ethical Management

### 2.3.1 Ethical Corporate Management Best Practice Principles

- **Internal Control Mechanism**

To strengthen corporate governance, the Company has established a complete internal control system for all units to follow and has disclosed the Company's all rules and regulations on our internal platform, for employees to check and refer to at any time.

Meanwhile, we will continue to strengthen the internal audits and self-assessments, facilitate each unit's independent management, and duly implement a self-supervision mechanism. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers and has established this system with the aim of achieving the goals of operational effectiveness and efficiency (including profit, performance, and asset security protection), reporting reliability, timeliness, transparency, and compliance with applicable laws and regulations.

- **Response to Reported Cases of Violations of Integrity and Illegal Acts**

To duly implement the ethical management policy, the Company's Human Resources Department is the unit dedicated to the implementation of ethical management and the supervision of each unit's implementation. It is also responsible for assisting the Board of Directors and the management in checking and evaluating whether the preventive measures established for the implementation of ethical management are effective; assessing the compliance during relevant business processes and preparing reports; and reporting to the Board of Directors once a year. The Company's senior managers also raise department heads'



awareness of this respect at each business meeting from time to time and require them to remind their employees in the departmental meetings not to violate applicable regulations at work. In addition, stakeholders can report cases of violation of ethics or illegality, or violation of ethical management by email, mailbox on the Company's website, phone, or regular mail. If it is an internal report by an employee, besides the above reporting methods, they can report directly to the head of their unit.

The whistleblower should provide at least the information below:

1. The whistleblower's name, national ID number, mailing address, phone number, and e-mail. Any anonymous report will not be responded to in principle, but such a report will be handled separately if the responsible unit determines that it is necessary to investigate, and it will be adopted as a reference for internal review.
2. The accused person's name or other information that is sufficient to identify the accused person's identity.
3. Specific facts available for investigation.

- **Whistleblower Protection Policy**

The Company's Corporate Governance Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct clearly stipulate that the relevant personnel handling such reports should declare in writing that whistleblowers' identity and the content of such reports should be kept confidential and that they promise to protect whistleblowers from being improperly treated due to whistleblowing.

In 2021, the Company did not receive any internal or external reports of violations of the Codes of Ethical Conduct from the grievance mailbox.

(Whistleblowing and grievances email: [comment@evergreenet.com](mailto:comment@evergreenet.com) for personnel inside and outside the Company.)

### 2.3.2 Internal Audit

The Company has formulated important relevant policies and regulations in response to the laws of Taiwan and other countries, including personal data protection, confidentiality, anti-bribery, anti-discrimination, environmental protection, intellectual property protection, anti-insider trading, anti-unfair competition, and labor protection, and striven to achieve corporate sustainable development. To ensure the implementation of internal compliance policies, the Human Resources Department is the unit dedicated to the implementation of ethical management and the supervision of each unit's implementation. It is also responsible for assisting the Board of Directors and the management in checking and evaluating whether the preventive measures established for the implementation of ethical management are effective; assessing compliance during relevant business processes and preparing reports; and reporting to the Board of Directors once a year.

We ensure that our business processes meet relevant requirements through internal controls and audit measures. All employees of Evergreen Steel are governed by compliance policies and various departments work together to ensure implementation is complete. We require employees to maintain integrity and conduct themselves ethically in a safe and healthy work environment that is conducive to labor safety.

● **Ethical Management and Anti-corruption**

We have formulated the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, and the Codes of Ethical Conduct since 2020 in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies while with reference to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and regularly report on the implementation to the Board of Directors. In 2021, the Company did not have any violations of the above ethics- and corruption-related regulations. The Company was also not involved in any lawsuits related to anti-competitive behavior or antitrust or monopoly or closed legal actions or lawsuits.

All operating units in each region should comply with the relevant ethical management and anti-corruption regulations, which are specified as follows:

Title of Regulations	(I)	(II)	(III)
	Ethical Corporate Management Best Practice Principles	Procedures for Ethical Management and Guidelines for Conduct	Codes of Ethical Conduct
Purpose	It aims to strengthen the Company's corporate culture of ethical management and strengthen the Company's development.	We engage in business activities based on the principles of fairness, integrity, trustworthiness, and transparency, to duly implement the ethical management policy and actively prevent unethical conduct.	It aims to guide employees to comply with ethical standards and allow the Company's stakeholders better understand our ethical standards.
Summary	<ol style="list-style-type: none"> <li>1. Scope of application and party governed</li> <li>2. Prohibition of unethical conduct</li> <li>3. Types of interests</li> <li>4. Laws to be complied with</li> <li>5. Company policy and business philosophy</li> <li>6. Prevention plans and scope</li> <li>7. Ethical management and business activities</li> </ol>	<ol style="list-style-type: none"> <li>8. Prevention of products or services from harming stakeholders</li> <li>9. Organization and responsibilities</li> <li>10. Recusal due to conflicts of interest</li> <li>11. Accounting and internal controls</li> <li>12. Operating procedures and guidelines for conduct</li> <li>13. Whistleblowing system/punishment and grievances system</li> <li>14. Information disclosure</li> </ol>	

● **Anti-corruption Policy Training**

The Company publishes ethical management and anti-corruption articles on the internal website to enhance employees' knowledge. Senior managers raise department heads' awareness of this aspect at business meetings from time to time and require them to remind employees in departmental meetings not to violate applicable regulations at work. We also organize pre-employment education and training on ethical management and ethical conduct for new employees. In 2020, a total of 14 people received such training for 14 hours. In 2021, a total of 59 people for 59 hours.

● **Socioeconomic Compliance**

The Company pays attention to any laws and policies related to business operations and requires employees and partners to comply with laws and regulations and social ethics. We also engage in business activities in alignment with the principles of ethical management and in a fair, honest, trustworthy, and transparent manner. We have also formulated the Ethical Corporate Management Best Practice Principles, established relevant operating procedures

and guidelines for conduct, while regularly requiring senior managers to raise directors', employees', and appointees' awareness of the importance of ethical management and incorporating such indicators into employee performance evaluations and human resources policies. Meanwhile, we have established a clear and effective rewards, punishment and grievances system to specifically regulate matters that personnel should pay attention to at work.

There were no violation of laws and regulations in the socioeconomic aspect in 2021.

To ensure compliance and ethical management, we have formulated various management rules and measures, while continuously paying attention to laws and policies at home and abroad with a potential impact on the Company's operations. The compliance situation is as follows:

Corporate Governance Laws and Regulations	Labor Rights Laws and Regulations	Product Laws and Regulations
<ul style="list-style-type: none"> <li>✓ No violation of the Company Act</li> <li>✓ No violation of commercial laws</li> <li>✓ No violation of securities and financial regulations</li> <li>✓ No political contribution made</li> </ul>	<ul style="list-style-type: none"> <li>✓ Compliance with labor laws</li> <li>✓ No violation of the Act of Gender Equality in Employment</li> <li>✓ No discrimination nor sexual harassment</li> <li>✓ No child labor</li> <li>✓ No forced labor</li> <li>✓ No violation of indigenous peoples' rights</li> </ul>	<ul style="list-style-type: none"> <li>✓ No prohibited products</li> <li>✓ No violation of relevant marketing regulations and voluntary principles</li> <li>✓ No violation of laws governing information on products or services or labelling of products</li> <li>✓ No invasion of client privacy nor loss of client data</li> <li>✓ No anti-competitive behavior</li> <li>✓ No antitrust incident</li> <li>✓ No monopoly</li> </ul>

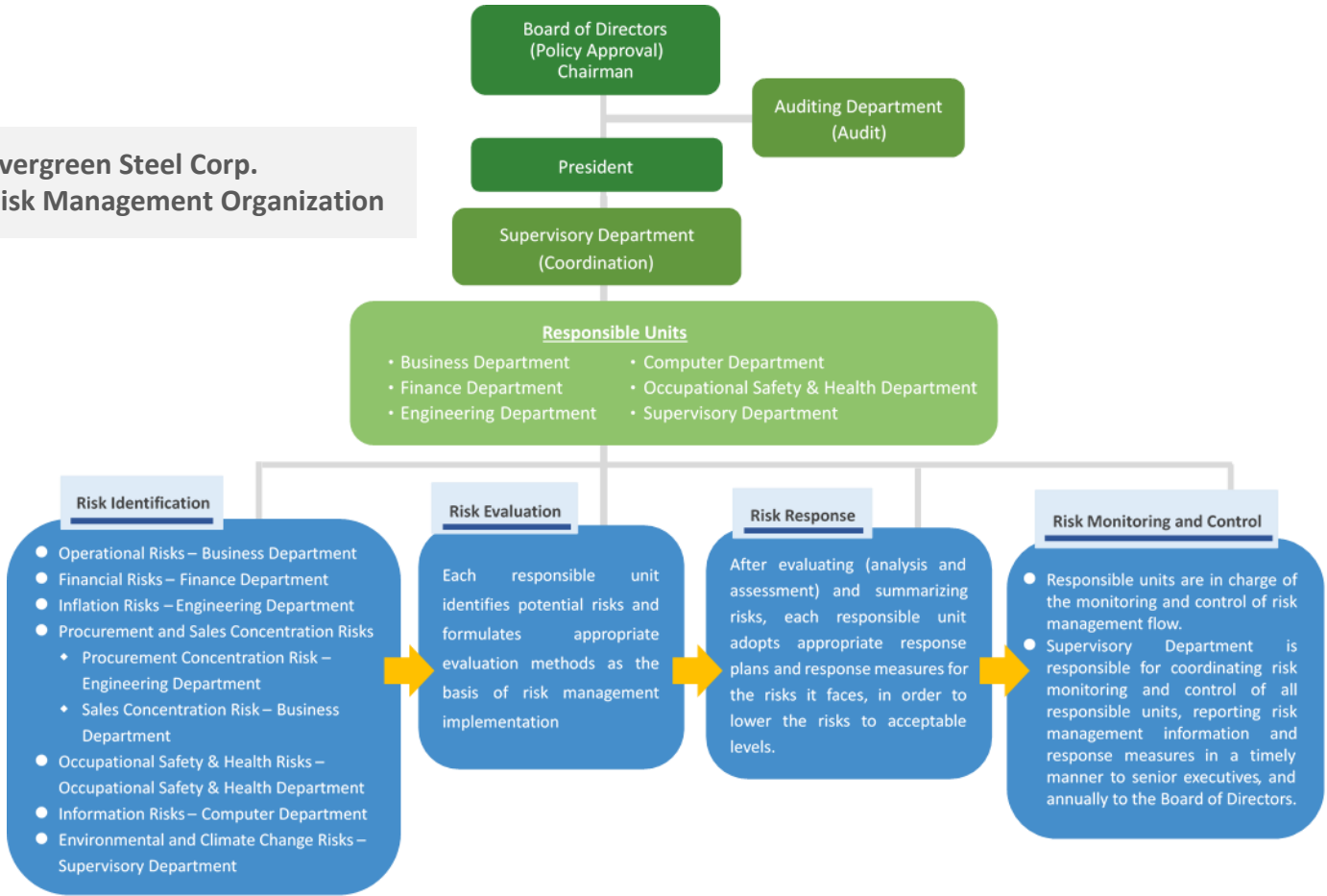
## 2.4 Risk Management

To achieve the target of sustainable development and effectively reduce corporate operational risks, the company formulated the "Evergreen Steel Corp. Risk Management Policies and Procedures" in May 2022, and established a risk management organization and management mechanism flow, which were approved by the Board of Directors' Meeting on May 9, 2022.

### ● Risk Management Organization and Flow

To enhance corporate governance and improve risk management, the company formulated its "Risk Management Policies and Procedures," where related units assume different responsibilities according to their respective scope of duties, and are responsible for the identification and assessment of various risks, for the formulation of response measures, and the implementation of risk monitoring and controls. The Board of Directors is the highest-level supervising unit; the Auditing Department is responsible for the auditing of related operations of risk management policies and procedures; and the Supervisory Department is in charge of coordinating all responsible units' risk monitoring and operations, and reporting implementation results to senior executives in a timely manner and to the Board of Directors once a year.



**Evergreen Steel Corp.  
Risk Management Organization**









● **Risk Management Topics and Responses**

The company has conducted risk evaluation, identifying a total of seven major items in the scope of risk management. Each related unit assesses risk factors and formulates response measures based on its own scope of duties to properly manage various risks. The company's 2022 identification and assessment of risk items by related units are tabulated below :

Risk Items and Management Responsible			Responsible Unit
Risk Items	Risk	Response Measure	
 <b>Operational Risk</b>	<p><b>(1) Industry Risks</b>                      The steel structure industry is a labor/capital-intensive industry; however, manufacturing technologies are not too different, and the entry barrier is low, resulting in many smaller factories and the risk of fierce market competition.</p>	<p>Proactively differentiate products, enhance manufacturing capability of uniquely-shaped steel structures, and improve processes and quality management to lower costs and enhance competitiveness.</p>	Business Department
	<p><b>(2) Human Resource Risks</b>                      The steel structure industry has long faced the problem of a labor shortage; Taiwan is facing the issues of an ageing population and lack of laborers. Moreover, the steel structure industry is a 3K industry, and the issue of the labor shortage will affect development of the whole industry.</p>	<ol style="list-style-type: none"> <li>1. Currently a listed company, which helps to attract and retain outstanding talents.</li> <li>2. Enhance employee benefits and perfect a talent encouragement system to reduce the turnover rate.</li> <li>3. Incubate professional talents through internal on-the-job training and external professional education.</li> </ol>	
 <b>Financial Risk</b>	<p><b>(1) Interest Rate Risk</b>                      Main risk comes from long-term loans with floating interest rates.</p>	<p>Some risks are offset by cash or cash equivalents with variable rates. Also, establish and maintain a sound relationship with financial institutions so that when the company needs capital, it can get more favorable interest rates; through sound financial planning and use of appropriate capitalraising tools, the company aims to lower the risk of a floating interest rate.</p>	Finance Department
	<p><b>(2) Exchange Rate Risk</b>                      Business activities using foreign currencies result in loss from fluctuating exchange rates.</p>	<p>The company relies on domestic demand, and business transactions are mainly in TWD. Foreign currency management and a hedging strategy adhere to steady and conservative principles, and financial personnel maintain close communication with banks and regularly collect exchange rate information to avoid possible influences of fluctuating exchange rates.</p>	

Risk Items and Management Responsible			Responsible Unit
Risk Items	Risk	Response Measure	
 <b>Inflation Risk</b>	<p>Materials prices account for a significant portion of costs, and inflation will lead to a rise in raw materials prices, increasing costs and thus affecting P&amp;L.</p>	<p>In response to fluctuations in steel price, the steel structure industry must discuss and negotiate quotations with customers. For long-term orders, a floating steel price will be adopted. Advance procurement will be adopted in response to shortterm orders, lowering the risk of price fluctuation.</p> <p>Thus, the company has not seen a significant impact from inflation.</p>	<p>Engineering Department (Production Control Section)</p>
 <b>Procurement and Sales Concentration Risks</b>	<p><b>(1) Procurement Concentration Risk</b> Relying on specific raw material suppliers may lead to risks of raw materials supplies and prices monopoly.</p>	<p>Steel engineering requires raw materials like steel plates, section steel, welding materials, shear studs, bolts and paint; among which steel plates are mainly procured from CSC and Dragon Steel, which are also primary producers of steel plates and bars in Taiwan. Also, the company enjoys the advantage of procurement amount; as for section steel, the main domestic producers are Toho and Dragon Steel, and the company has long-term relationships with these two suppliers, ensuring steady supplies. In sum, raw materials suppliers have all been long-time partners of the company with good quality and prompt delivery; moreover, each raw material is supplied by a number of suppliers, and therefore the company has no concentration risk.</p>	<p>Engineering Department (Production ControlSection)</p>
	<p><b>(2) Sales Concentration Risk</b> Steel structure engineering is orderbased production, requiring large investments and selling to a specific group of customers, resulting in the risk of sales concentration.</p>	<p>Steel structure production is order-based, and requires large capital outlays. The preparation period is relatively long and income is recognized as time goes by, resulting in concentrated sales to certain customers. This is the unique characteristic of the industry. Also, primary customers change with the beginning and completion of construction projects; however, the company has not had any single customer accounting for over 20% of annual net sales over the past three years. Thus, the company is not exposed to the risk of concentrated sales.</p>	<p>Business Department</p>

Risk Items and Management Responsible			Responsible Unit
Risk Items	Risk	Response Measure	
 <b>Occupational Safety and Health Risk</b>	Non-compliance with occupational safety and health related laws and failure to provide necessary safety and health facilities and management measures, leading to personnel safety and health hazards.	<p>The company has established safety and health risk assessment guidelines according to the ISO 45001 Management System. Hazard identification and risk assessment at each plant is carried out by responsible personnel in each unit. All safety and health hazards inside and outside the plants that are expected to cause an impact, including regular and irregular activities, workers and visitors entering the plants, personnel behavior, capabilities, and other human factors, are targeted for risk and hazard identification. Based on the results of identification and assessment, the unacceptable mid- and high-level risks are included in the management plan for improvement, in an aim to lower the risk level.</p> <p>Implement risk control and ensure effectiveness of the management system. All personnel conducting hazard identification and risk assessment have received external education and training as qualified personnel with supervisor certifications, ensuring quality of identification.</p> <p>Propose improvement or control measures every year. In cases of procedural changes of equipment and operations in plants, occupational accidents, or implementation of corrective measures in response to non-compliance, hazard identification and risk assessment will be conducted again.</p>	Occupational Safety & Health Department
 <b>Informational Risk</b>	Risks resulting from control, operations, and lost backups of information systems, such as risks of OS malfunctions, deliberate sabotage, infiltration, and interference with the equipment and network.	<ol style="list-style-type: none"> <li>1. Client-server OS system, file safety control and access management.</li> <li>2. Network safety control and access management.</li> <li>3. User-end computer equipment safety controls.</li> <li>4. Database server safety control.</li> <li>5. Establish anti-virus system, junk mail blocking system; regularly update OS to ensure system stability and reduce the chance of hacker attacks.</li> <li>6. Establish complete backup for quick recovery during system error or data corruption.</li> </ol>	Computer Department

Risk Items and Management Responsible			Responsible Unit
Risk Items	Risk	Response Measure	
 <p><b>Environmental and Climate Change Risk</b></p>	<p>Risks of management measures to deal with global/regional natural disasters or major infectious diseases, climate change, and environmental protection. Legal compliance review is required and noncompliance amended to meet legal and regulatory requirements.</p>	<p>(1) Control environmental risks: in terms of management systems, from sewage treatment, air pollution prevention equipment replacement and maintenance, operation permit application and approval, air pollution fee payment, waste clearance and reuse, to environmental protection personnel, have all been established for years and maintain normal operations, avoiding environmental impacts and operational risks.</p>	<p>Supervisory Department (Supervisory Section)</p>
		<p>(2) Plants produce general industrial waste daily, and qualified vendors approved by the EPA have been contracted for clearance and processing; the generated domestic sewage is discharged to the regional industrial sewage processing system. Also, targeting sand blasting and painting processes, the company commissions qualified vendors every year to inspect emissions of stationary pollution sources. Air pollutant emissions and waste clearance and processing are all been reported to regional authorities regularly as prescribed by law.</p> <p>(3) In response to the possible impacts of climate change on operations, the company has held interdepartmental meetings to discuss a response strategy for climate change risks, including:</p> <ol style="list-style-type: none"> <li>1. Building plants with portable shades to prevent torrential rain from affecting production capacity.</li> <li>2. Office area, plant, machines and equipment, and essential facilities have all been insured to reduce the loss caused by natural disasters.</li> <li>3. Implemented related energy-saving and carbon reduction measures, including:                             <ol style="list-style-type: none"> <li>a. Gradually replacing lighting with LED units; turning off lights during nonoperating or business hours to save energy.</li> <li>b. Installing timer switches for all lighting equipment in plants to lower power consumption.</li> <li>c. Promote water-saving measures, and set up water storage area and tanks.</li> <li>d. Switch to new automatic sensing taps to save water and respond to water shortages.</li> <li>e. Procure energy-saving production facilities to enhance efficiency.</li> <li>f. Signed contract with Taipower to set contracted capacity for power consumption by plants to achieve the goal of energy-saving and carbon reduction.</li> </ol> </li> </ol>	

# 03

## Product and Value Chain

3.1 Products and Sales

3.2 Quality Control

3.3 Customer Satisfaction






3.4 Supply Chain Management

Column - Features of Steel Structure Products





## Chapter 3 Product and Value Chain

 <p><b>Corresponding Material Topics</b></p>	<p>Economic performance, client health and safety, material management</p>
 <p><b>Major Reasons and Purposes</b></p>	<ul style="list-style-type: none"> <li>● The Company strives for sustainable operations and shareholder profits, achieving business targets through the policies of safety first, superior quality, and customer satisfaction.</li> <li>● We pursue sustainable development by boosting our competitiveness in order to generate profits for shareholders.</li> <li>● Product quality is key to the business and its brand. Stakeholders expect Evergreen Steel to strictly implement its regulations to provide safe and reliable construction materials.</li> </ul>
 <p><b>Policies</b></p>	<ul style="list-style-type: none"> <li>● Take on special projects to improve competitiveness.</li> <li>● Strengthen business development, quality, and sustainability policies.</li> <li>● Improve technical capabilities, engineering research, and process improvement to achieve optimal customer service.</li> <li>● The Company's quality policies are:             <ol style="list-style-type: none"> <li>1. Safety is prioritized with continuous enhancement of the work environment.</li> <li>2. Quality is paramount to lowering failure rate.</li> <li>3. Lowering complaints and increasing customer satisfaction.</li> <li>4. Sustainable business development and balanced production capacity.</li> </ol> </li> </ul>
 <p><b>Commitment</b></p>	<ul style="list-style-type: none"> <li>● The Company runs a sustainable business in accordance with Company Law, the Securities and Exchange Law, and other relevant laws and regulations, as well as the regulations of the HKSCC, the Taiwan Stock Exchange, and other relevant authorities.</li> <li>● Our quality policies and targets follow ISO 9001 as the basis for implementation.</li> </ul>
 <p><b>Goals</b></p>	<ul style="list-style-type: none"> <li>● <b>Short-term Goals</b> <ol style="list-style-type: none"> <li>1. Enhance business development skills, continue to cultivate links with well-known companies (such as insurance companies and construction companies) to establish long-term partnerships.</li> <li>2. In line with the government's promotion for public construction projects, the Company has actively pursued public construction projects, such as steel structure bridges and improved its market share to maintain a steady stream of revenue.</li> <li>3. Continue to follow and maintain the already-obtained ISO 9001 quality management system and test the products in the laboratories accredited by the Taiwan Accreditation Foundation (TAF) to ensure that the products are satisfactory to clients.</li> <li>4. Properly protect and store supplier material before use to ensure quality and mitigate shortage.</li> </ol> </li> <li>● <b>Medium- and Long-term Goals</b> <ol style="list-style-type: none"> <li>1. Evergreen Steel Corporation has experience of exporting steel structures and is recognized by Mitsubishi Hitachi Power Systems for its quality. With a limited steel structure market in Taiwan, the company will continue to expand its overseas business to boost both business volume and profit.</li> </ol> </li> </ul>

	<p>II. As the Hsinchu Factory for steel structures completed its transformation and established its steel structure production line, it can increase its capacity and boost its market share in a short period of time. It can also adjust its capacity according to a sudden increase in demand in the market or to meet a client’s adjusted construction schedule. As wages are higher in northern Taiwan, the Hsinchu Plant will continue to develop its special structure processing business to boost its competitiveness.</p> <p>III. Establish and implement a complete, effective quality management system.</p> <p>IV. Compliant production with products that meet client requirements on time.</p>
<p><b>Authorized Units and Invested Resources</b></p>	<ul style="list-style-type: none"> <li>● Regular management meetings are held by the Chairman of the Board with the top executives of each division to review and analyze the progress made towards achieving the objectives and the business, and to make effective decisions to improve performance.</li> <li>● Continuously improve occupational safety, public health, customer satisfaction, production capacity, processes, and objectives for better quality.</li> </ul>
<p><b>Grievance Mechanism</b></p>	<ul style="list-style-type: none"> <li>● Clients can file complaints to the Business Department by phone, email, and other means. The Company also conducts a customer satisfaction reviews every six months to understand customer needs.</li> <li>● Regular weekly and monthly meetings to discuss and improve production and quality. Annual reports on safety, public health, customer satisfaction, production capacity, production processes, and quality objectives based on ISO 9001 management review to improve quality system.</li> </ul>
<p><b>Concrete Actions</b></p>	<ul style="list-style-type: none"> <li>● The Company continuously improves and upgrades production equipment to enhance efficiency and competitiveness.</li> <li>● To ensure product quality and occupational safety and public health in material procurement, the Company now follows international management systems such as ISO 9001 and ISO 45001.</li> </ul>
<p><b>Management Evaluation</b></p>	<ul style="list-style-type: none"> <li>● Annual budgeting, regular management meetings, and factory and departmental meetings to follow up and determine responses.</li> <li>● A comprehensive understanding of the market, regular production and marketing meetings, and necessary management measures to integrate overall operations.</li> <li>● The Company conducts annual validity reviews on material procurement in accordance with ISO 9001 Internal Management Review Procedure.</li> <li>● We survey customer satisfaction and review and analyze complaints every six months. Relevant departments perform reviews to improve on individual customer suggestions and unsatisfactory cases. We use systematic quality management to identify root causes and proper responses and communicate with clients regularly to improve customer satisfaction.</li> </ul>
<p><b>Actions and Performance</b></p>	<ul style="list-style-type: none"> <li>● Consolidated revenue in 2021: NT\$ 13.61 billion. Net profit after tax: NT\$ 1.6 billion.</li> <li>● Manage verification system : ISO 9001-2015 quality management systems verification</li> <li>● Non-destructive testing is accredited by the Taiwan Accreditation Foundation (TAF) for the following lab projects, Accreditation Number : 3161</li> <li>● Incoming steel is required to be provided with a Radiation Free Certificate by suppliers and tested to ensure it is 100% radiation free.</li> <li>● Our welded H beams for structure have obtained the CNS Mark of the Bureau of Standards, Metrology and Inspection, MOEA and are 100% radiation free.</li> <li>● Clients conducting factory inspections regularly or irregularly report that results are in line with expectations.</li> </ul>

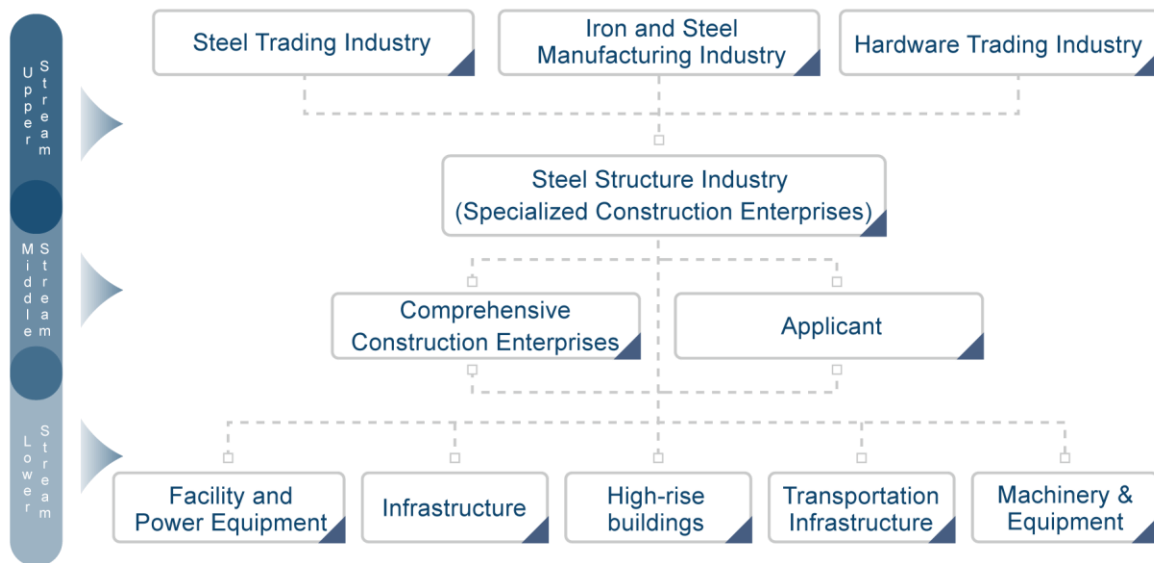
### 3.1 Products and Sales

#### 3.1.1 Product Description

Evergreen Steel Corp.’s main business activities include the manufacture and assembly of steel structures and the maintenance and repair of containers. The steel structure industry is a lower stream industry as well as the most important related industry of the steel industry. It also plays a crucial role in the construction industry as it helps other related industries develop. As a labor, technology and capital-intensive industry, the steel structure industry is evidently important for both the steel industry and construction industry in Taiwan.

The Company's steel structure products are widely used in an array of buildings and public works. Projects include high-rises, factories, bridges, and special buildings. We hope to work on a wider range of products and projects.

Interrelationships among the upper, middle and lower stream of the steel structure industry



Source: ITIS Project by Metal Industries Research & Development Center

The steel structure industry is a high-demand domestic industry. The domestic self-sufficiency rate is over 90% with exports below 6%. Evergreen Steel is one of the major steel manufacturers in Taiwan with 100% domestic sales in 2021.

Sales of steel structure components over the last three years						
Annual Sales Regions	2019		2020		2021	
	Sales (in NT\$ thousands)	Percentage (%)	Sales (in NT\$ thousands)	Percentage (%)	Sales (in NT\$ thousands)	Percentage (%)
Domestic sales	5,905,813	99.34	7,117,905	100	11,449,741	100
Exports	39,453	0.66	0	0	0	0
Total	5,945,266	100	7,117,905	100	11,449,741	100

#### 3.1.2 Financial Performance

Looking back at 2021, the growing vaccination rates and government efforts have flattened the COVID curve in Taiwan. The steel structure market has benefited from the continued popularity of domestic construction and technology factories. The revenue and profit of the Company have reached a new high in recent years.



Unit: NT\$ thousands

Item \ Year	2019	2020	2021	Difference Between 2021 and 2020	
				Amount	Percentage(%)
Operating Revenue	8,268,207	9,349,649	13,608,597	4,258,948	45.55
Operating Costs	6,391,303	7,323,348	11,252,685	3,929,337	53.65
Operating Gross Profit	1,876,904	2,026,301	2,355,912	329,611	16.27
Operating Expenses	540,780	491,989	601,974	109,985	22.36
Operating Income	1,336,124	1,534,312	1,753,938	219,626	14.31
Non-operating Revenue and Expenses	278,087	200,503	200,693	190	0.09
Net Profit Before Tax	1,614,211	1,734,815	1,954,631	219,816	12.67
Income Tax	288,253	330,556	350,369	19,813	5.99
Net Profit in the Current Period of Continuing Business Units	1,325,958	1,404,259	1,604,262	200,003	14.24
Other Comprehensive Income in the Current Period (Net Amount After Tax)	(16,747)	1,059,234	7,841,252	6,782,018	640.28
Total Comprehensive Income in the Current Period	1,309,211	2,463,493	9,445,514	6,982,021	283.42
Employee Salaries and Benefits	500,579	556,899	674,759	117,860	21.16
Financial Contribution to the Government	18,743	22,035	19,736	(2,299)	-10.43
Donations	131	332	1,076	744	224.10

- Analysis of changes between 2021 and 2020:

1. Increase in operating revenue and costs: Mainly due to increase in the number of steel structure projects recognized.
2. Increase in operating expenses: Mainly due to increase in salary expenses and expected credit impairment losses from the employee stock subscription program in the Company's pre-IPO capital increase.
3. Increase in other comprehensive income (net amount after tax) in the current period:  
Mainly due to the increase in unrealized valuation on equity instrument investments at fair value through other comprehensive income.

- Investor Services under Evergreen Steel's Financial Information:

<https://www.evergreenet.com/customPage/%E8%B2%A1%E5%8B%99%E8%B3%87%E6%96%99>

Overview of the Steel Structure Division and the Container Department:

(1) Steel Structure Division

In 2021, total orders reached 170,000 tons (1% public construction, 67% buildings, and 32% factories). The increase in building orders was a result of repatriating businesses, urban renewal, and other factors that created a significant upsurge in the volume and demand for commercial and residential projects. The 2021 revenue and profits were outstanding despite general shortage of raw materials and of construction labor as our teams worked to control costs, level manufacturing capacity, and deliver products on clients' schedules.

In 2021, the tonnage of steel structure revenue was about 210,000 tons, an increase of 50.42% over 2020, and the operating revenue was NT\$11,449.74 million, an increase of 60.86% over 2020.

(2) Container Department

In 2021, the operating revenue was NT\$164.7 million, an increase of 12.82% over 2020.

**3.1.3 Research and Development**

The Company focuses on innovative tech R&D and improves equipment to increase production capacity and efficiency. There were three improvements to the steel structure business:

- (1) Xinying Factory purchased four 40T flip machines in April 2021 to increase the manufacturing efficiency of overweight components and reduce wear and tear on overhead cranes.
- (2) We partner with robotic arm companies to test U groove welding and other joints for compartment panels of BOX workstations and will continue to work on feasibility research to improve efficiency.
- (3) With regard to the improvement of storage area component management, the Hsinchu Factory has been testing an electronic label management system, researching suitability of steel structures, and improving management efficiency of the steel structure storage area.

**3.2 Quality Control**

The Company is a professional steel structure manufacturer. The main products are steel structures for constructions, factories, and bridges. Our processes include steel plate cutting, assembly, electric welding, coating, and installation with strict quality control to meet projects' quality requirements. Regular training on advanced production and inspection technology and license qualification helps reach quality goals and increase customer satisfaction.

● **Quality Policy**

**Quality Policy**

The Company has established a quality policy to implement and establish a strict management review system to supervise the performance of quality management.

- Safety is prioritized with continuous enhancement of the work environment.
- Quality is paramount to lowering failure rate.
- Lowering complaints and increasing customer satisfaction.
- Sustainable business development and balanced production capacity.

● **Quality Objectives**

Relevant units hold weekly and monthly meetings to review production and quality



management. Safety, public health, customer complaints, production capacity, processes, and quality target are reviewed and improved annually at ISO 9001 management reviews to continuously improve the quality system. Objectives are discussed annually at ISO 9001 management reviews, and all quality objectives are met in 2021.

### Quality Objectives

**Quality objectives are constantly set for occupational health and safety, customer complaints, production capacity, and processes, for persistent quality improvement.**

- Occupational accidents: 0 deaths, under 4 injuries.
- Customer complaints: under 4 per year.
- Client satisfaction: average of survey items over 3.5 with each item over 3.
- Defect rate of finished products: buildings, factories under 1.8%, bridges under 1.6%.
- UT Detection Defect Rate: SAW under 2.0%, SES under 0.7%, bridges under 2.6%.
- RT Detection Defect Rate: buildings and factories under 4.8%, bridges under 3.6%.
- Performance of External Providers: Manufactures, design companies, Production Planning Division suppliers must score at least 80 in evaluation.

#### ● Performance and Management System and Verification

- (1) Steel structure products are processed in accordance with the specifications in the structure chart of the contract. In the production process, clients may (ir)regularly sample materials in factory visits for TAF testing, hire a third party TAF-approved non-destructive company, and conduct on-site size inspections. 2021 saw 796 clients and supervisors in factory visits, which all met the requirements of contract, charts, and specifications.
- (2) Manage verification system  
ISO 9001-2015 quality management systems verification, ISO 45001 occupational health and safety verification.
- (3) Non-destructive testing is accredited by the Taiwan Accreditation Foundation (TAF) for the following lab projects, Accreditation Number : 3161.
- (4) Incoming steel is required to be provided with a Radiation Free Certificate by suppliers and tested to ensure it is 100% radiation free.
- (5) Our welded H beams for structure have obtained the CNS Mark of the Bureau of Standards, Metrology and Inspection, MOEA.

#### ● Product Compliance Information Disclosure

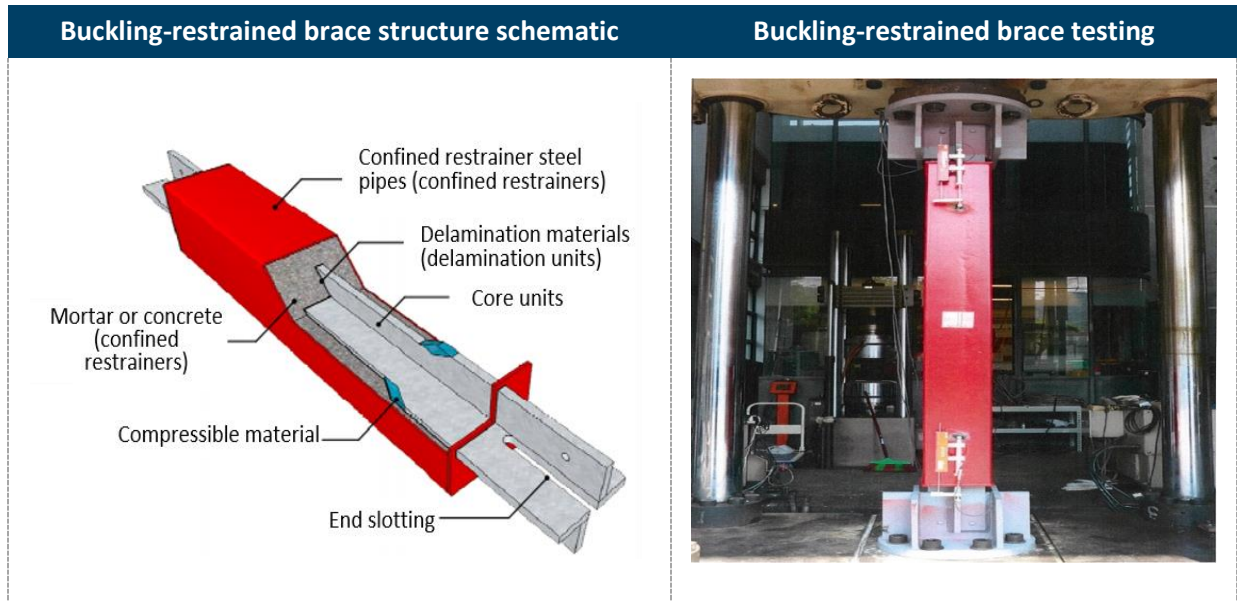
The Company provides safe building structures. Steel structure products have ISO 9001-compliant standardized documentation to ensure quality of all procedures (including products and services) and customer satisfaction. From steel feedstock, cutting, assembly, electric welding, to finished products, procedures are carried out with the following requirements:

Procedure	Standard	Inspection station	Contract Supervisor and Special Supervisor
Steel Feedstock Inspection	CNS, JIS, ASTM, and JASS	The contract requires suppliers to conduct testing and provide reports, which are reviewed along with the materials.	Periodic sampling that is sent to the TAF metal lab for testing.
Assembly Dimensions	AWSD1.1, JASS 6 steel structure specification, quality control standards	Online inspections	Periodic inspections
Electric Welding Inspections	AWSD1.1, JASS 6 steel structure specification, quality control standards	Inspections certified by The Society for Nondestructive Testing & Certification of Taiwan and conducted by welding inspectors.	Inspection by TAF non-destructive testing companies or supervisors
Finished Product Inspection	AWSD1.1, JASS 6 steel structure specification, quality control standards	Online inspections	Periodic inspections
Field Installation	AWSD1.1, JASS 6 steel structure specification, quality control standards	Online inspections	Continuous inspections



# Evergreen Steel Quality Certificate

The Company manufactures and provides seismic components (buckling-restrained braces) following contract specifications. When an earthquake occurs, the premium, resilient steel absorbs seismic energy, reducing building motion and shaking and improving comfort.



The Company provides steel structure products with Structural Accreditation to ensure the safety of public buildings and respond to losses caused by earthquakes. Our inspected items are as follows:

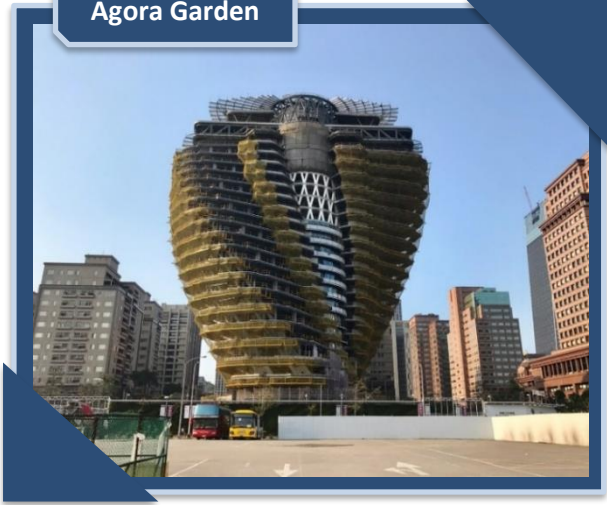
Frequency	Inspected Items
—	Document review on construction, hoisting, welding plans, and working drawings.
Periodicity	Material sampling
	In-factory process inspections: cutting, assembly, electric welding processes, finished components.
Continuity	Field inspection: finished components, component correction, bolt locking, electric welding processes.

Welding inspectors inspect electric welding processes, and TAF non-destructive inspectors inspect welding runs.

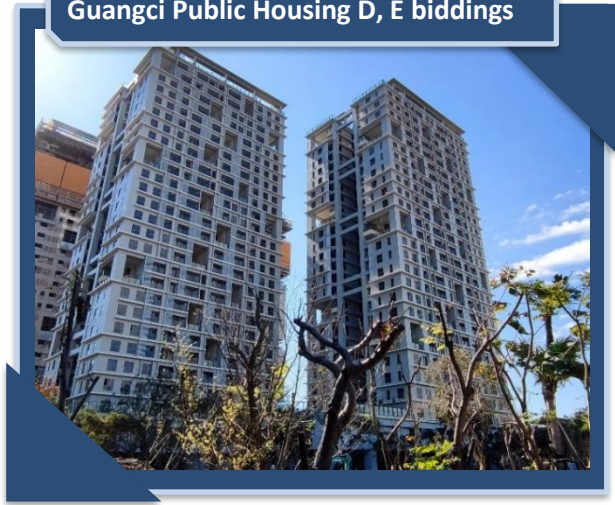


Steel structure products are manufactured per ISO 9001 and certified by the Structure Accreditation Building. Examples include Peace Palace, Agora Garden, and Guangci Public Housing C, D, E biddings.

Agora Garden



Guangci Public Housing D, E biddings



### 3.3 Customer Satisfaction

#### 3.3.1 Customer Privacy

The Company protects the rights and privacy of its customers with an outstanding management system for complaints and personal data, providing products and services that meet their needs at the expected cost. We also sign nondisclosure agreements to protect clients' confidential data, privacy, and intellectual property. To effectively manage customer data and maintain security, we conduct training for business personnel, requiring them to ensure confidentiality during work. In addition, firewalls, electronic file encryption and electronic personal asset storage platforms are in place to control and check the access rights and records of relevant personnel to ensure customer data privacy.

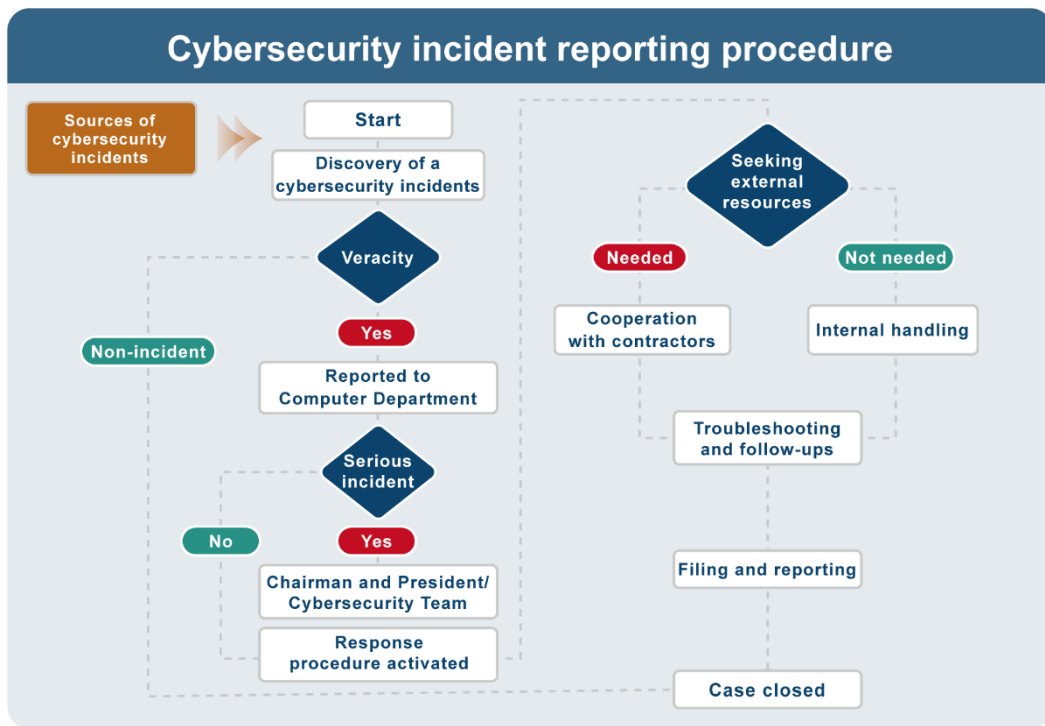
In 2021, we did not have any cases of client privacy infringement or client data leaks.

The Company provides training and a project team implements management procedures and cybersecurity compliance systems to ensure corporate social responsibility with regard to personal data protection.

Measures to protect clients' privacy are as follows:

- I. Focusing on customer privacy and data protection, we regularly perform several vulnerability scans annually to ensure system security and immediately improve any deficiencies to avoid data breaches.
- II. Regular internal education, training, and announcements on cybersecurity to protect data at all times.
- III. Computer systems are used by authorized users only. Users in any department must apply for user codes and applications and obtain means to use computers with their supervisors and IT managers. Non-related personnel cannot obtain customer-related information.
- IV. The Company has a complete cybersecurity incident reporting procedure, which can quickly respond to sudden events.





### 3.3.2 Customer Satisfaction

The Company has customer service handling procedures. When receiving a complaint, we follow the Customer Service Handling Procedure formulated by the Company to file a Complaint Handling Record and investigate causes before relevant units propose solutions. Solutions are presented to clients as soon as possible and implementation and results are tracked.

The Company conducts a customer satisfaction survey every six months, formulating and rigorously following improvement measures. Implementation is documented through Customer Satisfaction Analysis Data, which is reviewed in the Annual Management Review Meeting.

In the first half of 2021, 13 events were surveyed in the customer satisfaction survey, of which 3 scored lower than the overall requirement, and 1 underperformed at individual items. The second half of 2021 saw 13 surveyed events, of which 2 scored lower than the overall requirement, and 3 underperformed at individual items. We have communicated with customers and made improvements regarding their opinions, building mutual trust by meeting their needs.

Survey Time	Surveyed Events	Number of Events Below Standards for Individual Items (5 Points Overall with 3 as Standard)	Number of Events Below Standards for Overall Scores (20 Points Overall with 14 as Target)
First half of 2021	13	1	3
Second half of 2021	13	3	2

### 3.3.3 On-time Delivery

To facilitate contractor management, the Company issues shipment notices in advance, which clearly note shipment dates, numbers, locations, and content so that the materials, semi-finished products, and finished products can reach recipients on time.

In 2021, the Hsinchu Factory shipped 3,251 and the Xinying Factory shipped 8,848 vehicle loads. The quality of each shipment was excellent and caused no delays to construction, which is why we are trusted by customers.



### 3.4 Supply Chain Management

#### 3.4.1 Material Procurement Management

Since its establishment, Evergreen Steel has built trusting long-term partnerships with suppliers and contractors, creating a win-win sustainable business.

Our suppliers provide materials, equipment, production, and services and can be categorized as labor, capital, and technology-intensive types. The main suppliers of materials for the Xinying Factory and Hsinchu Factory are from Taiwan. The companies and their employees are concentrated in southern Taiwan (Kaohsiung, Pingtung, and Tainan). A small number of the Hsinchu Factory suppliers are located in central and northern Taiwan.

Depending on the contract specifications, we contract out design drawings or procure main raw materials for steel structures from our partners. The Company has long-term stable partnerships with suppliers, which has ensured supply stability, and there have never been supply interruptions. Comprehensive market information and strict quality/delivery schedules ensure the timely supply of all raw materials and equipment.

Main Raw Materials	Primary Suppliers	Supply Status
Steel plates	China Steel, Dragon Steel	Good
Beams	Dragon Steel, Tung Ho	Good

Raw material procurement:

Contract Type	Procure ment Region	2019		2020		2021	
		Number of Suppliers	Percentage of Total Purchase Amount (%)	Number of Suppliers	Percentage of Total Purchase Amount (%)	Number of Suppliers	Percentage of Total Purchase Amount (%)
Labor (undertakings and services)	Taiwan	76	100%	99	100%	103	100%
Property (raw materials)	Taiwan	93	100%	98	100%	113	100%

Note: The Company's labor and materials are sourced from Taiwan. There are no foreign purchases.

- Procurement Policy**

In 2021, the 62 main suppliers of materials for the Xinying Factory and Hsinchu Factory were all Taiwanese companies mostly located in central and southern Taiwan. Raw materials necessary for steel structure projects include steel plates, H beams, flat steel, and welding materials, among which steel plates and H beams were the main raw materials for steel structures. In Taiwan, the primary steel plate manufacturer is China Steel, and the largest beam makers are Tung Ho Steel and Dragon Steel. From 2017 to 2021, the Company's total purchase amount from China Steel and Dragon Steel accounted for 69.58%, 82.74%, 80.15%, 87.4% and 83.16% of the net purchase of steel structure raw materials, respectively, showing that China Steel and Dragon Steel are our main suppliers. The Company carries out regular steel supplier evaluations as well as annual supplier evaluations of price, quality, delivery and service.

The Kaohsiung Factory's material procurement is mainly for container repair and forklift maintenance. In 2021, the 51 main material suppliers were all located within Taiwan. Container repair materials are corrugated steel sheets, angle bars, channel bars, stainless steel plates, container fittings, and plywood flooring. Procurements from 2019 to 2021 were entirely made within Taiwan. The purchase amount of container steel products from our main suppliers

accounted for 27.64%, 24.01% and 27.5% of the net purchase amount of container materials respectively. The purchase amount of plywood board from our main suppliers accounted for 40.46%, 44.07% and 34.7% of the net purchase amount of container materials respectively.

Evergreen Steel values quality, delivery time, and price of the supplied products and established the Supplier Corporate Social Responsibility Management Guidelines for the steel industry, incorporating CSR into supplier and contractor contracts, who are required to sign a Supplier/Contractor's Corporate Social Responsibility Commitment or issue an ESG report on CSR fulfillment. In 2021, 55% of our main suppliers and 100% of main contractors signed the Commitment for a total 56 signatories.

The Company conducts supplier evaluation with the Procurement Department as the organizer and Quality Control Section and Material Management Section as the co-organizers to collect the data. The Procurement Department analyzes the data and reports on the results. Evaluation is held at least once a year and as needed. Evaluation samples must cover at least three months, and results are rated in 4 levels:

Rating	Evaluation score	Measures
A	90 or more	Prioritized for ordinary procurements.
B	70~89	Substitute suppliers when problems occur during ordinary procurement.
C	60~69	Procurement is suspended. But when problems occur with A and B level suppliers and there is an urgent need, limited purchase is allowed.
D	below 59	Procurement is not considered.

### 3.4.2 Contractor/Supplier Evaluation and Management

- **Contractor Evaluation and Management**

The steel structure industry is labor-intensive. As orders increased in recent years, steel structure production at the Xinying Factory and Hsinchu Factory were mostly contracted out to professional Taiwanese manufacturers. We also encourage our workers to become contractors and work locally in the factory area to quickly integrate into our corporate culture. In addition to meeting the evaluation requirements, contractors are prioritized if they are located near our factories for effective and flexible management as demanded by project schedules and needs.

Contractor selection involves evaluation on quality, delivery time, staffing, and manufacturing experience. Qualified contractors are assigned a registration code in our system and will be flagged when eligible for our projects.

The Company has formulated a Contractor Safety and Health Management and Quality Penalties, which lists the requirements and standards for safety and health. We regularly hold Contractor Agreement Meetings and participate in Occupational Safety And Health Meetings as well as technical discussions to improve energy efficiency and reduce resource consumption for better product quality. In 2021, 12 Contractor Agreement Meetings and 11 Occupational Safety And Health Meetings were held to fully coordinate with contractors and implement occupational safety and health regulations. Implementation is central to contract fulfillment; serious infractions that affect the environment and society may result in suspension or termination of contract.

The Xinying Factory and Hsinchu Factory perform evaluations every six months per ISO 9001 Contractor Management Procedure. The 2021 results are as below:

Item	Period	Evaluated Contractors (Number)	Average Score	Rating
Manufacturing contractors	First half of year	57	91	A (above 85)
	Second half of year	39	93	A (above 85)
Drawing contractors	First half of year	11	89.9	10 were rated A (above 85) 1 scored 75, rated B (70-84)
	Second half of year	12	91	A (above 85)

The Kaohsiung Factory has Contractor Evaluation Guidelines that stipulate annual contractor evaluation, and its results serve as a key factor in contract renewal to create fair competition. All six major contractors passed the evaluation in 2021.

### ● **Supplier Evaluation and Management**

Our raw materials mostly originate in Taiwan. For the Xinying Factory and Hsinchu Factory, the primary steel plate manufacturer is China Steel, and the largest beam makers are Tung Ho Steel and Dragon Steel. Our Supplier Management Procedure stipulates regular supplier evaluations on price, quality, delivery and service every six months. Qualified suppliers are contained in the List of Qualified Suppliers for future procurement and contracting.

Evergreen Steel evaluates its main suppliers annually, including China Steel, Dragon Steel, and other suppliers of steel, welding materials, and hardware to ensure quality requirements are met. Criteria are as follows:

1. The quality of raw materials must meet CNS standards or be of the same grade.
2. Good reputation and stable quality.
3. On-time delivery and good cooperation.

The Xinying Factory and Hsinchu Factory perform evaluations every six months per ISO 9001 Supplier Management Procedure. All 90 evaluated suppliers in the first half of 2021 and 89 in the second half passed the evaluation.

The Kaohsiung Factory's material procurement is mainly for container repair and forklift maintenance. Taiwanese suppliers are prioritized for long-term partnerships and a stable supply chain. Procurement of bulk materials follows the Bulk Material Procurement Guidelines. Annual evaluations are performed as the basis for supplier selection. All 3 evaluated suppliers in 2021 passed the evaluation.

The Company requires both suppliers and contractors to follow corporate responsibilities regarding labor rights, the environment, health and safety, management system and risk management, sustainability, and other aspects. We may suspend or terminate contracts with companies that have a negative impact on the environment and society and claim damages.

In 2021, no suppliers were disqualified for human rights or business integrity violations.

## **Column - Features of Steel Structure Products**

### ● **Steel Structures Have Become the Dominant Trend in Building Materials**

Generally, structural steel is 10 times stronger than concrete with significantly higher deformation capacity. Therefore, steel structures are generally considered stronger and tougher, suitable for use in construction in Taiwan, an island on a great seismic belt where land is scarce and expensive.

With the advancement in steel manufacturing technology, China Steel Corporation (CSC) has been manufacturing the SN490 series of earthquakeresistant steel, SM570 high-strength steel

(for buildings) and SBHS500 highstrength steel (for bridges) to meet construction needs in Taiwan, as the island sits along a seismic belt. The use of earthquake-resistant and highstrength steel in steel-structure buildings has become a trend and with bucking restrained braces developed by the National Center for Research on Earthquake Engineering, which reduces the steel consumption in steel structure buildings while making them more earthquake resistant, steelstructure buildings will become the mainstay in the future. As the economy develops rapidly, the demands of high-rise buildings and large-span buildings (such as stadiums and exhibition halls) will gradually increase.

● **Competitive Niche of Evergreen's Steel Products:**

1. As one of the main steel structure companies in the nation, Evergreen Steel Corporation has established a good reputation among business partners and clients.

The Company builds long-term partnerships with clients, pursuing mutual business growth and better quality. Our factories have complete BOX, BH, fabrication, and coating lines to provide stable and excellent quality of steel components.

2. Superb Steel Structure Factory with Deep Manufacturing Experience

Evergreen Steel Corporation has rich experience in steel structures and has provided structural steel for special construction projects including Agora Garden, the steel structure bridge from Taishan to Linkou on the Wugu-Yangmei Elevated Freeway, the Wugu Section and the interchange of the Bali-Wugu Section of the Bali-Xindian Line on the East-West Expressway, and Southern Branch of National Palace Museum.

**Southern Branch of the National Palace Museum**



**Steel structures of the Taishan-Linkou Section of the Wugu-Yangmei Overpass**



3. Introduction of Building Information Modeling (BIM)

Building Information Modeling utilizes architectural details of a construction project to build a model that simulates all details of an analog building with digital information. It is visual, coordinated, representative, optimized and can be used to generate an actual drawing. In addition to customization services, this company brings in BIM, and combines TEKLA and AUTOCAD to generate and integrate construction drawings to ensure construction quality and keep the construction project on schedule.

4. A Professional Management Team with Strong Technological Capabilities

This company's professional management team has an average of more than 20 years of experience in the steel structure construction field. Despite not having a dedicated technology department, this company, when accepting a special steel structure construction project, assigns experienced employees from various departments to form a task force to complete the project successfully.

5. Excellent Construction Quality

The Company has obtained ISO9001 quality certification, set up a dedicated factory quality control department, has a non-destructive testing laboratory accredited by TAF, and quality control personnel and testing equipment to ensure the quality of products. As per the overall client satisfaction survey report, we meet ISO quality control targets every year. We have completed a number of certified earthquake-proof construction projects, and the overall construction quality has been praised by clients and owners.



# 04

## Environmental Sustainability

4.1 Sustainable Environmental Management








4.2 Climate Action

4.3 Energy Management

4.4 Material and Waste Management



## Chapter 4 Environmental Sustainability

 <p>Corresponding Material Topics</p>	<p>Legal compliance regarding environmental protection</p>
 <p>Reason for Materiality and Purposes</p>	<p>In recent years, the awareness of environmental protection has gradually increased, and facing environmental problems has become a global issue. The management scope of environmental protection has also expanded to resource conservation and sustainable development. According to the analysis of stakeholder concerns, compliance with environmental protection-related laws and regulations is an important topic for the company. In order to achieve management objectives and meet stakeholder expectations, EGST will continue to implement measures to abide by relevant laws and regulations.</p>
 <p>Policies</p>	<ul style="list-style-type: none"> <li>• Implement measures to comply with relevant laws and regulations.</li> <li>• Pay attention to pollution prevention and control and make continual improvements. Maintain the natural environment and achieve sustainable operation.</li> </ul>
 <p>Targets</p>	<ul style="list-style-type: none"> <li>• <b>Short-term targets</b> : Comply with regulations and strengthen pollution treatment equipment to ensure compliance with legal requirements.</li> <li>• <b>Medium and Long-term targets</b> : Strengthen the management of the discharge of waste, air pollution and waste water, and take into account the maintenance of the surrounding environment.</li> </ul>
 <p>Specific Actions</p>	<ul style="list-style-type: none"> <li>• Formulate relevant management and maintenance procedures for air pollution control equipment, and through strict controls, reduce air pollution and protect the environment.</li> </ul>
 <p>Management Evaluation Mechanism</p>	<ul style="list-style-type: none"> <li>• Comply with the relevant laws and regulations of the government and comply with the operating standards set by the company.</li> </ul>
 <p>Actions and Performance</p>	<ul style="list-style-type: none"> <li>• In 2021, there was a violation of the Environmental Protection Law, with a total fine of NT\$150,000. The rectification work has been completed, and management will continue to be strengthened in the future.</li> </ul>

## 4.1 Sustainable Environmental Management

EGST deeply understands that protecting the earth's environment is an important issue shared by mankind. In order to achieve the purpose of environmental protection, EGST will continue to abide by environmental regulations. Concerning environmental management, air, sewage and waste licenses, pollution control equipment updates and maintenance, environmental protection measures, and the establishment of special personnel, progress has been ongoing for many years and, and the Company continues to fulfill its corporate social responsibility for environmental protection and reduce its impact on the environment.

The Hsinchu Factory and the Xinying Factory violated environmental-related regulations in 2019 and 2021, respectively, and both have completed improvement measures. The detailed environmental regulations compliance status and improved preventive measures are described in the table below:

Environmental Compliance Overview		
Site	Description	Improvement and Preventive Measures
Hsinchu Factory	On November 5, 2019, the Environmental Protection Agency conducted an annual inspection. As the factory switched from producing steel bars to processing steel structures, the amount of waste generated for several months exceeded the allowable limit, violating Article 31 of the Waste Disposal Law. 1. A fine of NT\$6,000 was imposed.	<ul style="list-style-type: none"> <li>• Changes to the operational waste disposal plan were completed on March 31, 2020 and March 4, 2021. All operations went according to plan.</li> </ul>
Xinying Factory	On January 21, 2021, the Environmental Protection Bureau inspected the plant to review the sandblasting operation. The bag at the back end of the dust collector of the air pollution control equipment was not sealed, causing particulate pollutants to spread into the atmosphere, violating Articles 32 and 67 of the Air Pollution Control Law, and a fine of NT\$150,000 was imposed.	<ul style="list-style-type: none"> <li>• Bag Filter:               <ol style="list-style-type: none"> <li>1. Replace consumables every six months.</li> <li>2. Daily removal of waste.</li> <li>3. Do pressure drop work every day.</li> </ol> </li> <li>• Set up dust-proof gauze device in sandblasting area.</li> </ul>

## 4.2 Climate Action

The issue of climate change has gradually attracted attention, and the impact of climate change brought about by global warming has become increasingly prominent. EGST regards environmental responsibility as one of the important goals of the enterprise. Attention is paid to the negative impact of the operation process on the environment.

Refer to the TCFD (Task Force on Climate-related Financial Disclosures) framework and signed it as TCFD Supporters in April 2022. Early identification and clarification of the positive and negative impacts of relevant uncertain factors (including risks and opportunities) on enterprises under the influence of climate change risks. Start by disclosing information related to the current business field, using existing programs and policies to formulate adaptation and mitigation measures. A climate strategy grasps opportunities, simulates various scenarios and modulates solutions, thereby strengthening organizational resilience and developing new business opportunities, adhering to the sustainable goals of risk management and value creation.

TCFD Framework



Task Force on Climate-related Financial Disclosures

**Governance**

The company's TCFD team is responsible for managing and evaluating climate change-related responses. It reports to the chairman of the board to explain the results of the meeting and the current management (governance) of climate change-related risks and opportunities.

**Strategy**

Assess actual and potential impacts of climate risks and opportunities on company operations/financial planning, and discuss coping strategies. With reference to the TCFD framework, the new regulations may have an impact on the company in terms of climate change risk factors and transition risks. Opportunities show up in products and services, and resilience projects.

**Risk Management**

TCFD team members refer to the risk analysis framework of TCFD to identify potential risks and opportunities for future operations by holding meetings. The evaluation process will be followed, and the possible risk intensities will be sorted through the risk matrix analysis method of the impact process and the probability of discovery, and significant risk sources will be defined from them, so as to improve the level of climate change risks, and gradually plan the risk factors of this type. This will be incorporated into the company's risk management measures.

**Metrics and Targets**

Adhere to EGST's "safety first, quality first, customer satisfaction, and sustainable operation" concept, lead the company's activities through senior executives, gather team awareness and form organizational culture through continuous communication, starting from employees and also including the supply chain. Working together to reduce the negative impacts of climate change.

Risks			
Item	Item		
<b>Risk Location</b>	Operations location	Operations location	Operations location
<b>Risk Type</b>	Immediate	Entity	Immediate
<b>Risk Project</b>	Procurement of raw materials carbon fee	Regulations – Mandatory declaration	Tropical climate
<b>Type of Financial Impact</b>	Regulations – Direct cost increase	Regulations – Direct cost increase	Damage to factory and equipment caused by typhoons will affect production capacity and increase repair and insurance expenses.
<b>Risk Description</b>	Taiwan's Greenhouse Gas Reduction and Management Act was passed. In the future, companies that exceed the quota of greenhouse gas emissions will be charged a carbon fee of NT\$200 per ton, and will face increased direct operating costs.	Taiwan's Greenhouse Gas Reduction and Management Act was passed. In the future, companies that exceed the quota of greenhouse gas emissions will be charged a carbon fee of NT\$200 per ton, and will face increased direct operating costs.	Causes damage to roof, plant and equipment.
<b>Time Limit</b>	Short	Short	Short
<b>Possibility</b>	Possible	High Probability	High Probability
<b>Influence Level</b>	Medium-Low	Medium-Low	High
<b>Potential Financial Impact</b>	Estimated NT\$81.54 million (Calculation formula: 270 yuan/ton × (steel carbon emission coefficient 2.0x130,000 tons/year + section steel carbon emission coefficient 1.0x42,000 tons/year))	<b>Xinying Factory :</b> Estimated NT\$2 million <b>Hsinchu Factory :</b> Estimated about NT\$601,600/year	Estimated NT\$1.18 million (roof repairs)
<b>Financial Impact</b>	Additional carbon fees will be added to	The production process is mainly steel plate cutting,	Typhoon Megi in 2016 damaged the



Risks			
Item	Item		
<b>Statement</b>	<p>material suppliers in response to subsequent material procurement. The estimated annual production capacity and material carbon emission coefficient will be used to calculate the financial impact of the additional carbon fees.</p>	<p>assembly and electric welding, and the energy use is mainly purchased liquefied petroleum gas, oxygen, electricity and carbon dioxide gas. Assessing the increased carbon cost of GHGs emissions in the process, although the overall financial impact is limited, various energy-saving measures are still being implemented to reduce emissions.</p>	<p>corrugated roof, lighting covers and equipment of the factory, and the financial impact was estimated by the amount.</p>
<b>Risk Response Measures</b>	<p>If material suppliers charge carbon fees in the future, 100% of the cost of materials will be passed on to customers.</p>	<p><b>Xinying Factory :</b></p> <ol style="list-style-type: none"> <li>1. In 2021, specific energy-saving measures (lighting replacement, water cooled chiller unit maintenance, and equipment replacement) saved 113,815kWh/year, a carbon equivalent of 57.13513 tons/year. (Note: The 2020 Taipower coefficient is calculated in carbon.)</li> <li>2. The plant roof is rented out to host solar panels, and the installation was completed in March 2018. One period and two months, totaling 120 periods. The total solar rental income in 2021 was about NT\$379,000.</li> </ol> <p><b>Hsinchu Factory :</b></p> <ol style="list-style-type: none"> <li>1. The roof of the factory has been leased to install solar panels for power generation. The installation was completed in September 2019, and the lease term is 20 years.</li> <li>2. In 2021, specific energy-saving measures saved a total of 29,370 kWh/year of electricity, which is equivalent</li> </ol>	<p>Insurance transfers risk, and the company has insured property insurance.</p>

Risks	
Item	Item
	to a reduction of 14.74374 tons/year of carbon. (Note: The calculation of carbon equivalent uses the 2020 Taipower coefficient.)
<b>Risk Response Cost</b>	<p><b>None</b></p> <p><b>Xinying Factory :</b> The total cost of energy conservation projects in 2021 was NT\$2,900,200. (Equipment replacement and update: including lighting replacement, annual maintenance of water cooled chiller unit, equipment replacement, etc.)</p> <p><b>Hsinchu Factory :</b> The total cost of energy conservation projects in 2021 is NT\$ 30,000. (Including the addition of timing devices for lighting in the factory, and the installation of automatic switching devices for off-site LED lights)</p> <p>1. In 2021, the insured amount of property insurance is about NT\$820 million, and the premium is about NT\$1.2 million. 2. 2016 Typhoon Meiji Insurance Fee is NT\$34,000.</p>

Opportunities			
Item	Examples		
<b>Opportunity Location</b>	Operations location	Operations location	Operations location
<b>Opportunity Type</b>	Product and Service	Resilience	Resilience
<b>Opportunity Project</b>	Raw material utilization	Participate in renewable energy production and energy saving measures	Solar energy generation
<b>Type of Financial Impact</b>	Reduce the loss of steel plates and reduce the procurement cost	Extra income	Extra income
<b>Opportunity Description</b>	Control the loss of steel plates to less than 3%, and reduce the amount of raw materials.	Installing solar panels on factory roofs can provide additional power sales with zero pollution and increase the company's passive income.	Rent out the roof of its factory to install a solar power generation system to sell electricity to Taiwan Electric Power Co., Ltd.
<b>Time Limit</b>	Long	Long	Long
<b>Possibility</b>	High Probability	High Probability	High Probability
<b>Influence Level</b>	Small	Small	Small
<b>Potential Financial Impact</b>	Estimated NT\$ 31.9 million	Estimated NT\$ 379,000	Estimated NT\$ 23.5 million
<b>Financial Impact Statement</b>	The annual savings from control board wear increases or decreases with order quantity and unit price.	From January 2021 to December 2021, the rental income from rooftop solar power generation in the factory area is NT\$379,000.	In order to save costs and achieve a win-win situation, the Hsinchu factory provides the roofs of Buildings A, B and C for power companies to build solar power generation systems, and the power companies provide roof maintenance services for each building free of charge.
<b>Opportunity Response Measures</b>	None	None	None
<b>Opportunity Response Cost</b>	None	None	None

## 4.3 Energy Management

### 4.3.1 Energy Consumption

The energy used by EGST includes electricity, gasoline, diesel, etc. The information for each factory is as follows :

#### ➤ Taipei Head Office

Year	2019	2020	2021
Electricity Usage (GJ)	432.0	597.6	590.4
Specific Units (Total Floor Area – m <sup>2</sup> )	766.9456	1,884.306	1,884.306
Energy Intensity (GJ / Floor Area – m <sup>2</sup> )	0.56	0.32	0.31

Note :

1. In 2019, the head office was located at No. 114, Section 2, Jianguo North Road, Taipei City, with a total floor area of 766.9456 m<sup>2</sup>.
2. In 2020, the head office relocated to No. 100, Section 2, Chang'an East Road, Taipei, with a total floor area 1,884.306 m<sup>2</sup>.
3. Conversion factor source : GHG Emission Factor Table (6.0.4), EPA.
4. Calorific value conversion 1kWh=0.0036GJ.

#### ➤ Hsinchu Factory

Year	2019	2020	2021
Diesel Fuel (GJ)	56.23	414.72	418.23
LPG(GJ)	471.64	1,859.13	1,681.61
Electricity Usage (GJ)	5,650.56	13,698.72	16,882.56
Total Energy Consumption (GJ)	6,178.43	15,972.57	18,982.41
Specific Units (Goods-mt)	8,051	28,594	33,443
Energy Intensity (GJ / Goods-mt )	0.77	0.56	0.57

Note :

1. Output is calculated as the number of tons of remanufactured goods.
2. In June 2019, Rebar Production technical transformation to Steel Structure Production technical, so Energy Intensity increased
3. Conversion factor source : GHG Emission Factor Table (6.0.4), EPA.
4. Calorific value conversion 1kWh=0.0036GJ.

### ➤ Xinying Factory

Year	2019	2020	2021
Diesel Fuel (GJ)	421.75	1,031.52	966.50
LPG(GJ)	10,636.86	11,308.08	10,461.38
Electricity Usage (GJ)	45,463.68	50,677.92	51,088.32
Total Energy Consumption (GJ)	56,522.29	63,017.52	62,516.20
Specific Units (Goods-mt)	76,742	81,466	109,552
Energy Intensity (GJ / Goods-mt )	0.74	0.77	0.57

Note :

- Reasons for declining energy intensity in 2021 :
  - Different processes make energy consumption different.
  - Energy consumption calculation does not include outsourced processing.
- From December 1 to 3, 2020, diesel usage increased during the year due to plant-wide power outages and rental of diesel generators.
- Conversion factor source : GHG Emission Factor Table (6.0.4), EPA.
- Calorific value conversion 1kWh=0.0036GJ.

### ➤ Kaohsiung Factory

Year	2019	2020	2021
Gasoline(GJ)	34.29	36.83	32.02
Diesel Fuel(GJ)	3,795.76	4,077.07	4,217.47
Electricity Usage (GJ)	600.11	590.59	619.16
Total Energy Consumption (GJ)	4,430.16	4,704.49	4,868.65
Specific Units (Goods- TEU)	43,312	42,530	46,606
Energy Intensity (GJ / Goods-TEU )	0.10	0.11	0.10

Note :

- Unit description :
  - 20-foot Equivalent Unit = 1 TEU
  - 40-foot Equivalent Unit = 1 FEU = 2 TEU
  - Take 2019 as an example :
    - 20-foot container =23,346 TEU    40-foot container =9,983 FEU
    - 9,983(FEU) x 2 = 19,966 TEU
    - 19,966(TEU) + 23,346(TEU) = 43,312 TEU
- Conversion factor source : GHG Emission Factor Table (6.0.4), EPA.
- Calorific value conversion 1kWh=0.0036GJ.



- **Energy Saving and Carbon Reduction**

To reduce the impact of energy use on global warming, EGST continues to replace high-power halogen bulbs with energy-saving LED bulbs and install automatic control systems. In addition, we occasionally advocate environmental protection activities such as energy conservation and carbon reduction, recycling of waste paper, and use of environmentally friendly tableware. The management method of engineering and administrative improvement is used to save energy in order to achieve the goal of reducing GHG emissions.

EGST promotes and implements various energy saving and carbon reduction measures through meetings and announcements, and formulates energy policies to reduce energy use and implement environmental protection. The energy policies and measures are as follows :

- **Energy Policy**

### Energy Policy

- ◆ **Comply with Energy Regulations** - Comply with energy related legal requirements and fulfill corporate social responsibilities.
- ◆ **Improve Energy Efficiency** - Continue to replace old equipment and reduce energy consumption.
- ◆ **Purchase Energy Saving Equipment** - Support the procurement of energy saving equipment.
- ◆ **Promote Participation by All Employees** - Continue to implement equipment improvements through employee proposals.

- **Energy Saving Target**

According to the “Regulations for Energy Saving Target Stipulation and Plan Execution by Energy Users” announced by the Ministry of Economic Affairs, legal and natural persons with contracted electricity capacity exceeding 800 kW should set energy-saving goals and implementation plans, and the average annual electricity saving rate from 2015 to 2024 should reach more than 1%, Therefore, EGST sets an annual energy-saving target of 1% of electricity consumption.

- **Energy Saving and Carbon Reduction in Offices and Workplaces**



Lighting in offices, public spaces and on-site workplaces is gradually replaced with LED bulbs or LED panel lights, and the lights are turned off when not in use.



Recycling of supplies and consumables purchased with Green Mark (FSC or PEFC) in the office area.



Official vehicles have been gradually replaced with hybrid or electric vehicles, and employees are encouraged to take public transportation.



Provide employees with environmentally friendly tableware to reduce the amount of waste.



Implement resource recycling and reduce the amount of waste.



Meetings and educational training are conducted by video conferencing to reduce personnel traffic.



Equipment replacement :

Submerged arc welding machine, frequency conversion host, air compressor and sandblasting machines switched to environmentally friendly industrial engines.

EGST adheres to the concept of energy saving and sustainable operation and has long been concerned about energy issues. In 2021, it replaced the lamps that have reached their service life, and installed lighting timing devices and automatic lighting switches, saving a total of 4,321.24 GJ of electricity.

In addition, according to the annual electricity saving target of 1%, and phasing out high-energy-consuming process equipment in 2021, it is estimated that a total of 1,509 GJ of externally purchased electricity will be saved in 2024.

**Statistics of Energy Saving Achievements (2021)**

Site	Energy Saving Measure	GJ / Year
Taipei Head Office	Replacing LED illumination	3,272.26
Hsinchu Factory	Timer, automatic lighting switches	105.73
Xinying Factory	Lighting replacement, packaged water chillers maintenance	409.73
Kaohsiung Factory	Replacing LED illumination	533.52
Total		4,321.24

Note :

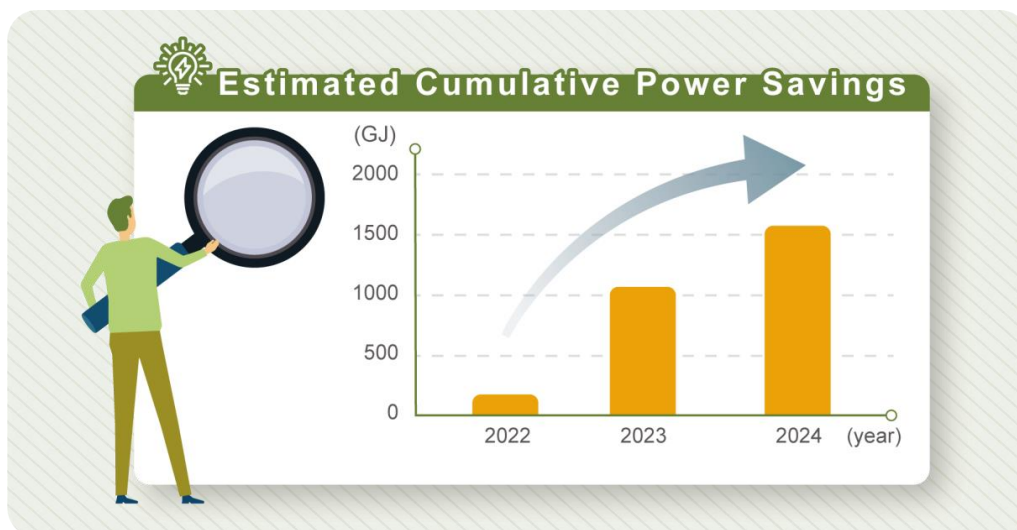
- Hours of use= Annual working Days (247) \* Daily working hours (8)
- Estimated value =Total replacement\* (Wattage difference) \* Hours of use



## Estimated Energy Saving Value (2022-2024)

Year	Measure	Before	After	Estimated Value	Total
2022	Replacing submerged arc welding machine	838	789	49	161
	Replacing air compressor	167	122	45	
	Replacing CNC cutting machine dust bags	229	162	67	
2023	Replacing submerged arc welding machine	3,970	3,290	680	959
	Replacing air compressor	801	587	214	
	Replacing LED panel light	107	42	65	
2024	Replacing LED panel light	213	83	130	389
	Replacing air compressor	694	578	116	
	Replacing Sand-blast machine	1,780	1,637	143	
<b>Total</b>				<b>1,509</b>	

Note : The unit is GJ.



### ● Energy-Saving Design

Considering the environmental protection issues arising from the production and use of cement in construction, and the difficulty of reusing RC reinforced concrete buildings during demolition and reconstruction, the use of green building steel structures has gradually become a trend in architectural development. All countries in the world are constantly developing steel as the basic raw material for buildings. In the past 20 years, steel structures have gradually become the mainstream of important green buildings and bridges.

In 2005, CPAMI added a special chapter for green buildings in the Construction Law, which requires that buildings with more than 11 floors must meet the standards of green construction in order to obtain a construction license. This law is used to regulate the development of buildings towards lightweight structures, and steel structures are the easiest construction form to achieve this requirement.

Domestic building materials mostly use traditional reinforced concrete, but the production of cement will generate a lot of carbon dioxide, while developed countries use relatively low-carbon steel structures, so carbon dioxide emissions are relatively low. In general, the CO<sub>2</sub> emissions and energy consumption of steel structures are much lower than reinforced concrete, so steel structures are considered to be the material with the least impact on the environment. In addition, the recyclability and manufacturability of steel has led it to be called a green construction material internationally. Therefore, steel structures have become the mainstream of civil buildings in developed countries.

In the future, EGST will continue to save energy and reduce emissions, improve energy efficiency, reduce carbon emissions, reuse resources, and achieve environmental friendliness.

#### 4.3.2 Water Use and Water Conservation

##### ● Water Resource Management

Due to the extreme climate, there is a risk of water shortages, and because water resources are not inexhaustible and not always available for use, EGST proposes various measures to implement water resources management, such as :

##### ➤ Taipei Head Office

Taipei Head Office is not a production unit, and the source of water demand is domestic water for office employees. In 2020, offices were relocated, with different air conditioning equipment, different number of employees and different water consumption; in 2021, under the influence of Covid-19, some of them implemented home working, so the water consumption is less than in 2020.

Year	2019	2020	2021
Water intake (million liters)	1.294	1.405	1.268
Water release (million liters)	1.0352	1.124	1.0144
Water used (million liters)	0.2588	0.281	0.2536
Number of workers	37	44	48
Water intensity (million liters / Person)	0.035	0.032	0.026

##### ➤ Hsinchu Factory

The Hsinchu factory is located in Hukou Township, Hsinchu County. Water stress in the area where the plant is located is "low-medium risk (1-2)" according to the World Resources Institute's "Water Aqueduct". The main source of domestic water is tap water, and the discharged sewage is processed by the sewer operation center of the industrial area. Monthly water quality testing meets discharge water standards. There is a backup groundwater well with legal water rights in the plant, which can be used in times of drought.

Year	2019	2020	2021
Water intake (million liters)	6.205	6.481	9.194
Water release (million liters)	4.964	5.184	7.355
Water used (million liters)	1.241	1.297	1.839
Total output (ton)	8,051	28,594	33,443
Water intensity (million liters / ton)	0.0008	0.0002	0.0003

Note :

The transformation of the Hsinchu factory from rebar production to steel structures in 2020 resulted in a significant reduction in water intake intensity.

➤ **Xinying Factory**

The water source of the Xinying Factory is tap water, and groundwater is not used. The water is mainly domestic water, and the production process produces less industrial wastewater. The generated domestic sewage is treated by sewage treatment facilities and then discharged into public sewage sewers and sewage treatment plants in the industrial zone.

Year	2019	2020	2021
Water intake (million liters)	50.57	40.28	38.98
Water release(million liters)	40.40	27.51	21.46
Water used (million liters)	10.17	12.77	17.52
Total output (ton)	76,742	81,466	109,552
Water intensity (million liters / ton)	0.00066	0.00049	0.00036

Sewage Treatment Facility at Xinying Factory



The living water storage facilities in the factory and dormitory include RC water tanks, reservoirs, and stainless steel water towers, with a total volume of 257 metric tons. The living water storage facilities in the dormitory are cisterns, with a total volume of 274 metric tons, to supply water for people's daily needs and firefighting.



Xinying Factory Domestic Tap Water Storage Statistics				
Site	Facility	Specification/m	Storage /ton	Note
District 1	RC Tank	5*4.3*2	34	Livelihood Hydrant
	RC Tank	5.8*4.8*1.5	31	Livelihood
	Storage reservoir	8*5*2	64	Livelihood Hydrant
	Storage reservoir	8*5*2	96	Livelihood
	Water tower	10T*4	32	Livelihood
Staff Dorm	Storage reservoir	NA	274	Livelihood

➤ **Kaohsiung Factory**

The water source of Kaohsiung Factory is tap water, which is divided into domestic water and container cleaning water. Sewage treatment facilities and sewage permits are installed on site, and operational sewage is discharged through special pipelines. The sewage from the operation is discharged through the factory's treatment system to meet the discharge standards, and finally discharged to the sewage treatment plant in the Linhai Industrial Zone. The factory's sewage treatment process is in compliance with environmental regulations and has no impact on the environment. There was no leakage in 2021. The chemical oxygen demand (COD), biochemical oxygen demand (BOD) and suspended solids (S.S) detected by the discharge water value all meet the discharge standards.

Year	2019	2020	2021
Water intake (million liters)	7.700	8.060	7.830
Water release (million liters)	4.204	5.089	4.384
Water used (million liters)	3.496	2.971	3.446
Specific Units (TEU)	28,209	31,378	36,677
Water intensity(million liters / TEU)	0.00027	0.00026	0.00021

Note :

Unit description : 20-foot Equivalent Unit = 1 TEU, 40-foot Equivalent Unit = 2 TEU



### 4.3.3 GHGs Inventory

Greenhouse gas emissions are the main cause of global warming. EGST is responding to this problem and fulfilling the responsibility of corporate citizenship. In order to meet environmental protection requirements, from 2019 to 2021, the Xinying factory gradually replaced high-energy-consuming process equipment and improved the energy management system, so that the greenhouse gas emissions (ton) per unit of steel structure production dropped from 0.128 to 0.095. After the Hsinchu factory switched from rebar production to steel structure production, and adopted new equipment and skilled manufacturing processes, the GHGs emissions per unit of steel structure production (ton) decreased from 0.115 to 0.09.

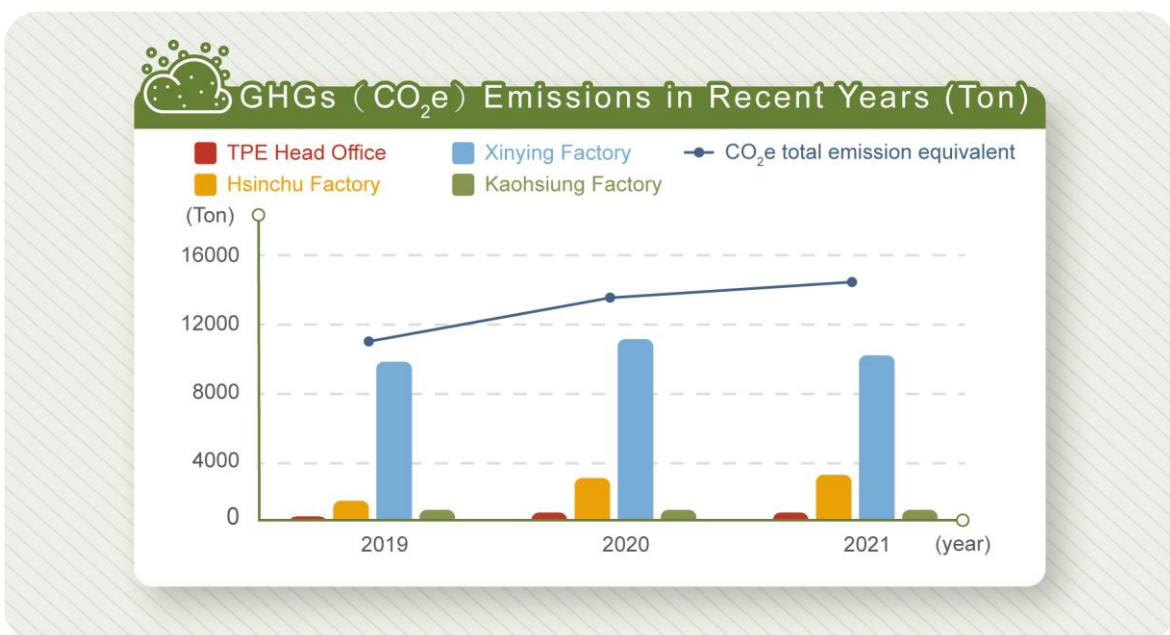
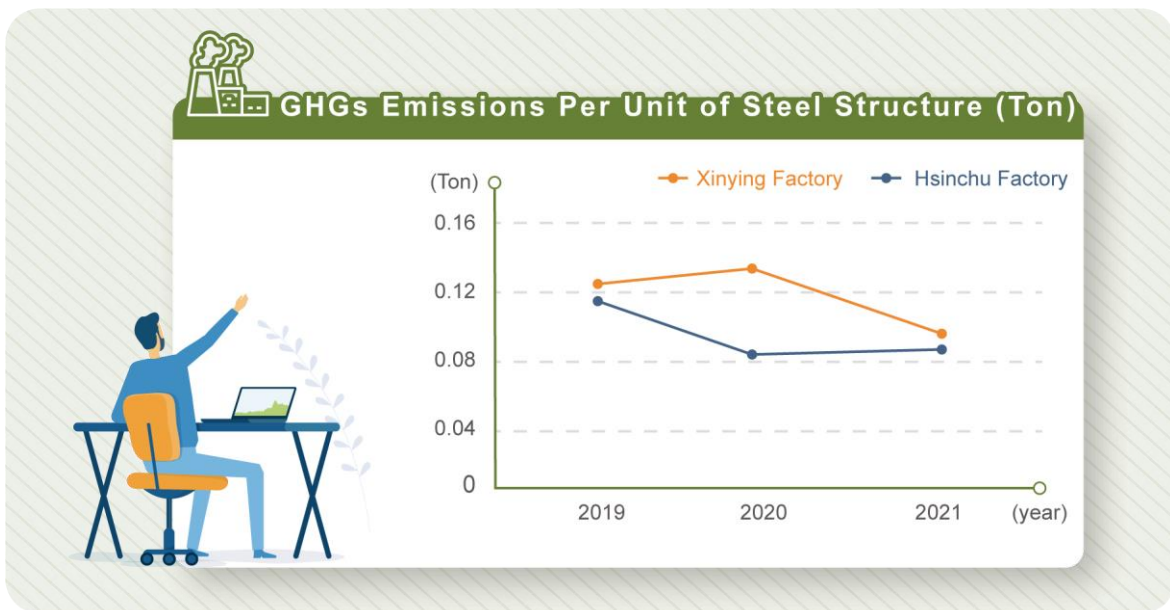
Even though steel structure market demand has increased in recent years, the overall GHGs emissions increased by only 2761.912 metric tons.

		Unit : CO <sub>2</sub> e (ton)		
Site	Item	2019	2020	2021
Taipei Head Office	Scope 1 : Direct	0.000	0.000	0.00
	Scope 2 : Indirect	61.081	83.332	82.328
	Total Emissions = Scope (1+2)	61.081	83.332	82.328
	Specific Unit (Floor area-m <sup>2</sup> )	766.9456	1,884.306	1,884.306
	GHGs Emission Intensity ( CO <sub>2</sub> e(ton)/ Floor area-m <sup>2</sup> )	0.080	0.044	0.044
Hsinchu Factory	Scope 1 : Direct	126.170	513.347	654.226
	Scope 2 : Indirect	798.926	1,910.210	2,354.179
	Total Emissions = Scope (1+2)	925.096	2,423.557	3,008.405
	Specific Unit (Output-ton)	8,051.000	28,594.000	33,443.000
	GHGs Emission Intensity ( CO <sub>2</sub> e (ton)/ Output-ton)	0.115	0.085	0.090
Xinying Factory	Scope 1 : Direct	3,392.006	3,563.803	3,320.737
	Scope 2 : Indirect	6,428.059	7,066.754	7,123.982
	Total Emissions = Scope (1+2)	9,820.066	10,630.557	10,444.719
	Specific Unit (Output-ton)	76,742.000	81,466.000	109,552.000
	GHGs Emission Intensity ( CO <sub>2</sub> e (ton)/ Output-ton)	0.128	0.131	0.095
Kaohsiung Factory	Scope 1 : Direct	284.894	306.008	316.106
	Scope 2 : Indirect	84.849	82.354	86.339
	Total Emissions = Scope (1+2)	369.743	388.362	402.445
	Specific Unit (Output-TEU)	43,312	42,530	46,606
	GHGs Emission Intensity ( CO <sub>2</sub> e(ton)/ Output-TEU)	0.009	0.009	0.009

<b>Total GHGs Emission (Scope 1+Scope 2)</b>	<b>11,175.986</b>	<b>13,525.808</b>	<b>13,937.898</b>
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Note :

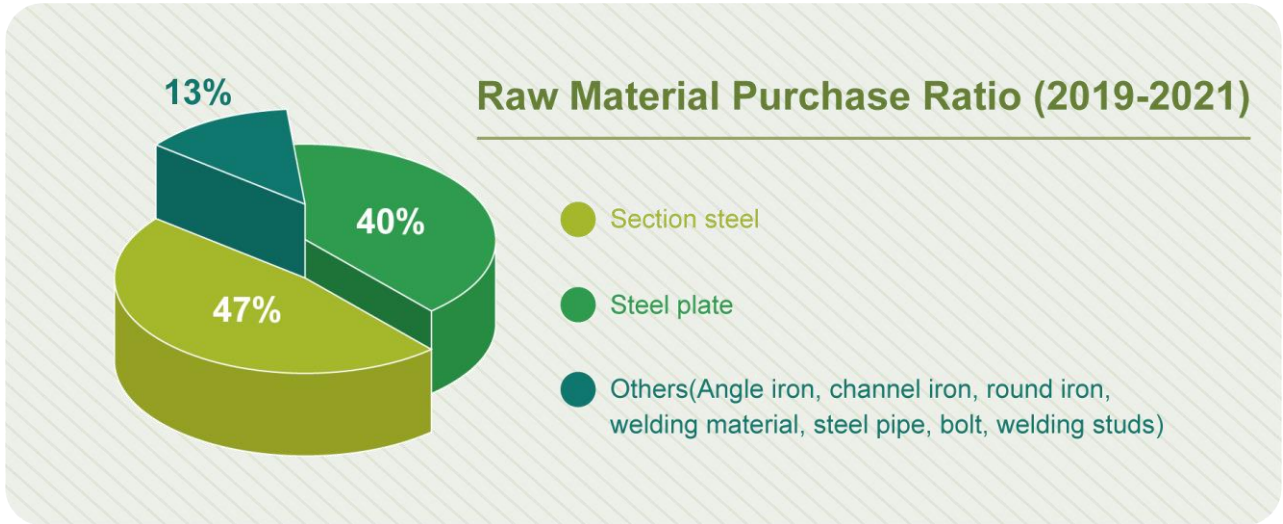
1. Rounded to the third decimal place.
2. GHGs emission factor reference to "GHG Emission Factor Table (6.0.4), EPA". The power coefficient is calculated with 0.502 kgCO<sub>2</sub>e/kWh as the second category.
3. The source of the Global Warming Potential (GWP) used in this table is the "IPCC Sixth Assessment Report (2021)" version.
4. GHGs include N<sub>2</sub>O, CH<sub>4</sub>, CO<sub>2</sub>, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, etc.
5. Approach to Aggregating Greenhouse Gas Amounts: Operational Control Approach.
6. The CO<sub>2</sub> emissions during the welding process are directly added to the statistical table.
7. The Kaohsiung factory only provides container refurbishment and cleaning work, no steel structure processes.



### 4.4 Material and Waste Management

#### 4.4.1 Material Management

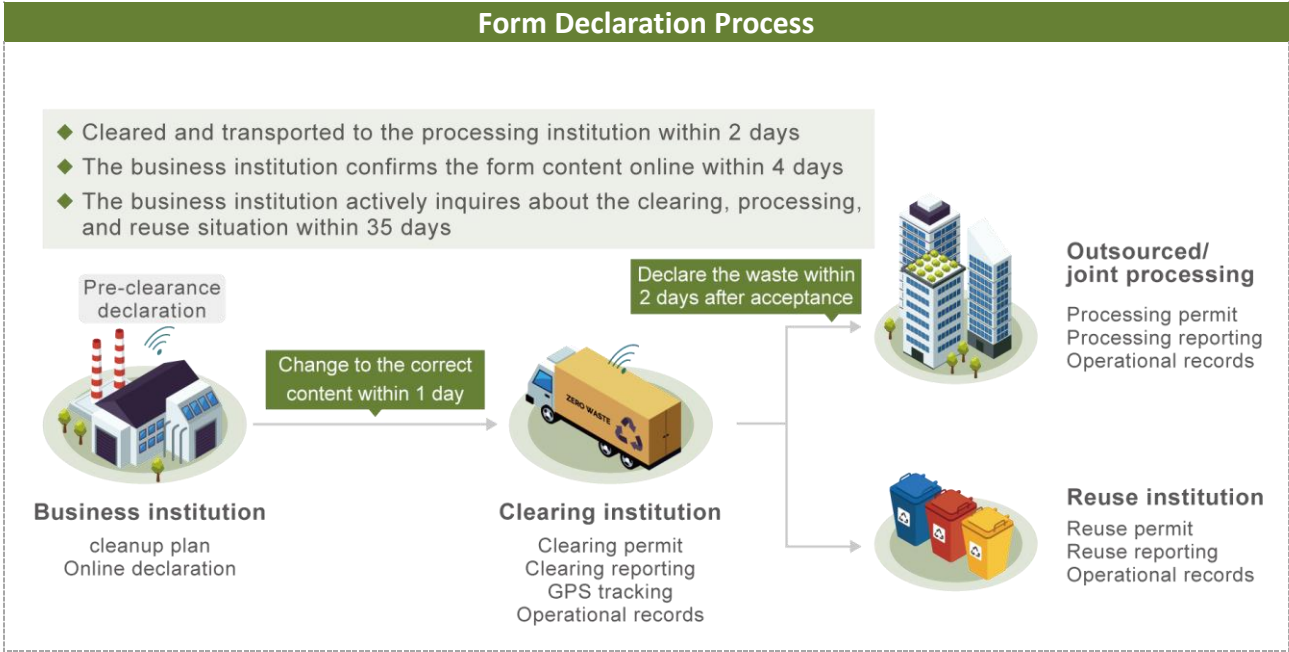
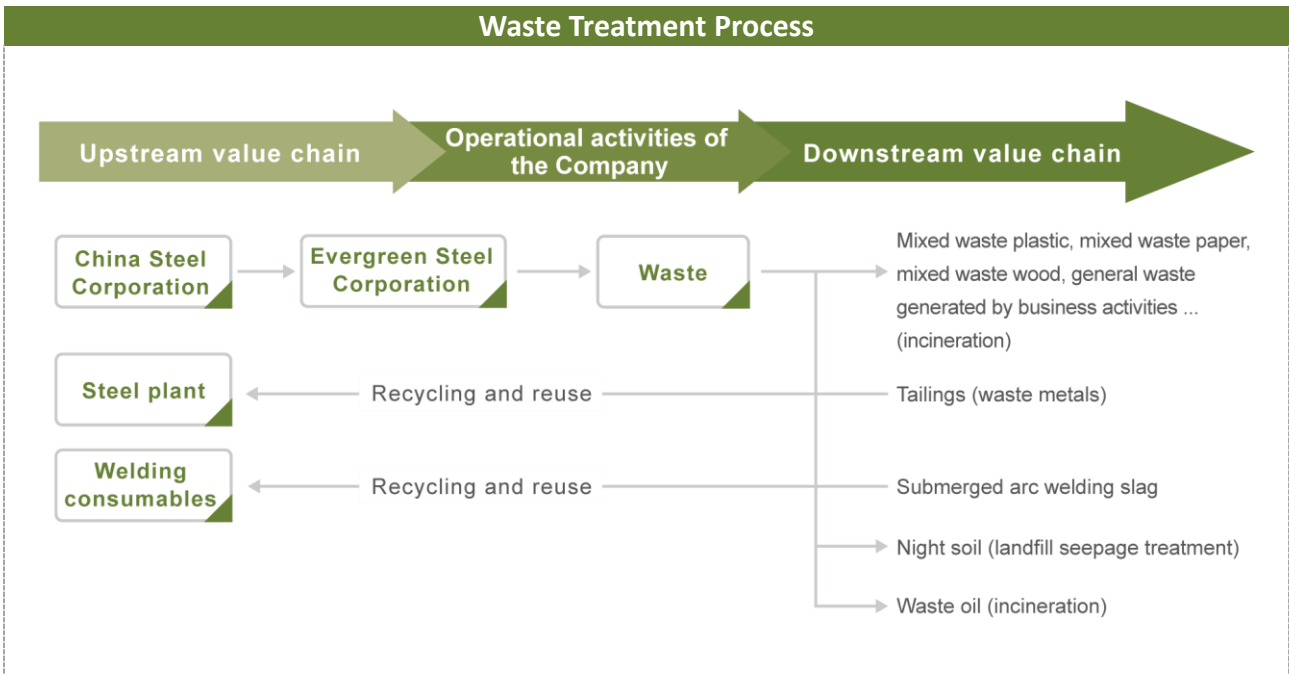
The steel structure materials used by EGST are all non-renewable materials, and the main sources of materials are from long-term business partners such as China Steel, Dragon Steel and Tung Ho Steel. The weights of materials purchased from 2019 to 2021 are approximately: 100,000 tons, 170,000 tons, and 174,000 tons, which were mainly used for steel structure processing and container maintenance. The proportion of raw materials purchased from 2019 to 2021 is as follows :



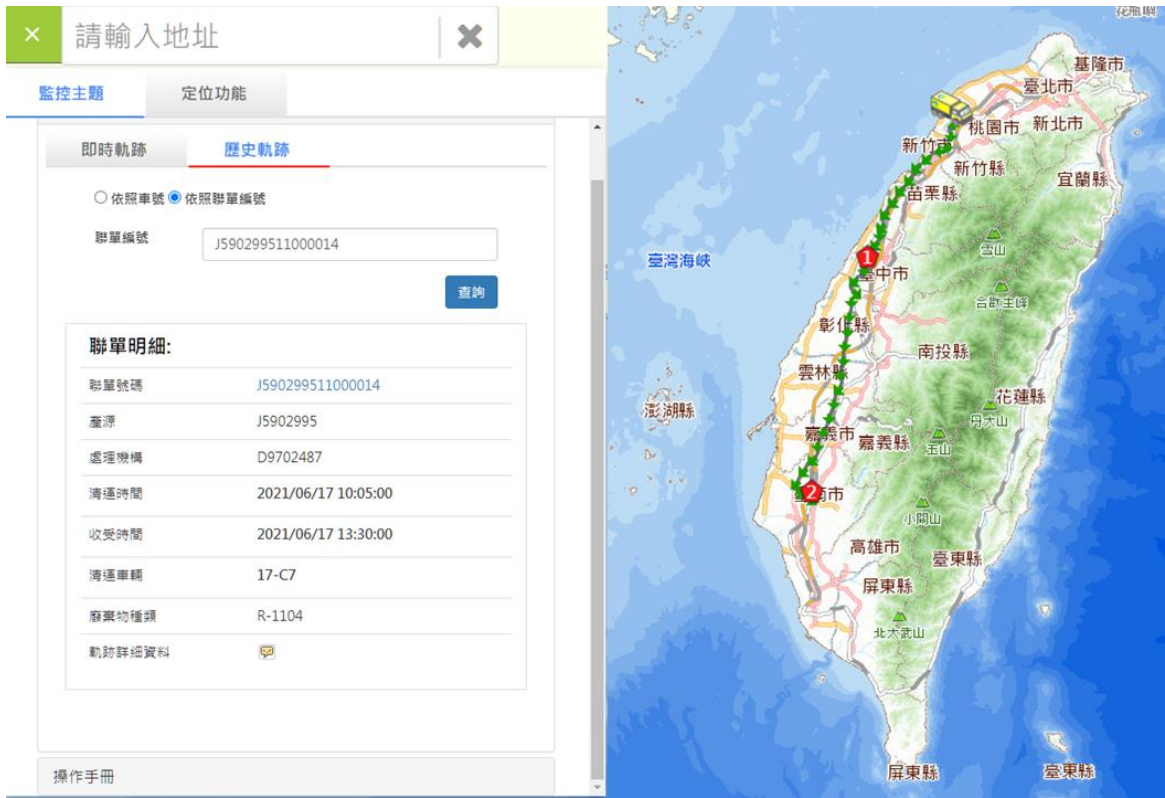
#### 4.4.2 Waste Management

All kinds of waste are contained in storage sites according to the law, and different types of waste have signed contracts with qualified transporters and entrusted a legal final disposal factory or recycling factory to perform recycling and cleaning operations to ensure the legality and safety of final disposal. The wastes at the factory are mainly general waste of employees, inorganic sludge, mixed waste wood, mixed waste plastic, scrap iron, submerged arc welding slag and night soil. Recyclable material is collected for recycling. Other unrecyclable waste is disposed of by incineration or landfill. The Taipei head office is an administrative office unit, so there is no commercial waste or hazardous industrial waste.

Before signing the contract for the outsourced removal and disposal of factory waste, it is necessary to confirm whether the entrusted cleaning and transportation enterprise has a clearance and transportation registration license issued by the competent authority. After clearing and processing, reporting the production, storage, clearing and disposal of industrial waste through the Internet, and declare the information for three years.







Note :

1. Collect and monitor waste by specialized personnel.
2. Use the EPA website for monitoring at <https://gps.epa.gov.tw/gpszone/>.

● **Waste Treatment Status of Each Factory**

The waste produced by each factory is disposed of off-site. The produced waste and recyclables are temporarily stored in the factory according to the transportation and disposal plan. And reported online within the specified time.

➤ **Hsinchu Factory**

The main wastes of the Hsinchu factory are scrap iron, submerged arc welding slag and industrial wastes. Currently, scrap iron is entrusted to recyclers for recycling, and the submerged arc welding slag is delivered to flux suppliers for recycling and reprocessing into welding flux.

Before signing the contract for the outsourced removal and disposal of factory waste, it is necessary to confirm whether the entrusted cleaning and transportation enterprise has the clearance and transportation registration license issued by the competent authority. After clearing and processing, report the production, storage, clearing and disposal of industrial waste through the Internet, and the information is declared for three years.

Industrial Waste		
Item	Declared Weight (ton)	Waste Disposal
D-0299 Mixed plastics	2.70	Incineration
D-0699 Mixed paper	2.50	
D-0799 Mixed wood	13.63	
D-1801 General refuse	20.87	
Resource Recycling Waste		
Item	Declared Weight (ton)	Waste Disposal
R-1301 Iron scrap	1,900.71	Recycling
R-1104 Submerged arc welding	300.74	

➤ **Xinying Factory**

All wastes generated by the Xinying factory are non-hazardous wastes. The main wastes are iron scrap, submerged arc welding slag and industrial wastes. Currently, scrap iron is entrusted to recyclers for recycling, and the submerged arc welding slag is delivered to flux suppliers for recycling and reprocessing into welding flux.

In addition, qualified transporters cooperate with the company's output status to regularly remove Industrial wastes and perform outsourced processing in accordance with the law.

Industrial Wastes		
Item	Declared Weight (ton)	Waste Disposal
D-0299 Mixed plastics	1.53	Incineration
D-0699 Mixed paper	1.21	
D-1801 General refuse	70.71	
D-0899 Fiber, cotton, cloth and other mixed waste	0.02	
Resource recycling waste		
Item	Declared weight (ton)	Waste disposal
R-1301 Iron scrap	6,272	Recycling
R-1104 Submerged arc welding	417.71	

➤ **Kaohsiung Factory**

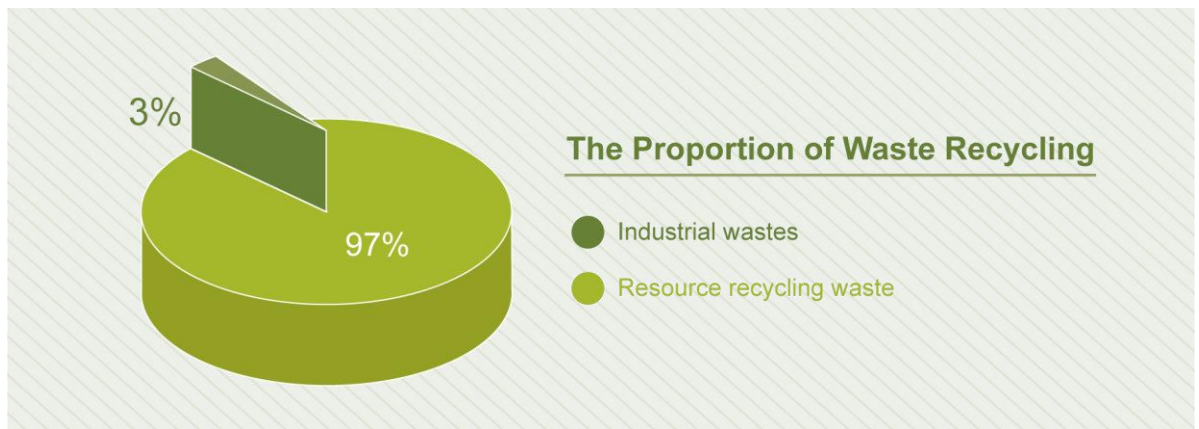
All wastes generated by the Kaohsiung factory are non-hazardous wastes. The generated wastes are recycled, reused and classified and stored in accordance with the law, and legal professional removal and disposal manufacturers are entrusted to carry out waste treatment in accordance with the laws and regulations of the competent authority. Various waste disposals are also tracked and inspected irregularly (at least once a year) by the responsible unit, and the vehicle is followed to confirm the flow of waste to ensure the legality and safety of the final disposal.

After the Kaohsiung factory waste is produced, it is classified according to regulations and properly stored in designated places. It is reported to the IWR&MS of the Environmental Protection Agency to facilitate the management and control of the flow of removal and treatment. After the declaration, it is confirmed that the disposal manufacturer provides a proper disposal report in accordance with regulations.

Industrial Waste		
Item	Declared Weight (ton)	Waste Disposal
D-1801 Domestic refuse	31.04	Incineration
D-0799 Mixed wood	19.77	
D-0299 Mixed plastics	4.96	
D-0902 Inorganic sludge	82.23	Physical-Treatment Processes
Resource Recycling Waste		
Item	Declared Weight (ton)	Waste Disposal
R-1301 Iron scrap	49.32	Recycling

The total waste output of EGST in 2021 was 9,191.65 tons, the annual output of final disposal waste was 251.17 tons, the total amount of waste resources was 8,940.48 tons, and the waste recovery rate reached 97% (scrap iron + submerged arc welding slag), more than meeting the EPA's 85% annual recovery target.

Industrial Wastes	Declared	Industrial Wastes
Domestic refuse	122.62	Incineration
Mixed plastics	9.19	Incineration
Mixed wood	33.40	Incineration
Mixed paper	3.71	Incineration
Fiber, cotton, cloth and other mixed waste	0.02	Incineration
Inorganic sludge	82.23	Physical-Treatment Process
<b>Subtotal</b>	<b>251.17</b>	
Resource Recycling Waste	Declared Weight (ton)	Waste Disposal
Iron scrap	8,222.03	Recycling
Submerged arc welding	718.45	Recycling
<b>Subtotal</b>	<b>8,940.48</b>	
<b>Total</b>	<b>9191.65</b>	



# 05

## Friendly Workplace

5.1 Employee Policies and Overview

5.2 Employee Development and Training

5.3 Employee Care



## Chapter 5 Friendly Workplace



### Corresponding Material Topics

Labor relations, occupational safety and health, training and education



### Major Reasons and Purposes

- All systems of the Company are implemented on the basis of reasonableness. The attendance, leave, and retirement of employees shall be processed in accordance with the Labor Standards Act.
- To effectively manage the Company's occupational health and safety and fulfill the requirements of laws and regulations, we implement responsible occupational health and safety management to reduce risks and improve the safety of employees in the manufacturing process.
- The Company attaches great importance to employee education and training. We provide comprehensive education and training to cultivate outstanding employees, help them acquire the necessary knowledge/skills for work, obtain relevant certificates, and attend refresher training to enhance the operations of the Company.



### Policies

- The Company's Occupational Safety and Health Policy is "safety first, eliminate hazards, education and training, health and safety".
- We offer professional courses and language courses for different fields.



### Commitment

- The Company prohibits the use of child labor, and the basic salary of employees is never lower than the statutory minimum wage. The Company does not allow unequal treatment or any form of discrimination based on gender, sexual orientation, ethnicity, age, marital status, family status, language, religion, party affiliation, physical appearance, or mental or physical disability of individual. We also offer allowances and performance bonuses based on academic records as well as professional skills and experience.
- The Company complies with Taiwan's occupational safety and health regulations.



### Goals

- **Short-term goals:**
  - I 0 cases/year of deaths due to occupational accidents in factories; 0 cases/year of deaths due to occupational accidents at construction sites.
  - II Fewer than 2 cases/year of hospitalization due to injuries in factories; fewer than 2 cases/year of hospitalization due to injuries at construction sites.
  - III Operating environment tests (dust, noise, organic solvents, central air conditioning) pass rate was 100%.
  - IV Safety and health supervisor (section-level manager) certification rate was 100%.
  - V 2 or more health talks/year (1.5 hours/talk).
  - VI 1 health promotion activity/year (e.g., blood donations, health examinations, vaccinations, and other physical and mental health promotion activities).
  - VII Fewer than 10 cases/year of minor injuries/property damage in factories; fewer than 7 cases/year of minor injuries/property damage at construction sites.
- **Medium to long-term goals:**
  - I Zero occupational accidents.
  - II Employees have equal opportunities for training regardless of their gender, which helps employees participate in internal or external professional training courses related to their work.
  - III We implement training to ensure employees' ethical corporate management and compliance awareness.





**Responsible Units**

- The Human Resources Department is responsible for the management of labor relations and training.
- The Company has set up dedicated units for safety and health management tasks and the Occupational Safety and Health Department serves as the management representative. To ensure full implementation of safety and health management tasks, the Company established the "Occupational Safety and Health Management Regulations" and set up the "Occupational Safety and Health Committee" in accordance with regulations to provide recommendations on the Company's proposed safety and health policies. It also discusses, coordinates, and recommends safety and health measures.



**Grievance Mechanism**

- According to the Company's complaint handling measures, employees may appeal to supervisors at all levels and local government agencies or personnel for non-compliance with the Labor Standards Act, Occupational Safety and Health Act, Employee Welfare Fund Act, Labor Insurance Act, Labor Inspection Act, Employment Service Act and other labor-related laws and regulations. The Company also established an independent whistleblowing mailbox (comment@evergreenet.com) for internal and external personnel of the Company.
- The Company established the "Occupational Safety and Health Committee" in accordance with laws. It provides recommendations for safety and health policies, and reviews, coordinates and recommends safety and health measures. Committee members at all levels consist of occupational safety and health personnel, department supervisors, engineering and technical personnel related to occupational safety and health, medical personnel, and labor representatives. Committee members include both the employer and employees, and the Committee serves as a platform for coordination and communication between the employer and employees to protect the safety and health of the workers. Employees can also use face-to-face meetings, telephone, emails, and other channels to file complaints to the Occupational Safety and Health Department of the Company.



**Concrete Actions**

- The Company respects and cares for its employees and does not permit any form of forced labor. We also provide a stable salary and benefit system for all full-time employees, and assist employees in career planning by providing language, professional, and internal training. We also provide a promotion assessment system for each job grade to cultivate professional talents at all levels based on future organizational development needs to ensure the sustainable development of the Company.
- The Company has introduced the ISO 45001 and CNS 45001 management systems to effectively manage occupational safety and health issues.



**Management Evaluation**

- All systems of the Company are reasonable and institutionalized. We follow related regulations in the Labor Standards Act and maintain good labor relations between the Company and employees. We also established several employee communication channels and distribute year-end bonuses based on the Company's annual business performance and employees' personal performance to reward and motivate employees.
- The Company implements internal audits, external audits, and management reviews of the occupational safety and health management system each year in accordance with ISO 45001 and CNS 45001 standards to evaluate the effectiveness of the PDCA cycle.
- Each unit implements quarterly progress reviews in accordance with the annual training plan, and adjusts its response measures where necessary to implement the plan and improve the overall training effectiveness without affecting the operations of the Company or factories.



### Actions and Performance

- 0 cases/year of deaths due to occupational accidents.
- Fewer than 4 cases/year of hospitalization due to injuries.
- Operating environment tests (dust, noise, organic solvents, central air conditioning) pass rate was 100%.
- Safety and health supervisor (section-level manager) certification rate was 100%.
- Organized 2 health talks and 1 health promotion activity.
- 14 near-miss incidents.
- The Company provides diverse training programs including orientation training for new employees, general training, professional training, and management training. We offer diverse learning resources to help employees improve their professional skills and develop their potential. We also strengthen employees' continuous employment potential and assist in professional competency management and lifelong learning programs.

## 5.1 Employee Policies and Overview

Employees are the most important assets of the Company and one of the main forces powering the growth of the Company. The Company aims to create an environment with two-way communication and high-quality compensation to attract talent, fulfill the needs of employees, and protect the basic human rights of employees and all stakeholders. Evergreen Steel supports and complies with the United Nations Universal Declaration of Human Rights, respects internationally recognized fundamental human rights, formulates human rights policies, and implements human rights protection in accordance with the guiding principles of the aforementioned institutions. There were no cases of the use of child labor or forced labor in 2021.

### 5.1.1 Manpower Structure

As of the end of December 2021, the Company had 553 employees and does not have temporary or part-time employees. Most employees are between 30 and 50 years old and male employees account for 80%. 100% of the supervisors in management roles have Taiwanese nationality and were promoted from entry level. They receive training on rotations based on organizational and business requirements. The Company hires sufficient numbers of people with disabilities and indigenous peoples in accordance with regulations. We comply with occupational safety and health regulations in Taiwan and foreign countries as well as the Labor Standards Act for labor-related matters. We do not permit discrimination against employees and indigenous peoples and there have been no violations of employees' human rights. As of the end of December 2021, the Company had appointed 4 employees with disabilities and 6 employees with indigenous peoples status.

The total number of employees is provided in the table below (by factory, gender, and age):

Item/Gender	Male			Female			Total	Ratio (%)
	Under 30 Years Old	30-50 Years Old	Over 50 Years Old	Under 30 Years Old	30-50 Years Old	Over 50 Years Old		
Management Department	3	9	15	7	5	9	48	9%
Hsinchu Factory	10	41	14	4	8	0	77	14%
Xinying Factory (including construction sites)	64	188	67	19	49	3	390	70%
Kaohsiung Factory	1	16	14	0	3	4	38	7%
Total	78	254	110	30	65	16	553	100%
Ratio (%)	14%	46%	20%	5%	12%	3%	100%	-

Note: The Company only has full-time employees and does not have temporary or part-time employees.

The employment status of each category of employee is shown in the table below (by gender, job title, indigenous peoples status/disabilities, and workplace statistics):

		Male	Ratio (%)	Female	Ratio (%)	Total	Ratio (%)
Job Role	Management (executives ranked managers and above)	25	83%	5	17%	30	5%
	Regular Employees	417	80%	106	20%	523	95%
Indigenous Peoples	Yes	5	1%	1	0%	6	1%
	No	437	79%	110	20%	547	99%
Persons with Disabilities	Yes	4	100%	0	0%	4	1%
	No	438	80%	111	20%	549	99%
Workplace	Northern Taiwan	92	81%	22	19%	114	21%
	Hsinchu	66	85%	12	15%	78	14%
	Xinying	253	78%	70	22%	323	58%
	Kaohsiung	31	82%	7	18%	38	7%

### 5.1.2 Talent Recruitment and Turnover

The Company upholds the principles of gender equality and non-discrimination. Our recruitment policy does not permit discrimination based on gender, race, age, marital and family status and we do not allow the use of child labor. When new employees report for duty, we provide pre-employment training, which includes an introduction of the work environment of each department and organization, business philosophy and professional ethics of the corporate culture, ethical corporate management and code of conduct, description of the management system and welfare in important HR rules and human rights policies, information system operations, occupational safety and health, and other basic guidelines to help new employees learn and adapt to the work environment. From January to December 2021, 67 employees reported for duty including foreign employees. Among them are 19 female employees and 48 male employees.

#### Number of new hires in the last three years (by gender):

Year	2019		2020		2021	
Gender	Male	Female	Male	Female	Male	Female
Subtotal	36	16	36	3	48	19
Total	52		39		67	
Total Number of Employees	526		533		553	
Total New Hire Rate (%)	9.9%		7.3%		12.1%	

#### Total employee turnover in the last three years (by region, gender, and age):

Region		Year	2019		2020		2021	
	Age/Gender		Male	Female	Male	Female	Male	Female
Management Department	Under 30 Years Old		2	0	4	0	1	0
	30-50 Years Old		0	0	2	0	0	0
	Over 50 Years Old		1	0	0	0	1	1
	Subtotal		3		6		3	
Hsinchu Factory	Under 30 Years Old		2	0	1	1	0	0
	30-50 Years Old		2	0	4	0	5	1
	Over 50 Years Old		1	0	4	0	3	0
	Subtotal		5		10		9	
Xinying Factory	Under 30 Years Old		7	1	18	1	11	1
	30-50 Years Old		8	2	10	1	16	1
	Over 50 Years Old		3	0	1	0	3	1
	Subtotal		21		31		33	
Kaohsiung Factory	Under 30 Years Old		0	0	0	0	1	0
	30-50 Years Old		0	0	1	0	0	0
	Over 50 Years Old		3	0	3	0	1	0
	Subtotal		3		4		2	

Region \ Age/Gender		2019		2020		2021	
		Male	Female	Male	Female	Male	Female
All Employees	Under 30 Years Old	11	1	23	2	13	1
	30-50 Years Old	10	2	17	1	21	2
	Over 50 Years Old	8	0	8	0	8	2
	Total	32		51		47	
Total Number of Employees		526		533		553	
Total Turnover Rate (%)		6.1%		9.6%		8.5%	

**5.1.3 Salary and Benefits**

The basic salary of employees of the Company is never lower than the statutory minimum wage. The salary is determined by academic records as well as professional skills and experience, but is not determined by gender, region, ethnicity, or political views. The Company sets the appropriate salary structure for different professional ranks. All salaries, allowances, performance bonuses, etc. are provided in accordance with the standards set in the Labor Standards Act. We regularly survey the salaries in the industry to ensure that the overall salary of the Company is in line with the market standard and thus maintain competitiveness in regards to salary. If the Company makes a profit in the year, we pay remuneration to employees in accordance with laws. We also distribute year-end bonuses based on the Company's annual business performance and employees' personal performance to reward and motivate employees.

**2021 salary ratio table:**

	Gender (Male to Female)	Local Minimum Wage (The Company's Salary to the Local Minimum Wage)
Average Salary of Non-management Employees	1:1	1.63:1

**Note:**

1. Male and female employees receive equal pay for equal work and the ratio is 1:1.
2. Local minimum wage (statutory minimum wage): NT\$24,000 in 2021.
3. Administration employees do not include foreign employees.





## Overview of the average salary of the Company's non-management employees:

Item	2020	2021	Difference (Difference between 2021 and 2020)
Number of Full-time Non-management Employees	528	520	(8)
Total Salary of Full-time Non-management Employees	NT\$416,283,914	NT\$479,382,657	NT\$63,098,743
Average Salary of Full-time Non-management Employees	NT\$819,457	NT\$921,890	NT\$102,433
Median Salary of Full-time Non-management Employees	NT\$822,000	NT\$891,789	NT\$69,789

Note 1. "Non-management": Refers to a regular employee who is not included in the definitions of "manager" based on the regulations of the competent authority. The scope is consistent with the disclosure regarding insiders (managers) in the Company's filing and the annual report for the shareholders' meeting.

Note 2. "Full-time employees": Refers to those who work the normal working hours or legal working hours stipulated by the Company and does not include part-time employees.

Note 3. "Total salary": Refers to employees' total income from salary recognized when they are due on an accrual basis. It includes recurring salary (basic salary and fixed monthly allowances and bonuses), overtime pay (whether taxable or tax-exempt), and non-recurring salary (allowances, bonuses, employee compensation, etc. not distributed on a monthly basis), but does not include severance pay and pension. Except for the employee remuneration (cash or stocks) distributed in accordance with the Company's Articles of Incorporation which must be included in the total salary, the estimated share-based payments (e.g., transfer or employee subscription warrants to employees) are not included.






Note 4. The figures in the table above were calculated based on the employees' salaries in 2020 and 2021.


### 5.1.4 Diverse Benefits

- **Employee Benefits**

Work-life balance is a crucial issue for employees and companies. Companies must consider how to create a comfortable work atmosphere and smooth communication channels to form a friendly workplace that relaxes employees' hearts and minds and fosters teamwork. All systems of Evergreen Steel must be implemented on the basis of reasonableness. The attendance, leave, and retirement of employees are processed in accordance with related regulations of the Labor Standards Act. We also distribute year-end bonuses based on the Company's annual business performance and employee performance evaluations. The Company has maintained good labor relations with reasonable and institutionalized HR and benefits systems. The labor-management agreements and employee benefits protection measures are as follows:

**Employee Benefits:**

Item	Description
 <p><b>Leave</b></p>	<p>Weekends (for employees who are required to take shifts due to business requirements, the days off are not always on Saturdays and Sundays). Paid leave: Employees may apply for paid leave after they work at the Company for six months. The number of days of paid leave increases with seniority.</p>
 <p><b>Insurance</b></p>	<p>Labor insurance, national health insurance, group accident insurance, employees' medical insurance for foreign travel hospitalization and injuries, and discounts for group life insurance policies.</p>
 <p><b>Employee Meals</b></p>	<p>The Company provides free nutritious and healthy lunches and meals (or expense payments) for overtime work.</p>
 <p><b>Healthcare</b></p>	<p>The medical unit provides medical consultations and general medical care as well as free regular health examinations.</p>
 <p><b>Recreation</b></p>	<p>Employees receive discounts on domestic airline tickets and discounts on domestic flights of UNI Airways and discounts for hotels at domestic and foreign destinations.</p>
 <p><b>Business Performance Bonus</b></p>	<p>Onsite work performance bonus, year-end bonus, and employee remuneration.</p>
 <p><b>Laundry</b></p>	<p>Evergreen Airline Services provides discount laundry services.</p>

Item	Description
 <p data-bbox="248 356 523 465"><b>Benefits Provided by the Employee Welfare Committee</b></p>	<p data-bbox="557 304 1414 398">Marriage/funeral gift money and subsidies, consolation for injuries and illnesses, gifts/gift money for festivals, birthday gift money, subsidies for group travel, and subsidies for language training.</p>

### Evergreen Steel Employee Activities in Past Years



- #### Pension System

The Company has established the "Supervisory Committee of Workers' Retirement Reserve Fund" for the employee retirement system. It was approved in the Taoyuan County Government (1987) Fu-She-Lao-Zi No. 10389 Letter (府社勞字第 10389 號函). The Company established the "Employee Retirement Regulations" and appropriates 6% of the employees' total monthly salary to the dedicated account in the Bank of Taiwan as the pension reserve fund in accordance with Article 2 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.

According to the Labor Pension Act, the employer shall pay 6% of the employees' monthly salary as the pension reserve fund to the employees' personal pension account for all employees who opt for the pension system under the Act starting from July 1, 2005.

- #### Parental Leave

The Company provides employees with parental leave in accordance with the Labor Standards Act. Employees that meet the criteria of being employed at the Company for at least one year, having children under the age of three, and having a spouse currently employed may apply for unpaid parental leave (up to 2 years). The Company shall retain the position for the employee during the unpaid parental leave, and employees may also apply for reinstatement after the expiry of the parental leave. All regulations regarding employees' unpaid parental leave are established in accordance with government regulations.

The applications for unpaid parental leave and reinstatements in the last three years are shown in the table below:

Gender/Total	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Employees Eligible for Parental Leave	5	1	6	7	3	10	11	1	12
Number of Applicants for Unpaid Parental Leave in the Current Year (A)	1	1	2	0	1	1	0	1	1
Number of Employees Reinstated from Unpaid Parental Leave in the Current Year (B)	1	1	2	0	0	0	0	0	0
Actual Number of Employees Reinstated from Parental Leave in the Current Year (C)	1	0	1	0	0	0	0	0	0
Actual Number of Employees Reinstated from Parental Leave in the Previous Year (D)	0	2	2	1	0	1	0	0	0
Number of Employees Reinstated from Parental Leave in the Previous Year and Have Worked Continuously for at Least One Year (E)	0	2	2	1	0	1	0	0	0
Reinstatement Rate After Parental Leave in the Current Year % (C/B)	100%	-	50%	-	-	-	-	-	-
Retention Rate after Parental Leave in the Current Year % (E/D)	-	100%	100%	100%	-	100%	-	-	-

Note: One female employee did not opt for reinstatement in 2019 and one female employee who applied for leave in 2020 is expected to be reinstated in 2022.

## 5.2 Employee Development and Training

### 5.2.1 Talent Cultivation

The Company attaches great importance to the physical and mental health of employees, workplace safety, environmental protection, and employee compliance with moral codes and workplace ethics. We have created a comprehensive training system to provide employees with sufficient training. We cultivate excellent employees with the comprehensive training system to ensure smooth operations of the Company. As employees are the most important assets of the Company, we value their rights and opinions and pay special attention to their safety and health. The Company always pays attention to the safety and health of the work environment, and takes care of the employees

in all aspects to cultivate employees and help them develop and improve themselves. We want employees to be happy at work and pursue their personal development so that we can make Evergreen Steel a happy enterprise with harmonious labor relations.

The Company provides diverse training programs including orientation training for new employees, general training, professional training (training for business requirements and training organized for specific activities), and management training.

We plan courses each year for employees to participate in internal and external professional training related to their work. Employees improve their professional skills through professional training and help the Company win contracts, contractor qualifications, and professional certifications. We offer diverse learning resources to help employees improve their professional skills and develop their potential. We also strengthen employees' continuous employment potential and assist in professional competency management and lifelong learning programs.

#### ● Employee Education, Training, and Implementation Status

(1) Pre-employment training for new employees:

The program is organized by the Human Resources Department. When new employees report for duty, we provide pre-employment training, which includes an introduction to the organization and work environment of each department, business philosophy and ethics, description of the management system, welfare system and important HR rules, information system operations, occupational safety and health, and other basic guidelines to help new employees learn and adapt to the work environment.

(2) On-the-job training for employees of each department:

To support the Company's long-term development, business requirements of each unit, and the regulatory requirements for employees of different professional practices, each department formulates the employee training plan and budget for the following year at the end of each year, and implements them after obtaining approval. The courses include general courses and professional and management competency training. Each unit implements regular quarterly progress reviews in accordance with the annual training plan, and adjusts its response measures where necessary to implement the plan and improve the overall training effectiveness.

(3) Risk management, occupational safety and health, and health talks:





The Occupational Safety and Health Management Department, Supervisor Department (Supervisory Section), and medical units will, from time to time, organize seminars and drills for traffic safety, first aid, and fires/earthquakes as well as health talks on healthcare, food safety, and stress relief.

(4) Language training subsidies:

The Company provides subsidies for training expenses to encourage employees to improve their language skills. The Company also provides every employee with subsidies for one TOEIC test in accordance with the internal promotion system.



## ● Annual Training Performance

Course Type	Description	2021
 <p><b>Professional Competencies</b></p>	Courses in professional fields of each unit, necessary knowledge/skills for work, relevant certificates, refresher training, etc.	<b>384</b> person-times
 <p><b>Management Competencies</b></p>	Management knowledge, leadership, communication and coordination, problem-solving skills, etc.	<b>97</b> person-times
 <p><b>Safety and Health</b></p>	Including occupational safety, first aid, fire safety, traffic safety, and health talks.	<b>267</b> person-times
 <p><b>Corporate Governance</b></p>	Including ethics, internal control and management, information security, law, and risk management.	<b>430</b> person-times
 <p><b>Language Training</b></p>	Advanced courses/training for English, Japanese, and other foreign languages.	<b>17</b> person-times
 <p><b>Pre-Employment Training for New Employees</b></p>	Department organization, business philosophy and professional ethics of the corporate culture, ethical corporate management, HR benefit system, information system, and occupational safety and health guidelines.	<b>67</b> person-times
<b>Trainees that Completed Training (Trainees)</b>		<b>1,262</b> person-times
<b>Total Training Man-Hours</b>		<b>2,539.5</b> hours
<b>Total Training Expenses</b>		<b>NT\$803,224</b>

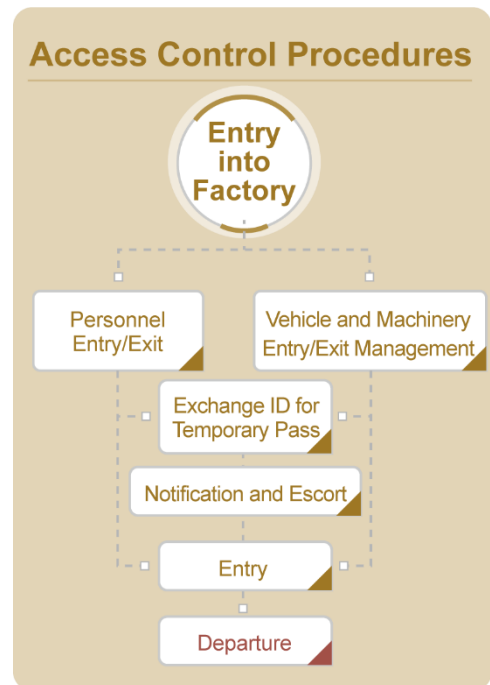
- **Performance Management and Development**

We evaluate the work skills, work performance, and conduct of employees in a fair, impartial, and reasonable manner. The Company requires supervisors of each level to produce records of their employees' work, conduct, and service attitude on a regular basis and implement the performance evaluations in March and September each year to review the results. The performance evaluation results of all employees are sorted by employee level with no gender-based differentiation. All evaluation results are kept by the HR unit as confidential documents, and are not disclosed except with the knowledge of the evaluator and the HR supervisor. The evaluation results are used as references for promotions, salary adjustments, and distribution of the year-end bonus, and used as an important basis for talent cultivation and support for employee development.

- **Security System**

Evergreen Steel has appointed Evergreen Security Corp., part of the Evergreen Group, to oversee guard duties and security operations. The operations and hiring of the company comply with related regulations of the government and human rights laws. The two parties have signed a contract for professional security operations and signed the "Supplier/Contractor Corporate Sustainability Commitment", which requires Evergreen Security Corp. to abide by requirements and regulations for ethical corporate management, protection of basic human rights, and sustainable development.

The Company established access control procedures to enhance the Company's access control management, ensure the security of personnel, facilities, and properties, and prevent hazardous incidents.





### Guard Posts

The Company has set up guard posts at entry points in factories (including office buildings) to manage the entry and exit of vehicles and personnel.



### Surveillance

The Company installed surveillance cameras at all entries for security monitoring of buildings and sites to prevent unauthorized entry into the factory.



### Personnel Entry/Exit

Personnel (including employees, contract employees, and construction supervisors) are required to wear employee badges, contractor work passes, or factory passes. Visitors must cooperate at registration and exchange an ID document for a visitor's pass, and must be escorted at entry to verify their identity.



### Vehicle and Machinery Entry/Exit

The Company prepares (temporary) vehicle passes for the identification of vehicles in factories. Vehicles that are parked in the factories must show the pass before entry and other vehicles must apply for the pass onsite. All vehicles must be parked in designated parking areas. Security personnel check vehicles entering or exiting the premises from time to time. Drivers of mobile cranes, aerial work vehicles, diggers (magnetic lifting machine), etc. are requested to apply for (temporary) vehicle passes onsite. If machinery in the factory is removed from the factory area, the authorizing individual of the unit is required to sign a General Item Release Form to be delivered to the guard room for signature and confirmation.



### Package and Mail

All packages and mail delivered are signed for, inspected, and registered by the security personnel, who also notify the general affairs personnel to pick them up at the guard room for distribution to the official document cabinets of the units. If the security personnel discover a suspicious package or mail, they notify related units immediately and notify police if necessary.

- **Training for Security Personnel**

Security personnel of Evergreen Security Corp. are required to pass written examinations and interview screening and receive basic and professional training after being hired (including human rights policy and relevant regulations). All new employees take a full range of courses, receive physical and skills training, and obtain information on relevant laws and regulations as well as case studies provided by the head office to acquire professional knowledge. In addition to training of new employees, the Company also provides annual training and courses on traffic control, fire safety and disaster prevention, etiquette, cardiopulmonary resuscitation (CPR), first aid wound dressing, countermeasures for earthquakes, burglary and robbery prevention, threat management, terrorist activity prevention, security and labor safety and health regulations to improve their capabilities. We also require security personnel to receive professional training regarding identifying suspicious goods and persons and to retain records.

**Counter-terrorism Training**



**Professional Training**



**Pre-employment Training**



### 5.3 Employee Care

#### 5.3.1 Occupational Safety and Health System

Evergreen Steel upholds its commitment to protecting employee safety and health and has established an occupational safety and health management system, which covers the workers in the Xinying Factory, Hsinchu Factory, and the construction sites of Evergreen Steel. We also passed the OHSAS 18001 & CNS 15506 occupational safety and health management system verification in 2015. In 2019, we completed the OHSAS 18001 conversion to ISO 45001 & CNS 45001 verification. We conduct internal and external audits once a year to confirm the implementation and effectiveness of the management system, and continuously use the system PDCA operation to improve safety and health performance and create a safe, healthy, and friendly work environment for employees.



Evergreen Steel Occupational Safety and Health Certification

ISO 45001:2018

(Valid period: December 25, 2019 to December 24, 2022)

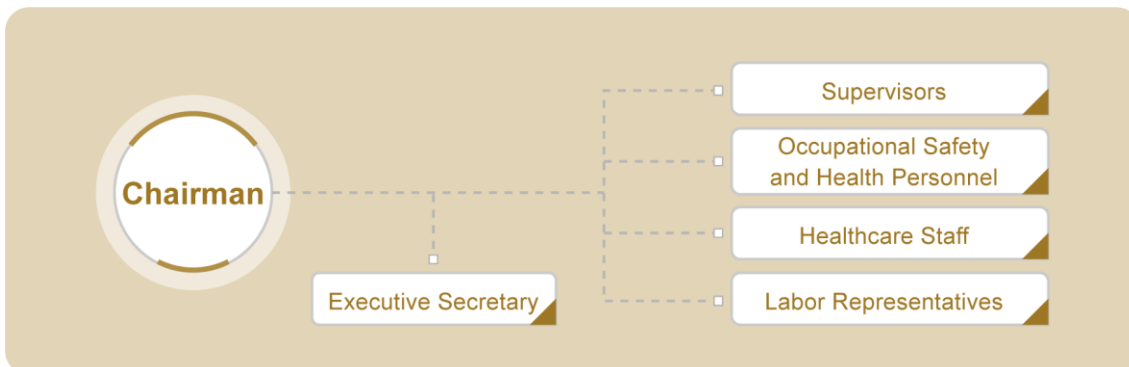


Occupational Safety and Health Management

Evergreen Steel upholds its commitment to preventing work-related injuries and health hazards to provide a safe and healthy work environment and assumes responsibility and accountability for all activities. The Company has established an occupational safety and health management system, which covers the workers in the Xinying Factory, Hsinchu Factory, and the construction sites of Evergreen Steel. We also passed the OHSAS 18001 & CNS 15506 occupational safety and health management system verification in 2015. In 2019, we completed the OHSAS 18001 conversion to ISO 45001 & CNS 45001 verification. We conduct internal and external audits to confirm the implementation and effectiveness of the management system, and implement the system PDCA operation to improve safety and health performance.

Occupational Safety and Health Management Committee

The Company established the "Occupational Safety and Health Management Regulations" and the "Occupational Safety and Health Committee" to fully implement safety and health management. It provides recommendations for safety and health policies, and reviews, coordinates and recommends safety and health measures. Committee members at all levels consist of occupational safety and health personnel, department supervisors, engineering and technical personnel related to occupational safety and health, medical personnel, and labor representatives, who account for more than one-third of all Committee members. The Committee serves as a platform for coordination and communication between the employer and employees to protect the safety and health of the workers. Meetings are convened once every three months. The composition and structure of the Committee are as follows:





- **Occupational Safety and Health Training**

Evergreen Steel assigns employees to attend seminars and training programs organized by government agencies to enhance their understanding of relevant regulations and trends in occupational safety and health management. The Company organizes safety and health training programs each year. We provide training for employees and arrange quarterly safety and health training for foreign migrant workers. We also organize workplace hazard awareness campaigns for all employees.

Evergreen Steel Occupational Safety and Health Training	
Training	Implementation Method
Safety and Health Training for New Employees	Internal Training
Initial Training and Refresher Training for Occupational Safety and Health Supervisors	External Training
Initial Training and Refresher Training for Occupational Safety/Health Management Officers	External Training
Initial Training and Refresher Training for Occupational Safety/Health Management Personnel	External Training
Initial Training and Refresher Training for Operators of Fixed Cranes or Mobile Cranes with a Hoisting Capacity of 3 Tons or More	Appoint External Instructor to Provide Internal Training or External Training
Initial Training and Refresher Training for Operators of Forklifts with a Capacity of 1 Ton or More	Appoint External Instructor to Provide Internal Training or External Training
Initial Training and Refresher Training for First-Aid Personnel	External Training
Initial Training and Refresher Training for Fire Safety Management Personnel	External Training
Initial Training and Refresher Training for Organic Solvent Operation Supervisors	External Training
Initial Training and Refresher Training for Dust Operation Supervisors	External Training
Initial Training and Refresher Training for Oxygen-Deficient Operation Supervisors	External Training
Initial Training and Refresher Training for High-Pressure Gas Supply and Consumption Operation Supervisors	External Training
Initial Training and Refresher Training for Specific High-Pressure Gas Equipment Operator	External Training

- **Hazard Identification and Risk Assessment**

Evergreen Steel established safety and health assessment criteria based on the ISO 45001 & CNS 45001 occupational safety and health management system. The hazard identification and risk assessment for each unit is implemented by the unit supervisor and qualified personnel with professional training. They review and propose improvement or control measures at the end of each year. If there is a change in the equipment or process, if there is an occupational accident, or if it is necessary to implement corrective measures for non-compliance, hazard identification and risk assessment will be conducted again to ensure that the risks are controlled within a tolerable range. Since near-miss incidents are an important indicator of potential risks, if an occupational accident occurs, the Company shall activate the occupational safety and health management system to report the accident, investigate the cause, implement corrective and improvement measures, and continue to track and verify the effectiveness of improvements.

To eliminate potential risks and improve the safety and health management performance, Evergreen Steel has established the "Factory Safety and Health and 6S Implementation Reward and Punishment Regulations" to encourage employees to actively uncover issues, improve the work environment, and fulfill their safety and health management responsibilities. When employees discover imminent danger in the performance of duties, employees may, pursuant to Article 18 of the Occupational Safety and Health Act, under conditions in which the safety of other workers is not jeopardized, suspend operations and evacuate to a safe location and immediately report to their direct supervisor.

- **Accident Investigation**

The occupational safety and health management unit established the "Safety and Health Anomaly Management Procedures" for Evergreen Steel to manage the employees or contractors of the factory in the emergency response and follow-up investigation of occupational safety and health accidents to reduce losses from accidents and prevent the recurrence of similar accidents. In the event of an occupational safety accident, the unit where the accident occurred, on-duty personnel, and the individual who discovered the accident shall report to the supervisor by means of the telephone or a verbal report. The supervisor shall proceed with occupational accident reports or report to more senior executives. After the accident, the unit where the accident occurred shall fill out an accident report and propose accident analysis and correction/improvement measures to prevent similar accidents from recurring.

- **Occupational Hazard Statistics**

The Company aims to achieve zero occupational injuries in its occupational accident management. The target is used as the basis for improving safety activities in the factory. We also present monetary rewards and certificates to support zero-accident activities and commend units with outstanding performance to continue to reduce the disabling injury frequency rate and disabling injury severity rate. In 2021, there were no occupational accidents involving employees and non-employees in the headquarters in Taipei and Kaohsiung Factory; there were no occupational accidents for non-employees in the Hsinchu Factory. The number of employees with severe occupational injuries (excluding fatalities) and fatalities caused by occupational injuries was 0; the number of employees with severe occupational injuries in the Xinying Factory was 0; and the number of fatalities and severe occupational injuries (excluding fatalities) caused by non-employee occupational injuries in the Xinying Factory was 0.

- **Statistics on Total Work Hours and Occupational Hazards of Evergreen Steel in the Past Three Years**

- **Hsinchu Factory**

- ◆ **Employees**

Category	Item	2019	2020	2021
Total Work Hours	Total Work Hours of Female Employees	25,650	48,208	49,251
	Total Work Hours of Male Employees	152,478	291,288	318,293
	Total Work Hours	178,128	339,496	367,544
Number of Recordable Occupational Injuries (including fatalities and severe occupational injuries)	Total Occupational Injuries of Female Employees (Cases)		0	0
	Total Occupational Injuries of Male Employees (Cases)		1	1
	Total Occupational Injuries (Cases)	0	1	1
Recordable Occupational Injury Rate (including fatalities and severe occupational injuries)	Occupational Injury Rate of Female Employees		0	0
	Occupational Injury Rate of Male Employees		3.4330	3.1418
	Total Occupational Injury Rate		2.9455	2.7208

Occupational Injury Category (e.g., fractures, cutting, and bruises)	Occupational Injury Category	Injury of right thumb by suction cup while lifting a steel plate	Left index finger crushed by a steel plate while carrying a steel structure component
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Note 1: Occupational injury-induced death rate = number of deaths caused by occupational injuries/total hours worked \* 1,000,000

Note 2: Severe occupational injury rate = number of severe occupational injuries (excluding fatalities)/total hours worked \* 1,000,000

Note 3: Recordable occupational injury rate = recordable occupational injury rate (including fatalities and severe occupational injuries)/total work hours \* 1,000,000

➤ **Xinying Factory**  
 ◆ **Employees**

Category	Item	2019	2020	2021
Total Work Hours	Total Work Hours of Female Employees	132,928	134,912	138,880
	Total Work Hours of Male Employees	367,040	450,368	456,320
	Total Work Hours	499,968	585,280	595,200.
Fatalities Caused by Occupational Injuries	Female Fatalities (Cases)		0	
	Male Fatalities (Cases)		1	0
	Total Fatalities (Cases)		1	
Number of Recordable Occupational Injuries (including fatalities and severe occupational injuries)	Total Occupational Injuries of Female Employees (Cases)	0	0	0
	Total Occupational Injuries of Male Employees (Cases)		2	2
	Total Occupational Injuries (Cases)		2	2
Death Rate Caused by Occupational Injuries	Female Death Rate Caused by Occupational Injuries		0	
	Male Death Rate Caused by Occupational Injuries		2.2204	0
	Total Death Rate Caused by Occupational Injuries	0	1.7086	
Recordable Occupational Injury Rate (including fatalities and severe occupational injuries)	Occupational Injury Rate of Female Employees		0	0
	Occupational Injury Rate of Male Employees		4.4408	4.3829
	Total Occupational Injury Rate		3.4172	3.3602
Occupational Injury Category (e.g., fractures, cutting, and bruises)	Occupational Injury Category Description		1.Killed by falling components while lifting the component 2.Sprained ankle when walking	1.Wrist injury when walking and falling 2.Finger bruises without bone fractures when using a hammer

Note 1: Occupational injury-induced death rate = number of deaths caused by occupational injuries/total hours worked \* 1,000,000

Note 2: Severe occupational injury rate = number of severe occupational injuries (excluding fatalities)/total hours worked \* 1,000,000

Note 3: Recordable occupational injury rate = recordable occupational injury rate (including fatalities and severe occupational injuries)/total work hours \* 1,000,000

◆ **Non-employees**

Category	Item	2019	2020	2021
Total Work Hours	Total Work Hours of Female Employees	170,624	160,704	176,576
	Total Work Hours of Male Employees	744,000	734,080	755,904
	Total Work Hours	914,624	894,784	932,480
Number of Recordable Occupational Injuries (including fatalities and severe occupational injuries)	Total Occupational Injuries of Female Employees (Cases)	0	0	0
	Total Occupational Injuries of Male Employees (Cases)	2	2	2
	Total Occupational Injuries (Cases)	2	2	2
Recordable Occupational Injury Rate (including fatalities and severe occupational injuries)	Occupational Injury Rate of Female Employees	0	0	0
	Occupational Injury Rate of Male Employees	2.6882	2.7245	2.6458
	Total Occupational Injury Rate	2.1867	2.2352	2.1448
Occupational Injury Category (e.g., fractures, cutting, and bruises)	Occupational Injury Category Description	1. Left lower leg fractured after falling and hitting a steel structure component 2. Right little finger clamping injury during when sorting chains	1. Finger cut while moving an electric fan 2. Finger crushed when lifting and placing objects with bare hands	1. Burned right hand when touching a high-temperature component by mistake 2. Bone fracture from finger crushing while moving an object with bare hands

Note 1: Occupational injury-induced death rate = number of deaths caused by occupational injuries/total hours worked \* 1,000,000

Note 2: Severe occupational injury rate = number of severe occupational injuries (excluding fatalities)/total hours worked \* 1,000,000

Note 3: Recordable occupational injury rate = number of recordable occupational injury (including fatalities and severe occupational injuries)/total work hours \* 1,000,000



## ● Disaster Risk Management

To strengthen risk management and implement self-management of damage prevention, the Occupational Safety and Health Management Department and the supervision and general affairs unit shall require the asset and equipment users to conduct independent inspections and checks every quarter (in January, April, July, and October) and fill out a damage prevention checklist based on the inspection results. Any anomaly shall be reported and corrected to ensure the normal operations of related electrical, mechanical, and fire-fighting facilities. The Company also requires all relevant units to increase patrols and security operations before long holidays and typhoons to ensure the safety of buildings and workplaces in the Company's factories during holidays and to avoid accidents. The Company also requires all relevant units to increase inspections and tests of fire safety, electrical, and emergency equipment and facilities. The Company has established the following disaster risk management measures to reduce the impact of disasters (rainstorms, typhoons, earthquakes, fires, etc.) and to ensure the implementation of safety policies for employee safety, property integrity, and business continuity:

1. We established the "Disaster Prevention and Emergency Response Plan" as guidelines in case of disasters.
2. We regularly inspect and maintain all building structures, compile records, and regularly report building public safety inspection results in accordance with regulations.
3. The Company organizes damage prevention inspections every three months. We propose recommendations and specify a period for renewed inspections for non-compliant matters.
4. We organize risk management seminars and related training programs each year to increase employees' crisis and risk awareness and response capabilities.
5. We established the information system backup environment to provide more comprehensive, stable, and uninterrupted information system services and ensure the normal operations of all units.
6. We established the independent management system for fire safety equipment to implement routine inspections and maintenance of fire safety facilities and fire safety management. We also execute fire safety equipment inspection reports in accordance with regulations.
7. The building elevator equipment, lightning rod, grounding, and factory electrical systems are all regularly inspected by external service providers.

Damage Prevention Inspections – Self-improvement Results



**Description of current conditions:**

The dust collection equipment on the south side of Building D of the Hsinchu Factory was not equipped with safety protection measures, and there was a risk of falling for personnel who climb up during maintenance operations.



**Improvement measures:**

The Factory used leftover materials to install a ladder with a safety cage and safety barrier, which were completed on July 22, 2021.

We use the aforementioned inspection measures and disaster prevention drills to strengthen employees' awareness of hazards, enhance crisis management response, and reduce and minimize risks and property loss in the event of a disaster.

● **Other Safety Management Measures**

The Company promotes a culture of safety and health for all employees and implements the 6S for "sort, set in order, shine, standardize, sustain, and safety". We organize inspections for factories and construction sites every six months and inspections for offices every year. We assign staff on duty to inspect and record the work areas, environment, buildings, and related facilities in the factories. We use the reward and punishment system to implement and track improvement of defects, and conduct the "Safety and Health and 6S Implementation Contest" for public commendations for units with outstanding performance. We want units to motivate each other and improve the safety and health management standard.

The Company has established the "Construction Site Occupational Safety and Health Reward and Punishment Regulations" and the "Factory Safety and Health and 6S Implementation Reward and Punishment Regulations" as the basis for the evaluation.



Factory Category - First Place in the Occupational Safety and Health Implementation Evaluation



Construction Site Category - First Place in the Occupational Safety and Health Implementation Evaluation



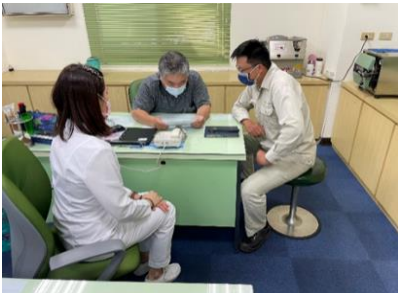



Factory Category - Improvement Award in the Occupational Safety and Health Implementation Evaluation



- **Employee Health Promotion**

Evergreen Steel is committed to creating a healthy work environment and takes care of employees' physical and mental health. We provide labor health protection for employees with services such as health management, occupational disease prevention, and health promotion. The main duties include first aid, health examinations, organizing employee health management and promotion activities, and medical and healthcare services for employees. We use the analysis and evaluation of workers' health screening results to implement tiered management. We also appoint occupational medical personnel to provide onsite labor health protection and occupational injury and disease prevention. They provide personnel of factories with healthcare services and health consultation. The service hours of contracted physicians are 13:30 to 15:30 (2 hours each time) on the first Wednesday of January, April, July, and October every year, totaling 4 times/year. Nurses are available every Wednesday from 13:30 to 15:30 (2 hours each time) 4 times a month. Employees can visit the medical room for health consultations.

Item	Implementation Method
	<ol style="list-style-type: none"> <li>1. We provide information on health and charity seminars organized by the Chang Yung-Fa Foundation to enhance health education for employees. We also provide information on performances of the Evergreen Symphony Orchestra to encourage employees to relax their minds with music.</li> <li>2. We announce relevant healthcare information and preventive health education to remind employees to take care of their own health.</li> <li>3. We play music at 3 p.m. every afternoon to encourage employees to exercise and release their stress.</li> <li>4. To provide employees with more health information, we use e-mails, LINE, or posts on bulletin boards to provide health information and epidemic prevention measures based on current changes for reference by employees.</li> <li>5. Starting from 2021, the Company organizes at least two health talks by occupational physicians and nurses each year.</li> </ol>
Health Education and Health Promotion	<p style="text-align: center;"><b>【 Health talk - Becoming a 21st-century LOHAS office worker 】</b></p> <div style="display: flex; justify-content: space-around;">   </div>
	<p style="text-align: center;"><b>【 Occupational health specialists at factories - Health consultation 】</b></p> <div style="display: flex; justify-content: space-around;">   </div>
Physical/Health Examination for Employees	<p>New employees: Physical examination before hiring                  Current employees: Implement general health examinations in accordance with Labor Health Protection Regulations</p>
First-Aid Personnel and Equipment Management	<ol style="list-style-type: none"> <li>1. Appoint first-aid personnel and prepare sufficient first-aid medical supplies in accordance with regulations.</li> <li>2. Each factory has set up first-aid equipment including an automated external defibrillator (AED).</li> <li>3. We set up a medical room and appointed physicians and nurses to provide medical consultations to enhance employees' health protection.</li> </ol>
Human-Factor Hazard Prevention Plan	<p>We use results of health examinations, existing records, and a musculoskeletal disorder symptom survey to evaluate high-risk employees and provide suitable improvement plans for continuous management and follow-up.</p>
Prevention Project for Diseases Triggered by Excessive Workload	<p>We provide physician interviews and health instructions for high-risk groups and case management, and take measures to maintain the health of workers for additional improvements and follow-up management.</p>
Workplace Maternal Health Protection Project	<p>The Company provides pregnancy and postpartum case management and assessment for employees, and provides medical consultation and relevant health management measures. We also provide breastfeeding rooms for female employees who need them.</p>
Flu Vaccine Administration Information	<p>We provide registration information for self-paid flu vaccinations and help employees register. After compiling the data, the Evergreen Group purchases the vaccines and notifies employees in each factory to proceed to the designated medical unit of the Group for vaccination after the vaccines are delivered. The vaccination of employees of the Xinying Factory is implemented by the onsite physician.</p>



## ● Employee Health Examinations

Evergreen Steel implemented the 2021 employee health examinations (including special health examinations) in accordance with Article 15 of the Labor Health Protection Regulations:

- (1) Once every year for employees over 65 years old (inclusive)
- (2) Once every 3 years for employees between 40 and 65 years old
- (3) Once every 5 years for employees less than 40 years old
- (4) Once every year for special examinations

In addition to the general examination items, we added male prostate cancer screening and female ovarian cancer screening to ensure early detection and control of the causes. Due to the global COVID-19 pandemic, pulmonary function tests may inadvertently increase the risk of infection. We therefore temporarily canceled the pulmonary function tests and opted for blood tests for rheumatoid arthritis.

General Health Examinations in Past Years		
Year	Number of Participants	Examination Rate
2019	180	100%
2020	194	100%
2021	70	100%

As Evergreen Steel is a traditional industry, the health hazards in the operation process mainly includes dust, noise, and electric ophthalmia. If the results of health examinations of employees working in special environments reveal anomalies or if the physical examination results are level 2 or higher, we will provide personal health instructions to the employees and arrange one-on-one consultation with the occupational health physician. The physician shall conduct a comprehensive evaluation of the nature of their work, lifestyle, and family history, and provide suggestions for improvement to the employees and the Company to take better care of employees' health.

Factory	General Health Examination (Person-Times)	Special Physical Examination (Person-Times)			Examination Expenses (NT\$)
		Dust Operations	Noise Operations	Subtotal	
Taipei Head Office	8	-	-	8	16,400
Hsinchu Factory	3	0	11	14	19,315
Xinying Factory	41	3	1	44 (Note 3)	107,741
Kaohsiung Factory	4	-	-	4	8,460
<b>Total</b>	<b>56</b>	<b>3</b>	<b>12</b>	<b>70</b>	<b>151,916</b>

Note 1: Taipei Head Office is not a production unit and does not have special health inspection items. The average sound pressure level of employees in Kaohsiung Factory is less than 85 decibels per eight-hour workday. Therefore, it is not considered a special health hazard and special health inspection items are not provided.

Note 2: New employees in the current year already received the physical examination before reporting for duty and were therefore not included in the health examination.

Note 3: 1 employee in Xinying Factory received both the general health examination and special examination. The subtotal is therefore 44, totaling 70 individuals for the entire Company.



● **Company Epidemic Prevention Measures**

Due to the impact of the COVID-19 pandemic in 2021, Evergreen Steel complied with the government's epidemic prevention measures and enhanced employees' health protection measures such as daily body temperature measurements, alcohol disinfection for hands, separated office areas, and working from home to protect employees' health. We also formulated emergency response plans for each level of epidemic (levels 1, 2, 3, 4, 5, and 6) to reduce the impact of the epidemic. The Company's COVID-19 Emergency Contingency Plan is as follows:

Rating	Measures
<p><b>Level 1 to Level 2</b></p>	<p><b>Definitions</b> Level 1: Confirmed cases of human-to-human transmission of COVID-19 in foreign countries, but no confirmed cases have been reported in Taiwan. Level 2: Confirmed cases in Taiwan from external sources.</p> <hr/> <p><b>Measures</b></p> <ol style="list-style-type: none"> <li>1. Establish emergency response team.</li> <li>2. Revise the Emergency Contingency Plan.</li> <li>3. Continue to monitor the development of the epidemic in Taiwan and foreign countries.</li> <li>4. Provide information to employees for self-health monitoring and disease prevention.</li> <li>5. Plan preparatory operations for the Emergency Contingency Plan.</li> <li>6. Access control and body temperature measurement.</li> <li>7. Clean and disinfect the office environment.</li> </ol>
<p><b>Level 3</b></p>	<p><b>Definitions</b> Level 3: Second wave of infections in Taiwan caused by confirmed cases from external sources.</p> <hr/> <p><b>Measures</b></p> <ol style="list-style-type: none"> <li>1. Continue to implement Level 1 and Level 2 epidemic prevention measures.</li> <li>2. Employees measure and monitor body temperature.</li> <li>3. Access control and body temperature measurement.</li> <li>4. Suspend all unnecessary foreign travel activities.</li> <li>5. Activate the automatic notification system for epidemic prevention and procedures for notifications, home quarantine, and tracking of personnel.</li> <li>6. Establish emergency communication channels.</li> <li>7. Increase the frequency of cleaning and disinfection of the office environment.</li> <li>8. Activate preparatory operations for the Emergency Contingency Plan.</li> </ol>
<p><b>Level 4</b></p>	<p><b>Definitions</b> Level 4: Community transmission of COVID-19 in Taiwan but conditions remain under control.</p> <hr/> <p><b>Measures</b></p> <ol style="list-style-type: none"> <li>1. Continue to implement Level 3 epidemic prevention measures and measure the body temperature of employees every morning and every afternoon.</li> <li>2. Require all personnel to wear masks in based on the level of contact in all environments.</li> <li>3. Prohibit all unnecessary domestic travel.</li> <li>4. Prohibit all travel to and from a foreign country.</li> <li>5. Implement controls of internal events of the Company.</li> <li>6. Manage visitors and external business visits.</li> <li>7. Implement employee meal management.</li> <li>8. Activate business backup plans and separate office areas.</li> </ol>
<p><b>Level 5 to Level 6</b></p>	<p><b>Definitions</b> Level 5: Nationwide transmission of COVID-19 in Taiwan but conditions remain under control. Level 6: Nationwide pandemic of COVID-19 in Taiwan (out of control).</p> <hr/> <p><b>Measures</b></p> <ol style="list-style-type: none"> <li>1. As a principle, all employees work from home.</li> <li>2. Essential personnel work in designated areas.</li> </ol>

# 06

## Social Engagement

6.1 Educational Support

6.2 Environmental Protection

6.3 Charity Actions



## Chapter 6 Social Engagement

### 6.1. Educational Support

In addition to providing clients with high-quality products and services, Evergreen Steel adheres to the concept of "giving what we have taken from society back to society", actively participates in social charity activities, and strives to protect the environment to fulfill our social responsibilities. The social charity events in which the Company has participated cover many aspects, including supplies donations, financial sponsorship of meals for the elderly living alone, and education sponsorship.

In 2021, the Company worked with the Chang Yung-Fa Foundation to organize charitable art and cultural events from time to time. For example, we invited school children from remote areas to participate in winter camps at the Evergreen Maritime Museum or one-day field trips for free. The museum also arranged games and experience activities exclusively for the school children to encourage them to acquire new knowledge in diverse ways. Our subsidiaries Hsin Yung Enterprise Corp. and Ever Ecove Corp. hold environmental protection activities from time to time to promote the concept of environmental protection. The Company continues to turn our love and care for society into practical actions, with the aim of improving social harmony.

- **Evergreen Steel Corp. Joins Chang Yung-Fa Foundation for Charity**

Amount: NT\$100,000



To give back to society and care for local communities, Evergreen Steel Corporation joined forces with the Chang Yung-Fa Foundation to invite schools in remote areas, including Feng-Ju Junior High School in Gongliao and Dapeng Elementary School in Wanli, to participate in the free "King of Sea Adventures Winter Camp" at the Evergreen Maritime Museum.

In addition to visiting the Evergreen Maritime Museum, the organizer also tailored exclusive activities according to the schools' unique attributes. An additional career seminar was arranged for Feng-Ju Junior High School in Gongliao, encouraging students to explore career paths and make use of their own strengths; for students of Dapeng Elementary School in Wanli, a reading of the illustrated book "My 36 Tricks to Happiness" was held, giving moral guidance through illustrations and heartwarming stories. The book was recently published by the Foundation.



● **Evergreen Steel Corp. and Chang Yung-Fa Foundation Help Rural Schoolchildren to Realize their Dreams**

Amount: NT\$100,000

After cooperating with the Chang Yung-Fa Foundation to organize a charity winter camp in February 2021, Evergreen Steel Corp. recently invited Xiayun Elementary School and Luofu Elementary School in the remote Fuxing District of Taoyuan City to visit the Evergreen Maritime Museum for a free one-day field trip.

A fun-packed game of “Scavenger Hunt” was also held on the day of their visit. The puzzles incorporated the museum’s rich collection of maritime history exhibits and multimedia gaming facilities to expand the available channels of learning. The museum also opened up the “Aviation Experience Zone,” providing the students from remote areas an opportunity to roleplay as flight attendants, pilots, and passengers in the simulated aircraft environment.



● **Sponsorship of Kaohsiung Municipal Nanzhih Special School's Character Education Activity**

Amount: NT\$100,000

Evergreen Steel, as recommended by the Chang Yung-Fa Foundation, sponsored the school to organize the Girls Spreading Wings Camp. This educational camp guides participants to unleash their own potential with the aim of enhancing students' sense of self-identity, increasing their motivation to explore, learn and improve, and cultivating their ability to think positively.



● **Sponsorship of the After-school Club Activities of Disadvantaged Students at Tainan Municipal Anping District Shihmen Elementary School**

Amount: NT\$100,000

Evergreen Steel, as recommended by the Chang Yung-Fa Foundation, sponsored the after-school club activities of disadvantaged students at Tainan Municipal Anping District Shihmen Elementary School. The school is committed to developing a variety of clubs, including a football team, a drum team, a traditional Chinese music club, a Tai Chi club, and a robot club, and actively encourages students to participate in competitions and performances.



## 6.2. Environmental Protection

### ● Evergreen Steel and Chang Yung-Fa Foundation Launch Eco-Protection Theater Campus Tour

Amount: NT\$100,000

In mid-October, the play premiered at Jilin Elementary School in Taipei. Evergreen Steel President Pang-en Liu and Chang Yung-Fa Foundation Executive Director Demie Chung attended the show and shared in the fun with teachers and students.

The Chang Yung-Fa Foundation's eco-protection theater combined a lively theatrical performance with environmental protection knowledge to create an innovative and interesting play that impressed nearly 200 teachers and students, receiving a round of applause after the curtain dropped. The students ran up to take photos with the actors and did not want to leave.

"This time around, we have incorporated environmental issues people are most concerned with into the theater. Also, with the support of Evergreen Steel Co., we have launched a new season of the theater tour. In addition to bringing something new to students, we also hope that everyone can start thinking about how to protect our environment in daily life." said Executive Director Demie Chung of the Chang Yung-Fa Foundation.

President Pang-en Liu of Evergreen Steel Co. also shared at the opening ceremony: "This tour is truly significant, because environmental pollution is a global 'pandemic.' Everyone on Earth should feel responsible, yet everyone is also a victim. Evergreen Steel Co. will rely on the Chang Yung-Fa Foundation's rich experience in charity to focus our efforts to build a better tomorrow for society and our future generations, in addition to facilitating the development of civilization."



▲ The first performance of an environmental protection touring play at Jilin Elementary School in Taipei City.



● **Subsidiary Hsin Yung Enterprise Corp. Participated in Environmental Protection Activities**

Held an environmental education visit - invited students from the Master Program of Social Enterprise Management Chinese Culture University to participate



Sponsored the Hand in Hand to Protect Stream and Hike Together activity held by the Taoyuan Huang Qian Stream Water Environment Protection Association



● **Subsidiary Ever Ecove Corp. Held a series of Matsu Beach Cleanup Activities Entitled “Respect for the Sea”**

Ever Ecove Corp., a subsidiary of Evergreen Steel, mainly engages in resource recycling. To promote environmental protection, it worked with Ever Fun Travel Services Corp. to jointly respond to the autumn and winter three-day beach cleanup project "Respect for the Sea" in Matsu hosted by the Matsu National Scenic Area Administration, Tourism Bureau, Ministry of Transportation and Communications, from December 30, 2020 through January 1, 2021. It cleaned up part of the beach each day to protect the marine environment.



### 6.3. Charity Actions

- **Sponsorship of the Evergreen Symphony Orchestra's Concerts**

Amount: NT\$1.5 million

Evergreen Steel sponsored five classical music concerts by the Evergreen Symphony Orchestra in 2021. We invited employees and their families to attend and gave tickets to charity groups and other social welfare groups for free, with the aim of comforting people's minds and relieving stress through the power of music and enhancing music and art appreciation in the post-pandemic era.

Date	Concert title
Feb. 5	Happy Youth
Apr. 4	Petrouchka
Sept. 4	Eulogy of Freedom
Oct. 21	A Night of Brahms
Nov. 6	Dreaming of Italy



▲ Visually impaired friends and volunteers from the Taiwan Vineyard Arts Association appreciated the Eulogy of Freedom concert.

- **Sponsorship of Taiwan Puli Care Association's Nanxi Food Bank**

Amount: NT\$100,000

Taiwan Puli Care Association has long been committed to community care and has also engaged in the provision of supplies. To enable residents in remote areas to access more local services, Puli began to build a food bank in Nanxi District, Tainan City, in 2021, which is expected to be officially launched in 2022. The Company was informed of this initiative through the Chang Yung-Fa Foundation and immediately donated funds to the association. It is hoped that the food bank will reach more disadvantaged families and provide more efficient distribution and management services through more complete facilities and equipment.



▲ Construction of the Puli-Nanxi Food Bank's headquarters, which is expected to be completed and officially opened in 2022.



- **Sponsorship of Food Supply Actions by the Taizi Community Development Association, Xinying District, Tainan City**

Amount: NT\$50,000

The Taizi Community Development Association, Xinying District, Tainan City, is adjacent to the Company's Xinying Factory. The association is committed to caring for a total of 12 vulnerable people in the community who are from middle-to-low-income households, living alone, disabled, bedridden, or of limited mobility with food requirements. It delivers food to their homes from Monday through Saturday. The Company sponsored the association in the amount of NT\$50,000 in 2021 in the hope of helping the disadvantaged and providing them with the care they need through the association's free meal deliveries.



- **Sponsorship of the 2021 Mid-Autumn Festival Party Held by the Tainan City Chang Qing Care Association**

Amount: NT\$5,000



The Xinying Factory is located in the Sinying Industrial Park, Tainan City. To care for the local people and share prosperity, we sponsored the Tainan City Chang Qing Care Association to hold a 2021 Mid-Autumn Festival party on October 3, 2021. The party helped improve the quality of life of the elderly, and facilitated communication and interaction between residents.

- **Sponsorship of the 2021 National Figure Skating Championship and League Competition**

Amount: NT\$150,000

We sponsored the Chinese Taipei Skating Union to hold the 2021 National Figure Skating Championship and League Competition from April 19 to 20, 2021, with the aim of discovering and training outstanding figure skating talents. Taiwanese figure skaters had an opportunity to perform for the audience and compete in a positive manner, thereby promoting their physical and psychological health, as well as supporting this sporting hobby.



● Co-organization of Blood Donation Events with Tainan Blood Donation Center

In 2021, we organized two blood donation events with the Tainan Blood Donation Center at the Xinying Factory, Steel Structure Division. A total of 50 employees responded and donated a total of 16,250 c.c. of blood. We hope to contribute to the society and care for the society as an enterprise through practical actions. The implementation status is as follows:

Date	Time	Units of Donated Blood
May 12, 2021	09:00-11:30	29 units



Date	Time	Units of Donated Blood
Dec. 15, 2021	09:00-11:30	39 units



● Resource Reuse Project

Through the Chang Yung-Fa Foundation, we donated computers and screens in good condition to remote schools and social welfare groups to reuse resources, help the disadvantaged, and protect the environment. More importantly, we turned our love and care into practical actions. In the future, we will continue to fulfill our corporate social responsibility by cherishing resources and facilitating environmental protection and sustainability.

## Appendix

### Appendix I : Global Reporting Initiative (GRI) Index

"\*" indicates major aspects while.

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
<b>1. Organizational Profile</b>					
GRI102 General disclosure 2016 : Core	102-1	Name of the organization	2.1 Company Profile	20	
	102-2	Activities, brands, products, and services	2.1 Company Profile	20	
	102-3	Location of headquarters	2.1 Company Profile	20	
	102-4	Location of operations	2.1 Company Profile	20	
	102-5	Ownership and legal form	2.1 Company Profile	20	
	102-6	Markets served	3.1.1 Product Description	43	
	102-7	Scale of the organization	2.1 Company Profile	20	
	102-8	Information on employees and other workers	5.1.1 Manpower Structure	82	
	102-9	Supply chain	3.4.1 Material Procurement Management	51	
	102-10	Significant changes to the organization and its supply chain	2.1.1 Company Profile	23	
	102-11	Precautionary Principle or approach	5.3 Employee Care	94	
	102-12	External initiatives	1.1 Sustainable Development Strategy	05	
	102-13	Membership of associations	1.2 Stakeholder Interaction	10	
<b>2. Strategy</b>					
GRI102 General disclosure 2016 : Core	102-14	Statement from senior decision-maker	Letter from the Management	03	
	GRI102 General disclosure 2016 : Comprehensive	102-15	2.1 Company Profile	20	
2.4 Risk Management			34		
5.3.1 Occupational Safety and Health System			94		
<b>3. Ethics and Integrity</b>					
GRI102 General disclosure 2016 : Core	102-16	Values, principles, standards, and norms of behavior	2.3.1 Ethical Corporate Management Best Practice Principles	31	
			2.3.1 Ethical Corporate Management Best Practice Principles	31	
GRI102 General disclosure 2016 : Comprehensive	102-17	Mechanisms for advice and concerns about ethics	2.3.1 Ethical Corporate Management Best Practice Principles	31	
			2.3.1 Ethical Corporate Management Best Practice Principles	31	
<b>4. Governance</b>					
GRI102 General disclosure 2016 : Core	102-18	Governance structure	2.2.1 Board of Directors	26	
			2.2.2 Functional Committees	28	
GRI102 General disclosure 2016 : Comprehensive	102-19	Delegating authority	1.1 Sustainable Development Strategy	05	
			1.1.3 Annual Performance List	08	
	102-20	Executive-level responsibility for economic, environmental, and social topics	2.2.1 Board of Directors	26	
	102-21	Consulting stakeholders on economic, environmental, and social topics	2.2.1 Board of Directors	26	
	102-22	Composition of the highest governance body and its committees	2.2.1 Board of Directors	26	
	102-23	Chair of the highest governance body	2.2.1 Board of Directors	26	
	102-24	Nominating and selecting the highest governance body	2.2.1 Board of Directors	26	
	102-25	Conflicts of interest	2.2.1 Board of Directors	26	
	102-26	Role of highest governance body in setting purpose, values, and strategy	2.2.1 Board of Directors	26	
	102-27	Collective knowledge of highest governance body	2.2.1 Board of Directors	26	



GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
	102-28	Evaluating the highest governance body's performance	2.2.3 Board Performance Evaluation	30	
	102-29	Identifying and managing economic, environmental, and social impacts	2.2.1 Board of Directors	26	
	102-30	Effectiveness of risk management processes	2.4 Risk Management	34	
	102-31	Review of economic, environmental, and social topics	2.2.1 Board of Directors	26	
	102-32	Highest governance body's role in sustainability reporting	About this Report	01	
	102-33	Communicating critical concerns	2.2.2 Functional Committees	28	
	102-34	Nature and total number of critical concerns	2.2.2 Functional Committees	28	
	102-35	Remuneration policies	2.2.3 Board Performance Evaluation	30	
	102-36	Process for determining remuneration	2.2.3 Board Performance Evaluation	30	
	102-38	Annual total compensation ratio	5.1.3 Salary and Benefits	85	
	102-39	Percentage increase in annual total compensation ratio	5.1.3 Salary and Benefits	85	
<b>5. Stakeholder Engagement</b>					
	102-40	List of stakeholder groups	1.2.1 Identification of Stakeholders	10	
	102-41	Collective bargaining agreements	5.1 Employee Policies and Overview	82	
GRI102 General disclosure 2016 : Core	102-42	Identifying and selecting stakeholders	1.2.1 Identification of Stakeholders	10	
	102-43	Approach to stakeholder engagement	1.2.2 Communication Frequency and Channel	12	
	102-44	Key topics and concerns raised	1.2 Stakeholder Interaction	10	
<b>6. Report Profile</b>					
	102-45	Entities included in the consolidated financial statements	About this Report	01	
	102-46	Defining report content and topic Boundaries	About this Report	01	
	102-47	List of material topics	About this Report	01	
	102-48	Restatements of information	About this Report	01	
	102-49	Changes in reporting	About this Report	01	
GRI102 General disclosure 2016 : Core	102-50	Reporting period	About this Report	01	
	102-51	Date of most recent report	About this Report	01	
	102-52	Reporting cycle	About this Report	01	
	102-53	Contact point for questions regarding the report	About this Report	01	
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report	01	
	102-55	GRI content index	Appendix I	115	
	102-56	External assurance	About this Report	01	
<b>Topic-specific disclosure: 200 series (Economic topics)</b>					
<b>*Economic performance</b>					
GRI 103 Management approach of Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	1.3 Management of Material Topics Chapter 3 Product and Value Chain	15 41	
	103-2	The management approach and its components	Chapter 3 Product and Value Chain	41	
	103-3	Evaluation of the management approach	Chapter 3 Product and Value Chain	41	
GRI 201 Disclosure of Economic Performance 2016	201-1	Direct economic value generated and distributed	3.1 Products and Sales 5.1 Employee Policies and Overview	43 82	
	201-2	Financial implications and other risks and opportunities due to climate change	4.2 Climate Action	58	
	201-3	Defined benefit plan obligations and other retirement plans	5.1.4 Diverse Benefits	86	
	201-4	Financial assistance received from government	3.1.2 Financial Performance	43	
<b>Market Presence</b>					

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
GRI 202 Disclosure of Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1.3 Salary and Benefits	85	
	202-2	Proportion of senior management hired from the local community	5.1.1 Manpower Structure	82	
<b>Indirect Economic Impacts</b>					
GRI 203 Disclosure of Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	6.1. Educational Support	108	
<b>Procurement Practices</b>					
GRI 204 Disclosure of Procurement Practices 2016	204-1	Proportion of spending on local suppliers	3.4.1 Material Procurement Management	51	
<b>Anti-corruption</b>					
GRI 205 Disclosure of Anti- corruption 2016	205-1	Operations assessed for risks related to corruption	2.3.2 Internal Audit	32	
	205-2	Communication and training about anticorruption policies and procedures	2.3.2 Internal Audit	32	
	205-3	Confirmed incidents of corruption and actions taken	2.3.2 Internal Audit	32	
<b>Anti-competitive Behavior</b>					
GRI 206 Disclosure of Anti- competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3.2 Internal Audit	32	
<b>Tax</b>					
GRI 207 Disclosure of Tax 2019	207-4	Country-by-country reporting	-	-	N/A
<b>Topic-specific disclosure: 300 series (Environmental topics)</b>					
<b>Materials</b>					
GRI 301 Disclosure of Materials 2016	301-1	Materials used by weight or volume	4.4.1 Material Management	74	
	301-2	Recycled input materials used	4.4.1 Material Management	74	
	301-3	Reclaimed products and their packaging materials	4.4.1 Material Management	74	
<b>Energy</b>					
GRI 302 Disclosure of Energy 2016	302-1	Energy consumption within the organization	4.3.1 Energy Consumption	64	
	302-3	Energy intensity	4.3.1 Energy Consumption	64	
	302-4	Reduction of energy consumption	4.3.1 Energy Consumption	64	
	302-5	Reductions in energy requirements of products and services	4.3.1 Energy Consumption	64	
<b>Water and Effluents</b>					
GRI 303 Disclosure of Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.3.2 Water Use and Water Conservation	69	
	303-2	Management of water discharge-related impacts	4.3.2 Water Use and Water Conservation	69	
	303-3	Water withdrawal	4.3.2 Water Use and Water Conservation	69	
<b>Emissions</b>					
GRI 305 Disclosure of Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3.3 GHGs Inventory	72	
	305-2	Energy indirect (Scope 2) GHG emissions	4.3.3 GHGs Inventory	72	
	305-4	GHG emissions intensity	4.3.3 GHGs Inventory	72	
	305-5	Reduction of GHG emissions	4.3.3 GHGs Inventory	72	
<b>Waste</b>					
GRI 306 Disclosure of Waste 2020	306-1	Waste generation and significant waste-related impacts	4.4.2 Waste Management	74	
	306-2	Management of significant waste-related impacts	4.4.2 Waste Management	74	
	306-3	Waste generated	4.4.2 Waste Management	74	
	306-4	Waste diverted from disposal	4.4.2 Waste Management	74	
	306-5	Waste directed to disposal	4.4.2 Waste Management	74	
<b>*Environmental Compliance</b>					
GRI 103 Management approach of Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary	1.3 Management of Material Topics	15	
			Chapter 4 Environmental Sustainability	57	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
	103-2	The management approach and its components	Chapter 4 Environmental Sustainability	57	
	103-3	Evaluation of the management approach	Chapter 4 Environmental Sustainability	57	
GRI 307 Disclosure of Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	4.1 Sustainable Environmental Management	58	
<b>Supplier Environmental Assessment</b>					
GRI 308 Disclosure of Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	3.4.2 Contractor/Supplier Evaluation and Management	52	
<b>Topic-specific disclosure: 400 series (Social topics)</b>					
<b>*Employment</b>					
GRI 103 Management approach of Employment 2016	103-1	Explanation of the material topic and its Boundary	1.3 Management of Material Topics	15	
	103-2	The management approach and its components	Chapter 5 Friendly Workplace	80	
	103-3	Evaluation of the management approach	Chapter 5 Friendly Workplace	80	
GRI 401 Disclosure of Employment 2016	401-1	New employee hires and employee turnover	5.1.2 Talent Recruitment and Turnover	84	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1.4 Diverse Benefits	86	
	401-3	Parental leave	5.1.4 Diverse Benefits	86	
<b>Labor/Management Relations</b>					
GRI 402 Disclosure of Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.1 Employee Policies and Overview	82	
<b>*Occupational Health and Safety</b>					
GRI 103 Management approach of Occupational Health and Safety 2018	103-1	Explanation of the material topic and its Boundary	1.3 Management of Material Topics	15	
	103-2	The management approach and its components	Chapter 5 Friendly Workplace	80	
	103-3	Evaluation of the management approach	Chapter 5 Friendly Workplace	80	
GRI 403 Disclosure of Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.3.1 Occupational Safety and Health System	94	
	403-2	Hazard identification, risk assessment, and incident investigation	5.3.1 Occupational Safety and Health System	94	
	403-3	Occupational health services	5.3.1 Occupational Safety and Health System	94	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3.1 Occupational Safety and Health System	94	
	403-5	Worker training on occupational health and safety	5.3.1 Occupational Safety and Health System	94	
	403-6	Promotion of worker health	5.3.1 Occupational Safety and Health System	94	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3.1 Occupational Safety and Health System	94	
	403-8	Workers covered by an occupational health and safety management system	5.3.1 Occupational Safety and Health System	94	
	403-9	Work-related injuries	5.3.1 Occupational Safety and Health System	94	
	403-10	Work-related ill health	5.3.1 Occupational Safety and Health System	94	
<b>*Training and Education</b>					
GRI 103	103-1	Explanation of the material topic and its Boundary	1.3 Management of Material Topics	15	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
Management approach of Training and Education 2016	103-2	The management approach and its components	Chapter 5 Friendly Workplace	80	
	103-3	Evaluation of the management approach	Chapter 5 Friendly Workplace	80	
			Chapter 5 Friendly Workplace	80	
GRI 404 Disclosure of Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	5.2.1 Talent Cultivation	89	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2.1 Talent Cultivation	89	
<b>Diversity and Equal Opportunity</b>					
GRI 405 Disclosure of Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.1.1 Manpower Structure	82	
	405-2	Ratio of basic salary and remuneration of women to men	5.1.3 Salary and Benefits	85	
<b>Non-discrimination</b>					
GRI 406 Disclosure of Non- discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.1.2 Talent Recruitment and Turnover	84	
<b>Freedom of Association and Collective Bargaining</b>					
GRI 407 Disclosure of Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.1 Employee Policies and Overview	82	
<b>Child Labor</b>					
GRI 408 Disclosure of Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.1 Employee Policies and Overview	82	
<b>Forced or Compulsory Labor</b>					
GRI 409 Disclosure of Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.1 Employee Policies and Overview	82	
<b>Security Practices</b>					
GRI 410 Disclosure of Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	5.2 Employee Development and Training	89	
<b>Rights of Indigenous Peoples</b>					
GRI 411 Disclosure of Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	5.1.1 Manpower Structure	82	
<b>Human Rights Assessment</b>					
GRI 412 Disclosure of Rights of Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	-	-	N/A
	412-2	Employee training on human rights policies or procedures	5.2 Employee Development and Training	89	
<b>Local Communities</b>					
GRI 413 Disclosure of Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	6.1. Educational Support 6.2. Environmental Protection 6.3. Charity Actions	108 110 112	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	-	N/A
<b>Supplier Social Assessment</b>					
GRI 414 Disclosure of Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.4.1 Material Procurement Management	51	
	414-2	Negative social impacts in the supply chain and actions taken	3.4.1 Material Procurement Management	51	
<b>Public Policy</b>					
GRI 415 Disclosure of Public Policy 2016	415-1	Political contributions	-	-	N/A
<b>*Customer Health Safety</b>					
GRI 103	103-1	Explanation of the material topic and its Boundary	1.3 Management of Material Topics	15	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
Management approach of Customer Health Safety 2016			Chapter 3 Product and Value Chain	41	
	103-2	The management approach and its components	Chapter 3 Product and Value Chain	41	
	103-3	Evaluation of the management approach	Chapter 3 Product and Value Chain	41	
GRI 416 Disclosure of Customer Health Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.2 Quality Control	45	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.2 Quality Control 3.3 Customer Satisfaction	45 49	
<b>Customer Privacy</b>					
GRI 418 Disclosure of Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3 Customer Satisfaction	49	
<b>*Socioeconomic Compliance</b>					
GRI 103 Management approach of Socioeconomic Compliance 2016	103-1	Explanation of the material topic and its Boundary	1.3 Management of Material Topics	15	
			Chapter 2 Corporate Governance	19	
	103-2	The management approach and its components	Chapter 2 Corporate Governance	19	
	103-3	Evaluation of the management approach	Chapter 2 Corporate Governance	19	
GRI 419 Disclosure of Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	2.3.2 Internal Audit	32	
<b>*Custom Topic -Material Management</b>					
GRI 103 Management approach of Material Management	103-1	Explanation of the material topic and its Boundary	1.3 Management of Material Topics	15	
			Chapter 3 Product and Value Chain	41	
	103-2	The management approach and its components	Chapter 3 Product and Value Chain	41	
	103-3	Evaluation of the management approach	Chapter 3 Product and Value Chain	41	
<b>G4 Mining and metals sector disclosures</b>					
	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Not located in or adjacent to high biodiversity value areas	-	
	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Not located in or adjacent to high biodiversity value areas	-	
	MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	This indicator applies to the	-	
	MM4	Number of strikes and lock-outs exceeding one week's duration, by country	No strikes and work stoppage	-	
	MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	Not located or adjacent to indigenous territories	-	
	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	No occurrence of significant disputes	-	
	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	Not located or adjacent to indigenous territories, and there were no disputes relating to land use and infringement of rights	-	
	MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (asm) takes place on, or	No ASM took place on or adjacent to company sites	-	



GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
		adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks			
	MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	Did not resettle households	-	
	MM10	Number and percentage of operations with closure plans	Does not have closure plans	-	
	MM11	Programs and progress relating to materials stewardship	Chapter 3 Product and Value Chain	41	

## Appendix II : Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (Paragraph 4, Article 4)

No.	Content	Chapter and Section	Page
1.	The number of full-time employees not in managerial positions, the average and median salary of full-time employees not in managerial positions, and the difference compared with the previous year	5.1.3 Salary and Benefits	85
2.	Corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and indicators and objectives used for the assessment and management of climate-related issues.	4.2 Climate Action	58

## Appendix III : Sustainable Development Goals (SDGs) Index

Item	Sustainable Development Goals	Chapter and Section	Page
Goal 3	Ensure healthy lives and promote well-being for all at all ages	5.3.1 Occupational Safety and Health System	94
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	5.1 Employee Policies and Overview	82
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable.	Chapter 4 Environmental Sustainability	57
Goal 12	Ensure sustainable consumption and production patterns.	4.4.2 Waste Management	74
Goal 13	Take urgent action to combat climate change and its impacts.	4.2 Climate Action	58
Goal 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	6.2. Environmental Protection	110
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	2.3.2 Internal Audit	32