



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

2022

Sustainability Report



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About this Report

This report is the second Sustainability Report issued by Evergreen Steel Corporation. GHGs inventory and external audit were completed in 2023. 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 2022, 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, 2022 to December 31, 2022. The scope includes: Taipei head office of Evergreen Steel, Hsinchu Factory, Xinying Factory, Kaohsiung Factory, and main subsidiaries Hsin Yung Enterprise Corporation (including economy and society), Ever Ecove Corporation, 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		
Environment	V			

Note: the social aspects of Hsin Yung Enterprise 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 45001:2018/ISO 45001:2018 and ISO 9001:2015. The financial data refer to the Company's 2022 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, while conforming to Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-related Financial Disclosures (TCFD) framework. The GRI content index is detailed in the appendix.

Report Editing, Review and Finalization

The “Management Measures for the Preparation and Verification of the Sustainability Report of Evergreen Steel” were formulated on February 15, 2022, to implement transparent disclosure of the Company's information related to corporate sustainable development and promote preparation and verification of sustainability report related affairs. 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. The report has been certified by ARES International Certification Co., Ltd. and meets the standards of GRI, SASB, and AA1000 AS v3 TYPE 1 Moderate Level Assurance. Refer to the appendix for the independent assurance statements.

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.evergreenet.com/fileList>)

- Previous release version: June 2022
- Current release version: June 2023

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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Official website of
Evergreen Steel



Corporate
sustainability section





Letter from the Management

2022 was a turbulent year for the world. Due to factors like war and the pandemic, international raw materials prices rose, leading to inflation. The steel industry relies on domestic demand; with the domestic construction market's continued launch of new projects, the government's promotion of urban regeneration to stimulate the economy, reinvested businesses' steady profits, and our employees' collective efforts, the Company still achieved outstanding operating performance and exceeded all targets.

Today's market changes rapidly, and factors like the low birthrate has caused labor costs to rise continually. The Company proactively incubates talent through industry-academic cooperation, reflects costs reasonably in quotations, enhances cost control measures, and refines manufacturing methods to enhance client recognition and achieve a win-win situation. This is also why the Company has been able to maintain a certain level of business, participating in some large-scale projects, including Yuanlih's construction project in Xinyi D3 (Four Seasons Hotel Taipei) and SPIL Erlin Plant FAB building. In response to factors such as inflation, the Company has asked clients to accept floating rates for steel materials in order to enhance operating performance. Steel structures have gradually become the mainstream of construction, and with years of implementation experience, the Company's steel structure manufacturing technology has matured to effectively lower manufacturing costs and continually maintain steady profitability.

The steel structure industry is unique, and the Company has accumulated substantial achievements in steel structure construction, including bridges, buildings, and plants, as well as unique cases. For construction workers on new cases to quickly acclimatize to the work, the Company asks all employees to learn and familiarize themselves with operating procedures. All records of construction cases must be archived, and SOPs are established and improved, to allow passing down of experience and knowledge and to avoid human error and repeated mistakes. The Company has an enhanced personnel rotation system and implements education and training, ensuring that our employees remain "focused" throughout the learning process and gain thorough understanding of all details of the operations. To proactively enhance employees' capabilities, the Company encourages staff to acquire new knowledge through participation in courses and seek guidance from professional consultants for practical application and continued improvement.

Evergreen Steel strives for environmental protection and sustainability. Among the Company's reinvested businesses, Hsin Yung Enterprise Corporation has planned measures to improve operating efficiency, whereas Super Max Engineering Enterprise Co., Ltd. is building a new incinerator line and Ever Ecove Corporation has completed plant construction and is proactively engaged in trials. The Company will continue to expand and evaluate its environmental businesses for diversified operations.

In response to the impact of climate change on the environment, the Company is actively participating in international initiatives and has signed up to be a TCFD supporter. In the future, the Company will follow the requirements of the TCFD framework to disclose climate-related financial information and improve management and control of various risks. The Company will also conduct GHG inventories to ascertain the overall carbon emissions of the organization and gradually replace old machines and equipment and promote energy conservation and carbon reduction to save energy.

The Company has long been concerned with social welfare. Upholding the principle of “from society, for society,” the Company held creek-cleaning and tree-planting activities and supported the underprivileged this year, offering meal delivery to elderly citizens in communities, aid for children in remote areas, and free clinic services; moreover, the Company offered half-day paid pandemic-prevention leave in response to the government’s pandemic-prevention measures, encouraging employees to be vaccinated for improved immunity.

Times change at a rapid pace, and as a member of the world village, Evergreen Steel Corporation will fulfill its corporate sustainability responsibility and meet the requirements of corporate governance to build a friendly and safe working environment, following government policies to promote and implement various successful measures in our continued march toward the goal of corporate sustainability.



Chairman of Evergreen Steel Corporation

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

CH 1

Sustainable Development



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Sustainable Development

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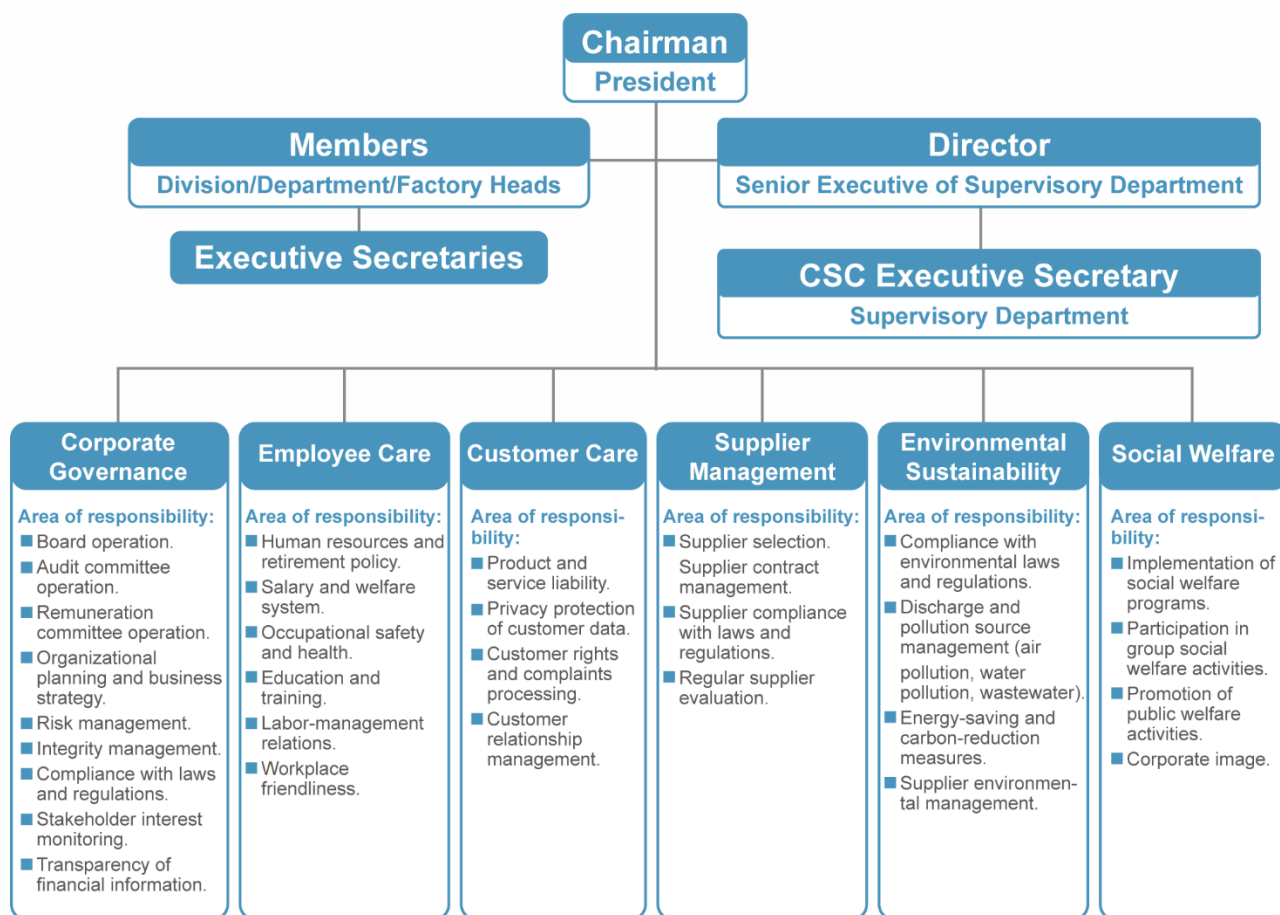
Chapter 1 Sustainable Development

1.1 Sustainable Development Strategy

1.1.1 Operation and Implementation of the Corporate Sustainability Committee

In order to implement and promote corporate sustainable operations, Evergreen Steel Corporation 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, to practice sustainable development and facilitate economic, environmental, and social advancement. All related policies, systems, and implementation plans of sustainable development are approved by the Board of Directors. On December 21 of the same year, the Board of Directors passed the “Corporate Social Responsibility Principles,” and the “Human Rights Policy” was also reported and formulated at the Board meeting. Later, 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. On May 9, 2022, the Board of Directors approved the formulation of the “Risk Management Policy and Procedure.”

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 manage related affairs; according to the division of businesses, the relevant departments are responsible for communicating and responding to issues of concern to stakeholders, with the aim of practicing and improving sustainable development. The Supervisory Department is the unit in charge of sustainable development promotion, and serves as the executive secretariat 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 proposal and implementation of concrete promotion plans and related management guidelines of the Corporate Sustainability Policy, targets, strategy, and communication with stakeholders through diverse channels (website, annual report, Market Observation Post System), and report matters, such as communication and negotiation results to the Board of Directors after submitting it to the Chairman for review. The committee reported to the Board of Directors on the implementation of sustainable development on December 22, 2022, and how the Company should focus on reduction of GHG emissions in response to the government’s promotion of net zero emissions by 2050, which requires the Company to discuss and initiate renewable energy plans (such as establishment of solar PV facilities at factories), continue to carry out green procurement, and replace energy-consuming factory equipment, in order to gradually achieve targets.



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.



The Corporate Sustainability Committee convened the kick-off meeting of the Sustainability Report in July 2022, where the Chairman was also in attendance, discussing matters including international trends of sustainable development, current laws and regulations, review and improvement of the 2021 report, and planning of key directions of 2022. In September the Committee convened a division of indicators and identification of major topics meeting, inviting external experts, the Supervisory Department, and all units to join the discussion and identify the Company's stakeholders and major topics; moreover, work was divided based on the revised GRI indicators, and information collected by all units is reviewed and approved by the heads of responsible departments before being compiled by the Supervisory Department. In February 2023, a meeting was convened to discuss the content of the indicators; final edition and typesetting were completed in April, and the report was submitted to the President and Chairman for approval and published before June 30.



1.1.2 Annual Sustainable Implementation Goals



To regularly examine and review the outcomes and achieve the targets of sustainable development set every year, the Company has formulated the "2023 Sustainability Implementation Targets." The set targets and related implementations are shown below:

Economy – Enhance operating performance.

Environment – Energy users should achieve an average electricity saving rate of 1% from 2015 to 2024. The Company plans to develop green energy, promote green procurement, implement energy-saving measures and replace old equipment, promote electronic official documents and electronic employee benefit tickets, and implement industrial waste minimization and GHG emissions reduction.

Society – Supplier/contractor – social and environmental assessments, promote healthy and safe working environment, implement employee education and training to enhance professional competency, and fulfill corporate social responsibility.

Item	Target	Implementation																														
 <p>Economy</p>	Enhance operating performance to create values for shareholders	<u>2021</u> Consolidated operating revenue NT\$13,608,597 (thousand) Consolidated net profit after tax NT\$1,604,252 (thousand) <u>2022</u> Consolidated operating revenue NT\$11,439,152 (thousand) Consolidated net profit after tax NT\$3,089,161 (thousand)																														
 <p>Environment</p>	Follow government policy to achieve an average annual electricity saving rate of 1%	<table border="0"> <tr> <td><u>2021</u></td> <td>Hsinchu Factory</td> <td>Xinying Factory</td> </tr> <tr> <td>Electricity saving rate</td> <td>0.83%.</td> <td>0.80%</td> </tr> <tr> <td colspan="3">Note:</td> </tr> <tr> <td colspan="3">Hsinchu Factory: 2015~2021 average annual electricity saving rate over 1% (1.34%)</td> </tr> <tr> <td colspan="3">Xinying Factory: 2015~2021 average annual electricity saving rate over 1% (1.83%)</td> </tr> <tr> <td><u>2022</u></td> <td>Hsinchu Factory</td> <td>Xinying Factory</td> </tr> <tr> <td>Electricity saving rate</td> <td>0.70%.</td> <td>1.15%</td> </tr> <tr> <td colspan="3">Note:</td> </tr> <tr> <td colspan="3">Hsinchu Factory: 2015~2022 average annual electricity saving rate over 1% (1.29%)</td> </tr> <tr> <td colspan="3">Xinying Factory: 2015~2022 average annual electricity saving rate over 1% (1.75%)</td> </tr> </table>	<u>2021</u>	Hsinchu Factory	Xinying Factory	Electricity saving rate	0.83%.	0.80%	Note:			Hsinchu Factory: 2015~2021 average annual electricity saving rate over 1% (1.34%)			Xinying Factory: 2015~2021 average annual electricity saving rate over 1% (1.83%)			<u>2022</u>	Hsinchu Factory	Xinying Factory	Electricity saving rate	0.70%.	1.15%	Note:			Hsinchu Factory: 2015~2022 average annual electricity saving rate over 1% (1.29%)			Xinying Factory: 2015~2022 average annual electricity saving rate over 1% (1.75%)		
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	Invest in and established Ever Ecove Corporation to develop green energy	<u>2019</u> Construction began <u>2022</u> Completed plant construction and proactively engaged in trials.																														

Item	Target	Implementation
 Environment	Promote green procurement	<u>2021</u> Procurement amount: NT\$ 7,866,714 <u>2022</u> Procurement amount: NT\$ 9,435,184
	Implement energy-saving measures and replace old equipment	<u>2021</u> Equipment replacement amount: NT\$ 2,900,200 <u>2022</u> Equipment replacement amount: NT\$ 1,810,000
	Electronic official documents	Began planning in <u>2022</u> and gradually rolling out in 2023
	Electronic employee benefit tickets	<u>2021</u> Electronic ticket amount: NT\$ 2,545,000 <u>2022</u> Electronic ticket amount: NT\$ 3,248,000
	Promote industrial waste minimization	<u>2021</u> Waste recovery rate: 97% <u>2022</u> Waste recovery rate: 95% Amount of non-recyclable waste (Types D and H) per unit: Steel Structure Division: <u>323.39 (ton)</u> Container Department: <u>121.14 (ton)</u>
	GHGs emissions reduction	<u>2021</u> Amount of GHG emissions A (Scope 1+2): 13,937.898 (ton) <u>2022</u> Amount of GHG emissions A (Scope 1+2): 12,946.529 (ton)
	Supplier/Contractor—social and environmental assessments	Launch “Human Rights Topics” self-evaluation and assessment and review in 2023.
 Society	Promote healthy and safe working environment	<u>2021</u> Provide employees health examinations in compliance with frequency and content prescribed by law. No occupational disease case. <u>2022</u> Provide employees health examinations exceeding the frequency and content prescribed by law. No occupational disease case.
	Implement employee education and training to enhance professional competency	<u>2021</u> Total training man-hours: 2,539.5 hours <u>2022</u> Total training man-hours: 6,137 hours
	Participate in social welfare and arts and cultural activities, help the underprivileged, and sponsor scholarship and various environmentally friendly events, to fulfill corporate social responsibility	Continue to cooperate with the Chang Yung-Fa Foundation to launch various social welfare activities <u>2021</u> Amount invested: NT\$2,100,000 <u>2022</u> Amount invested: NT\$3,250,000

1.1.3 Annual Performance List

2022 Annual Performance

Economy

In 2022, the operating revenue of the Container Department was NT\$182.55 million, an increase of **10.84%** over 2021.

The estimated pre-tax net profit in 2022 was NT\$2,605.59 million, and the actual pre-tax net profit was NT\$3,448.8 million, with an achievement rate of **132.36%**.

E-Environment

In 2022, exceeded NT\$5 million in green procurement and winning an "excellent green procurement enterprise" award from the Tainan City Government.

In September 2022, the Employee Welfare Committee distributed Mid-Autumn Festival gift vouchers to employees, adding a new e-ticket option to promote paperless operation and reduce usage of printed vouchers, while also enhancing convenience. In the future, the Committee will continually promote e-tickets for New Year and festival gift vouchers to help protect the environment.

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 Technology Industrial Park, covering an area of 4.38 hectares. The construction started in July 2019 and was completed in 2022. The factory is now proactively implementing trials and has three environmental protection facilities, including heat treatment, anaerobic fermentation, and solidification for 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-emissions, sustainable technology park.

S-Society

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.

No discrimination cases in 2022.

No violation of forced labor in 2022.

No occupational disease case in 2022.

The achievement rate of material supply in 2022 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. In 2022, the Board of Directors was 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%. In 2022, the proportion of female directors accounted for **42.86%**.

2022 Annual Performance

G-Governance

In 2022, the attendance rate of the Board of Directors meeting was **98.41%**, whereas the attendance rates of the Audit Committee meeting and Remuneration Committee were **100%**.

In 2022, 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 2022, there were no related complaints or sanctions imposed by the Taiwan Stock Exchange.

In 2022, there was no breach of customer privacy and data leakage.

In 2022, 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.

1.1.4 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>16.5 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>13.1 Strengthen post disaster resilience and adaptation capacity of all countries to natural disasters and climate related risks. 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 and published its first TCFD Report in 2023 to monitor global climate change and observe international responses. The Company identifies relevant uncertainties (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. We are committed to the sustainable goals of risk management and value creation, as we move steadily towards sustainable operations in natural resource management.</p>

Aspect	Corresponding SDGs	Practice of SDGs
 <p>E environment</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>Evergreen Steel and the Society of Wilderness co-organized the "Let's Go River Cleanup" charity activity at Luzhu Guangming Riverside Park adjacent to the Nankan Creek in Taoyuan City on March 19, 2022, so employees could understand better the importance of environmental protection, and ultimately practice what they learned in everyday life, safeguarding our environment and ecology through concrete actions. Evergreen Steel, employees and family members of subsidiaries Hsin Yung Enterprise Corporation, Ever Ecove Corp. and Super Max Engineering Enterprise Co. Ltd., went to the coastal area of Zhuangwei, Yilan, for tree planting on October 30, 2022, together with the Tse-Xin Organic Agriculture Foundation and Potato Society, hoping to exert corporate influence and guide our employees to jointly care for and protect this land we live on and march toward a life of carbon reduction, realizing sustainability principles.</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 targeted the factory painting area and planned a series of projects for improvement of the working environment and pollution prevention measures. Painting quality will be effectively enhanced and the painting process improved, lowering the impacts of VOCs on the environment.</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>
 <p>S society</p>	 <p>Health and well being</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 & CNS 15506 occupational safety and health management system verification in 2015. In 2019, we completed the OHSAS 18001 conversion to ISO 45001:2018 & CNS 45001:2018 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>Employment and economic growth</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@evergreennet.com) for internal and external personnel to provide feedback.</p>

1.2 Stakeholder Interaction

1.2.1 Identification of Stakeholders

Identification of and communication with stakeholders are the foundation of corporate sustainable development. Evergreen Steel attaches great importance to trust and communication with stakeholders. Stakeholders are identified by the Supervisory Department and relevant departments according to GRI Universal Standards 2021, and ranked according to the 2021 list of stakeholders, evaluating each type's positive, negative, actual, and potential impacts and influences. Based on an analysis using the above principles, 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>Employee and other workers</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: comment@evergreennet.com Contact person: Miss Xu, HR Department Contact information: 02-25135858 ext. 5671</p>
 <p>Shareholder</p>	<p>The Company's website has an "Investor Service Area" (www.evergreennet.com/customPage), 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: finacs@evergreennet.com Contact person: Miss He, Finance Department Contact information: 02-25135858 ext. 5701</p>
 <p>Customer / Dealer</p>	<p>A dedicated email address exists for business and customer service. The Business Department is responsible for all relevant communication.</p> <p>Email: business@evergreennet.com Contact person: Mr. Lin, Business Department Contact information: 02-25135858 ext. 5860</p>
 <p>Supplier / Contractor</p>	<p>Suppliers/contractors are invited to sign the "supplier/contractor corporate sustainability commitment" and attend meetings to discuss business needs.</p> <p>Contact person: Mr. Lin, Public Works Department Contact information: 06-6520066 ext. 5300</p>
 <p>Government agencies</p>	<p>Company representatives participate in policy discussions and symposiums from time to time to allow closer cooperation with regulatory agencies.</p> <p>Contact person: Miss Cai, Supervisory Department Contact information: 02-25135858 ext. 5651</p>
 <p>Steel Industry</p>	<p>The Company establishes and improves communication channels with peers through participation in trade meetings and technical exchanges.</p> <p>Contact person: Mr. Chen, Occupational Safety and Health Department Contact information: 06-6520066 ext. 1300</p>

● Stakeholder Communication Frequency and Channels

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. The 2022 annual communication and negotiation results will be reported at the board meeting held on December 22, 2022.

Stakeholder	Importance to Evergreen Steel	Engagement Method	Frequency	2022 Engagement and Responses
 <p>Employee and other workers</p> <p>Employees are the Company's most important partners, as well as one of the main drivers of corporate growth. Through building an environment that encourages bilateral communication, Evergreen Steel provides quality compensation and complete education and training, in the aim of attracting talent and responding to employees' needs, safeguarding their rights and strengthening cohesion.</p>		Business meeting	Monthly	<ul style="list-style-type: none"> • Monthly business meetings • Monthly department meetings • Weekly factory affairs meeting (Hsinchu Factory and Xinying Factory) • Employee performance appraisals in March and September of each year • Quarterly and temporary company/factory labor-management meetings • The Employee Welfare Committee meeting is held once a quarter • Quarterly and unscheduled Labor Pension Supervisory Committee meetings • The Occupational Safety and Health Committee meeting is held every quarter • Health consultation once a week (47 times in total) • The Company's website provides real-time/periodic announcements of relevant information
		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	
Corporate Sustainability Area of the Company's Website	Instant			

Stakeholder	Importance to Evergreen Steel	Engagement Method	Frequency	2022 Engagement and Responses
 Shareholder	<p>Shareholders provide the funds needed for long-term development of an enterprise. Evergreen Steel strives to strengthen internal governance, achieve performance targets, and enhance efficiency, in order to maintain steady development and create profit, giving back to shareholders.</p>	Shareholders' meeting	Annually	<ul style="list-style-type: none"> • Held the 2022 shareholders' meeting • Invited to participate in KGI Securities' online road show 2 times • The annual report of the shareholders' meeting has been sent to the shareholders' meeting and disclosed on the MOPS and the Company's website. • Release publicly announcements and major information on the MOPS public information platform • Important financial and business information has been disclosed on the MOPS and the Company's website.
		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	
Corporate Sustainability Area of the Company's Website	Instant			
 Customer / Dealer	<p>Customers are the main service subjects and Evergreen Steel continues to strengthen business development capability, enhance technology, and improve processes to offer customers outstanding product quality and establish long-term stable cooperation.</p>	Telephone, fax, email	Instant	<ul style="list-style-type: none"> • Immediate improvement for customer response • 14,773 visits to the Company's website • Company website
		Business visit	Instant	
		External communication mailbox	On demand	
		Corporate Sustainability Area of the Company's Website	Instant	
 Supplier / Contractor	<p>Good partners can create greater social value. Evergreen Steel maintains positive interaction with suppliers/contractors with the aim of providing high-quality products and services. Through mutual trust and cooperation, Evergreen Steel and suppliers/contractors forge mutually beneficial relationships, enhancing sustainable competitiveness and achieving growth together.</p>	Education and training	Quarterly / on demand	<ul style="list-style-type: none"> • 143 signed corporate social responsibility commitments (As of October 2022) • Held supplier evaluation twice • Convened contractors to participate in safety and health and 6S meetings 12 times • Held Toolbox Meetings 130 times • 1 joint operation agreement organization meeting was held • Held foreign migrant workers education and training 4 times • Convened contractors to participate in painting education and training in the factory 3 times • Convened contractors to participate in safety and health education and training in the factory 14 times • Hold contractor meetings 3 times (February, May, October 2022) • Company website
		Telephone, fax, email	Instant	
		Supplier /Contractor evaluation	Once every half a year	
		Supplier meeting	On demand	
		Face to face communication	On demand	
		Supplier commitment	On demand	
		Toolbox Meeting	On demand	
		Purchase contract	Contract period	
		Construction contract	Contract period	
		Safety and Health 6S agreement organization meeting	Monthly	
Corporate Sustainability Area of the Company's Website	Instant			

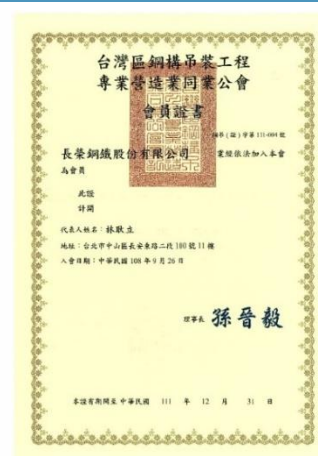
Stakeholder	Importance to Evergreen Steel	Engagement Method	Frequency	2022 Engagement and Responses
 <p>Government agency</p>	<p>Evergreen Steel complies with laws and regulations of government agencies and offers its own professional experience to conduct bilateral communication and interaction with government agencies, jointly promoting corporate sustainable development.</p>	<p>Online platform data filling</p> <hr/> <p>Correspondence of official documents</p> <hr/> <p>Seminar / symposium / public hearing</p> <hr/> <p>Telephone, fax, email</p> <hr/> <p>Business visit</p> <hr/> <p>Visit of competent authority</p> <hr/> <p>Safety and health family education training / symposium</p> <hr/> <p>Corporate Sustainability Area of the Company's Website</p>	<p>Annually</p> <hr/> <p>On demand</p> <hr/> <p>On demand</p> <hr/> <p>Instant</p> <hr/> <p>On demand</p> <hr/> <p>On demand</p> <hr/> <p>On demand</p> <hr/> <p>Instant</p>	<ul style="list-style-type: none"> Participated in government seminars and presentations 22 times. Participated in government agencies' education and training twice. <ol style="list-style-type: none"> Kaohsiung Linhai Industrial Park "Joint Defense Regiment Annual Training" Taipower Jia-Nan Power Branch Education and Training Participated in environmental protection agency policy announcements and seminars 5 times Participated in Ministry of Labor policy promotion/seminar 3 times. Participated in Occupational Safety and Health Administration's education and training once. Participated in Occupational Safety and Health Administration's promotion seminar/symposium twice. Company website
 <p>Steel Industry</p>	<p>Evergreen Steel proactively participates in industry associations to learn the latest industry information through exchange and cooperation, effectively grasping domestic and international dynamics of the industry, which are referenced for management strategy and business expansion to enhance competitiveness.</p>	<p>Business visit</p> <hr/> <p>Telephone, fax, email</p> <hr/> <p>Corporate Sustainability Area of the Company's Website</p>	<p>On demand</p> <hr/> <p>Instant</p> <hr/> <p>Instant</p>	<ul style="list-style-type: none"> Steel structure group meetings of steel and Iron Industries Association was held 4 times (once per quarter) Participated in the member meeting of Taiwan Steel Structure Hoisting Engineering Professional Construction Industry Association once Participated in the member meeting of Taiwan Steel Structure Erection Engineering Professional Construction Industry Association once Participated in meeting of Taiwan Institute of Steel Construction 2 times Participated in Taiwan-Japan Steel Conference once Market Observation Post System (MOPS) Company website

1.2.2 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.

Industry associations, other organizations and national or international initiatives	Significance to the sustainable operations of Evergreen Steel	Role
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.	Directors and supervisors
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
Industrial Carbon Neutral Alliance	The short-term targets are to conduct carbon inventory and reduction, establish adaptive and responsive capabilities, and promote low-carbon/negative-carbon technology, and energy and resources renewable circular technology; the long-term goals are to respond to climate change and help the industry to achieve sustainable development.	Member

Taiwan Institute of Steel Construction membership certificate	Taiwan Steel Structure Hoisting Engineering Professional Construction Industry Association membership certificate
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Taiwan Steel Structure Erection Engineering Professional Construction Industry Association membership certificate

Taiwan Steel & Iron Industries Association membership certificate



1.3 Management of Material Topics

1.3.1 Identification Process of Material Topics

The Company refers to GRI Topic-Specific Standards, SASB Standards, and SDGs for the selection of material topics. The identification is conducted by the Company’s representatives, department heads, and external experts, giving scores to the topics based on the Company’s actual or potential negative and positive impacts of the topics on economy, environment, and society (people and human rights).

In a change from 2021, “Compliance with social and economic laws and regulations” and “Compliance with regulations on environmental protection” have been combined as “Compliance with Laws and Regulations” according to the GRI revision. “Waste Management,” “Supplier Environmental Assessment,” “Supplier Social Assessment,” “Energy,” “Greenhouse Gas Emissions,” and “Air Quality” have also been added to the Company’s 2022 material topics in line with SASB standards.

The identification process can be concretely divided into four stages.

- 1

Understanding Organizational Context

Referring to GRI Topic-Specific Standards, SASB Standards, and SDGs to compile 36 sustainability topics.
- 2

Identification of Actual and Potential Impacts

External experts give scores to each topic based on the Company’s actual and potential negative and positive impacts on economy, environment, and society (people and human rights); the topics will then be ranked by summing up their scores of actual negative impact, potential negative impact, actual positive impact, and potential positive impact, on economy, environment, and society (people and human rights). A topic with a total score over 30 points is regarded as a material topic of the Company. The industry topics listed by SASB are prioritized as material topics.
- 3

Evaluation of Impact Significance

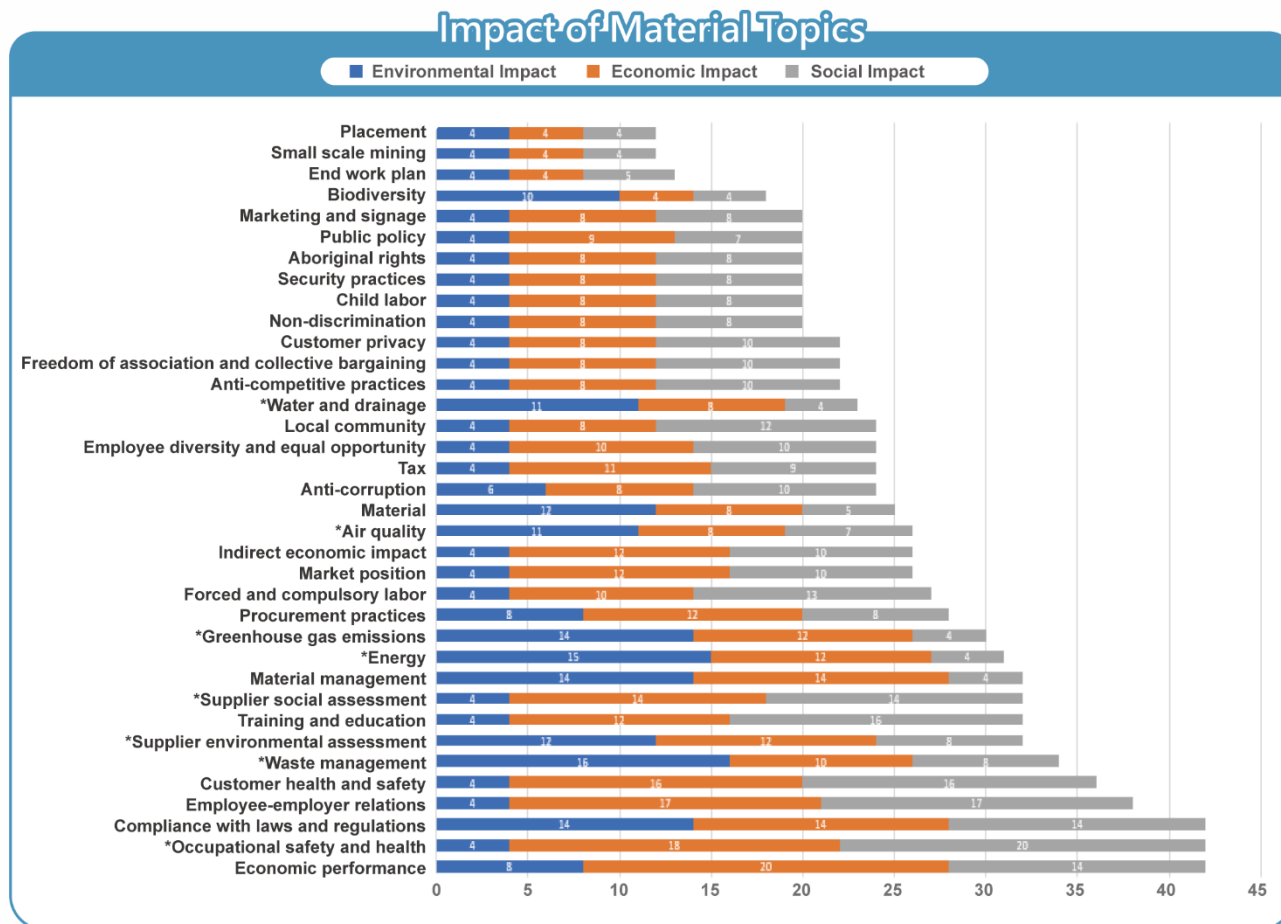
External experts hold discussions with the departments of the Company. Based on past operational experience, the levels of significance and likelihoods of the topics are discussed, finally selecting 13 topics as the Company’s material topics this year.
- 4

Reporting Priority According to Most Significant Impact

Comprehensive assessment is conducted based on the natures of the topics. Material topics are disclosed in various chapters and sections of the Report.

The 13 material topics identified by the Company are "Economic Performance," "Occupational Safety and Health," "Compliance with Laws and Regulations," "Employee-Employer Relations," "Customer Health and Safety," "Waste Management," "Supplier Environmental Assessment," "Training and Education," "Supplier Social Assessment," "Material Management," "Energy," "Greenhouse Gas Emissions," and "Air Quality."

1.3.2 Identification of Material Topics





Identification of Material Topics

Material topics

1 Economic performance	2 Occupational safety and health	3 Compliance with laws and regulations	4 Employee-employer relations
5 Customer health and safety	6 Waste management	7 Supplier environmental assessment	8 Training and education
9 Supplier social assessment	10 Material management	11 Energy	12 Greenhouse gas emissions
13 Air quality			

Secondary topics

14 Procurement practices	15 Forced and compulsory labor	16 Market position	17 Indirect economic impact
18 Material	19 Anti-corruption	20 Tax	21 Employee diversity and equal opportunity
22 Local community	23 Water and drainage	24 Anti-competitive practices	25 Freedom of association and collective bargaining
26 Customer privacy	27 Non-discrimination	28 Child labor	29 Security practices
30 Aboriginal rights	31 Public policy	32 Marketing and signage	33 Biodiversity
34 End work plan	35 Small scale mining	36 Placement	

● **List of Material Topics**

Material Topics	Description of the Organization’s Policies or Commitments Relating to Material Topics	Actual/Potential Positive/Negative	Parties Affected
<p>Economic Performance (Economic Performance GRI 201)</p>	<p>The Company strives for sustainable operations and shareholder profits, achieving business targets through the policies of safety first, superior quality, and customer satisfaction.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Suppliers/Contractors (Contribute to), Shareholders (Directly linked to), Customers (Directly linked to)</p>
<p>Occupational Safety and Health (Occupational Safety and Health GRI 403)</p>	<p>For effective management of the Company’s occupational safety and health and related bylaws and to meet regulatory requirements, avoiding legal penalties, due diligence management of occupational safety and health can lower cost risk and occupational accident likelihood, and enhance safety of employees in the manufacturing process.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Shareholders (Contribute to), Government Agencies (Contribute to), Suppliers/Contractors (Contribute to), Employees and other Workers (Directly linked to)</p>
<p>Compliance with Laws and Regulations</p>	<p>Compliance with laws and regulations is an essential part of an enterprise’s business operations. Management objectives 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>Actual Positive/ Actual Negative/ Potential Negative</p>	<p>Evergreen Steel (Causes), Shareholders (Contribute to), Suppliers/Contractors (Contribute to), Employees and other Workers (Directly linked to), Customers (Directly linked to)</p>
<p>Employee-Employer Relations (Employment GRI 401)</p>	<p>All systems of the Company 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, as the Company strives for sustainable operations.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Employees and other Workers (Directly linked to)</p>

Material Topics	Description of the Organization’s Policies or Commitments Relating to Material Topics	Actual/Potential Positive/Negative	Parties Affected
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<p>Customer Health and Safety (Customer Health and Safety GRI 416)</p>	<p>The Company implements rigorous control of all production processes, providing safe and reliable steel structures. Product quality is key to the business and its brand reputation and image. Stakeholders expect Evergreen Steel to strictly implement its regulations to provide safe and reliable construction materials. Regarding the information on improvement of product and service quality within the scope of the topic of Customer Health and Safety, only the data of customer satisfaction survey is presented.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Shareholders (Contributes to), Government Agencies (Contribute to), Employees and other Workers (Directly linked to), Customers (Directly linked to)</p>
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<p>Waste Management (Waste GRI 306)</p>	<p>With rising environmental awareness, waste disposal has become relatively important to the Company. If waste generated by the Company is not properly handled, it may cause a severe impact on the environment and the Company would face related regulatory and legal penalties, affecting the likelihood of the Company’s sustainable operations.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Shareholders (Contribute to), Government Agencies (Contribute to), Customers (Directly linked to)</p>
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<p>Supplier Environmental Assessment (Supplier Environmental Assessment GRI 308)</p>	<p>To prevent and avoid environmental and social impacts of the Company’s own and its suppliers’ operations, and with supply chain social and environmental assessments becoming a topic growingly concerned by laws and regulations and stakeholders, the Company aims to strengthen social responsibility of suppliers and requires them to sign a corporate social responsibility commitment, demands all supplied materials are in compliance with domestic labor laws and human rights regulations, emphasizes business ethics and fair competition principles, and responds to climate change risks, to strengthen the Company’s sustainable competitiveness.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Suppliers/Contractors (Directly linked to)</p>
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<p>Training and Education (Training and Education GRI 404)</p>	<p>The Company attaches great importance to employee education and training, especially relating 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.</p>	<p>Actual Positive/ Potential Positive/</p>	<p>Evergreen Steel (Causes), Employees and other Workers (Directly linked to)</p>
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Material Topics	Description of the Organization's Policies or Commitments Relating to Material Topics	Actual/Potential Positive/Negative	Parties Affected
<p>Supplier Social Assessment (Supplier Social Assessment GRI 414)</p>	<p>To prevent and avoid environmental and social impacts of the Company's own and its suppliers' operations, and with supply chain social and environmental assessments becoming a topic growingly concerned by laws and regulations and stakeholders, the Company aims to strengthen social responsibility of suppliers and requires them to sign a corporate social responsibility commitment, demands all supplied materials are in compliance with domestic labor laws and human rights regulations, emphasizes business ethics and fair competition principles, and enhances responses to climate change risks, to strengthen the Company's sustainable competitiveness.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Suppliers/Contractors (Directly linked to)</p>
<p>Material Management</p>	<p>According to the analysis of stakeholder concerns, the topic of Material Management is relatively important to the Company. Material management can lower the Company's risk of material consumption, ensure smooth flow of materials on production lines, enhancing product competitiveness relating to sustainability topics. Evergreen Steel strives for production and assembly of steel structures, where steel plates and H beams are the main raw materials, and the Company ensures quality and complies with national standards, offering customers services of the highest quality. Consumption of raw materials is an important factor in the Company's costs. Effective reuse of tower crane foundation and support components can reduce the amounts of new materials to be procured.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Steel Industry Peers (Contribute to), Suppliers/Contractors (Contribute to), Customers (Directly Linked to)</p>
<p>Energy (Energy GRI 302)</p>	<p>According to the analysis of stakeholder concerns, if the Company does not implement appropriate energy management, it may face related legal and regulatory requirements and fines in the future. Effective energy management can lower energy consumption and costs, enhancing product competitiveness.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen Steel (Causes), Shareholders (Contribute to), Government Agencies (Contribute to), Customers (Directly linked to)</p>



Material Topics	Description of the Organization's Policies or Commitments Relating to Material Topics	Actual/Potential Positive/Negative	Parties Affected
<p>Greenhouse Gas Emissions (Emissions GRI 305)</p>	<p>According to the analysis of stakeholder concerns, if the Company does not conduct greenhouse gas inventory, it may face related legal and regulatory requirements and penalties in the future.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen (Causes), Shareholders (Contributes to), Government Agencies (Contributes to), Customers (Directly linked to)</p>
<p>Air Quality</p>	<p>In recent years, the awareness of environmental protection has gradually increased, and facing environmental problems has become a global issue. 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, the Company will continue to implement measures to abide by relevant laws and regulations.</p>	<p>Actual Positive/ Actual Negative/ Potential Positive/ Potential Negative</p>	<p>Evergreen (Causes), Shareholders (Contributes to), Government Agencies (Contributes to), Customers (Directly linked to)</p>



- 2.1 Company Profile
- 2.2 Corporate Governance Structure
- 2.3 Ethical Management
- 2.4 Risk Management

CH 2

Corporate Governance

Chapter 2 Corporate Governance

Material Topic: Legal Compliance



Reason for Materiality

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, make continued improvements, and strengthen management, to maintain the Company's sustainable development.



Policies/Strategy

- **Environmental Aspect:**
 1. Strive to comply with related laws and regulations formulated by central or local governments.
 2. Focus on pollution prevention and continued improvement and refinement, and strive to increase energy consumption efficiency, to improve environmental quality and preserve the natural environment, achieving business sustainability.
- **Socioeconomic Aspect:**

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.



Goals and Targets

- **Environmental Aspect:**
 - **Short-term targets:**

Abiding by laws and regulations and maintaining and strengthening pollution prevention facilities to ensure compliance with legal requirements set by the government.
 - **Mid- and long-term targets:**

Comply with environmental laws and regulations and strengthen management of air pollutants, wastewater, and other waste, while also maintaining surrounding environment.
- **Socioeconomic Aspect:**
 - **Short-term targets:**

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.
 - **Mid- and long-term targets:**

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.



Management Evaluation Mechanism

- **Environmental Aspect:**

Comply with related government laws and regulations and abide by SOPs formulated by the Company.
- **Socioeconomic Aspect:**
 1. 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.

Material Topic: Legal Compliance

2. 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:
 - (1) 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.
 - (2) Formulate and amend the Procedures for Ethical Management and Guidelines for Conduct.
 - (3) Conduct and coordinate ethical management policy awareness training.
 - (4) Implement the whistle-blowing system.
 - (5) 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.

- **Environmental Aspect:**

In 2022, the Company had 4 violations of environmental laws and was fined a total of NT\$ 142,000. The Company has already made improvements and will continue to strengthen management in the future.

- **Socioeconomic Aspect:**

1. In 2022, 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.
2. In 2022, there were no related complaints or sanctions imposed by the Taiwan Stock Exchange.
3. In 2022, there was no breach of customer privacy and data leakage.
4. In 2022, 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.
5. In 2022, the Company had 2 violations of occupational safety and health laws and regulations, and was fined a total of NT\$ 320,000. The Company has made improvements and will continue to strengthen management in the future.



Performance and Adjustments



Preventive or Remedial Measures

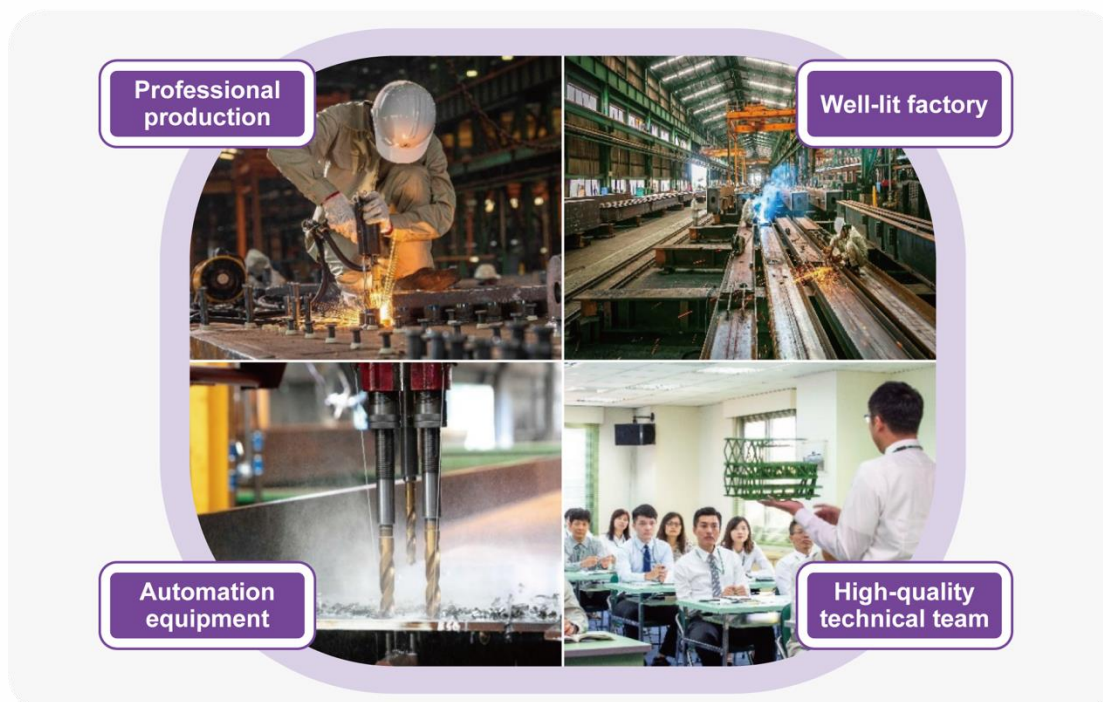
- Strengthen employees' understanding of human rights and corporate social responsibility to increase their own rights. Share announcements or laws and regulations made by competent authorities, including promotion of laws and regulations, Q&A on regulations of handling, on an irregular basis and post on the Company's website to strengthen legal compliance.
- Strengthen before-job education and training at factories and on sites and continue to enhance management, achieving the target of zero violations and zero accidents.

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). Initially, the company mainly focused on container manufacturing, renovation, maintenance and repair, and then the container manufacturing activities were transferred to Malaysia. In order to meet market needs, the company set up factors for manufacturing steel structures and reinforcing steel, participate in steel structure engineering, It has factories in Xinying, Tainan and Hukou, Hsinchu. It is one of the major steel structure factories in Taiwan. 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 9001:2015 certification.

Evergreen Steel Corp. has actively participated in multiple construction and infrastructure projects. Important projects the Company has participated in include the Southern Branch of the National Central Library & National Repository Library, Taichung Shuinan International Convention Exhibition Center, Yuanlih Xinyi D3 – Four Seasons Hotel, and the Second Bid Construction Work of Phase 2 Expansion Area of Baoshan Site at the Hsinchu Science Park... etc. are all important engineering achievements.

In order to meet the container demand of Evergreen Marine Corp. in Kaohsiung area, Therefore, a factory is set up in the Linhai Industrial Park expedite pickup of containers to be repaired and delivery of repaired containers. There is a container repair and washing area in the terminal, which can repair about 60 40-foot containers at the same time. 60 20-foot containers and 20 refrigerated containers, using high-efficiency maintenance equipment for container maintenance; another investment in environmental protection business includes handling general and industrial waste, medical waste and other businesses.

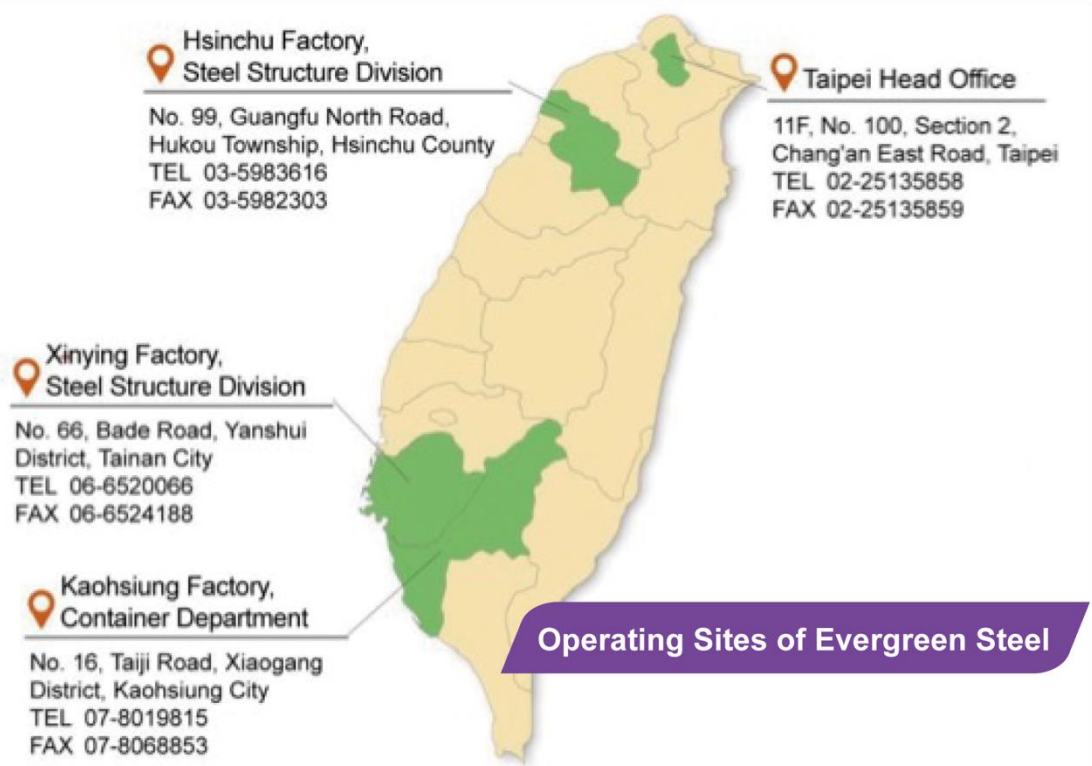


The company will continue to embrace the Evergreen spirit of challenge, innovation, and teamwork. It will provide customers optimized services with its dedication to further enhancement of technical capabilities, construction methods, and manufacturing processes, while protecting the environment and pursuing sustainable development at the same time. In order to enable the public to have a safer and more convenient life, we look forward to contributing to Taiwan's infrastructure and moving towards the goal of sustainable development.

Basic Information of Evergreen Steel			
Company name	Evergreen Steel Corp.	Date of Incorporation	January 29, 1973
Listing on TWSE	April 12, 2021	Stock Code	2211
Paid-in Capital	NT\$4,170,914,630	Number of Employees	566 people
Chairman	Lin, Keng-Li	President	Liu, Pang-En
Headquarters	11F, No. 100, Section 2, Chang'an East Road, Zhongshan District, Taipei City 104094		
Type of Industry	Steel Industry		
Business Scope	Manufacturing 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.		



Exteriors of Evergreen Steel Corp. Facilities



Operating Sites of Evergreen Steel

Shareholdings of Evergreen Steel and Subsidiaries in the Consolidated Financial Statements

Evergreen Steel Corp.

Hsin Yung Enterprise Corp. 68.46%

Super Max Engineering Corp. 48.13%

Mingyu Investment Corp. 100%

Ever Ecove Corp. 50.06%

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.

With the increasing number of people vaccinated and the hard work of all related government agencies in recent years, the domestic spread of COVID-19 has abated. With Taiwanese businesses returning to Taiwan and promotion of urban regeneration, domestic residential buildings and technology plants continue to be constructed, which has led to significant increase of demand, benefiting the steel structure market.

In 2022, with the economic downturn caused by factors like inflation and increased interest rates, demand for plant and building construction slowed, but steel structures remained the main driver of the market as the government continued to promote public construction projects. Also, the Company began delivering several high-grossing orders, achieving optimal performance in terms of profits; as for environmental protection, Ever Ecove Corp. entered its trial stage and achieved steady growth of profit.

In 2022, with delivery and hoisting of contracted public constructions, residential buildings, and large-scale plants, such as: the Southern Branch of the National Central Library & National Repository Library, Taichung Shuinan International Convention Exhibition Center, Yuanlih Xinyi D3 – Four Seasons Hotel, and the Second Bid Construction Work of Phase 2 Expansion Area of Baoshan Site at the Hsinchu Science Park, the construction market remained robust; moreover, prefabricated steel structures not only shorten construction periods, but are also known for seismic resistance, recyclability and reusability, which meet the requirements of the government's urban regeneration incentives in recent years and rising environmental awareness, and have gradually become the mainstream in the construction sector. The Company will utilize its mature steel structure fabrication technology to effectively lower manufacturing costs, level manufacturing capacity, and achieve timely delivery, maintaining 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, Southern Branch of the National Palace Museum, and AnShin Bridge of the Ankeng LRT System.

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

In addition to earning praise from clients and owners for its steel structure construction quality, the Company also communicates with owners and clients in advance on construction periods, and convenes weekly meetings to discuss construction progress and coordinate the operations of all departments, in the aim of delivering products according to clients' schedules.

● **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 9001:2015 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 45001:2018 and ISO 45001:2018 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 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.

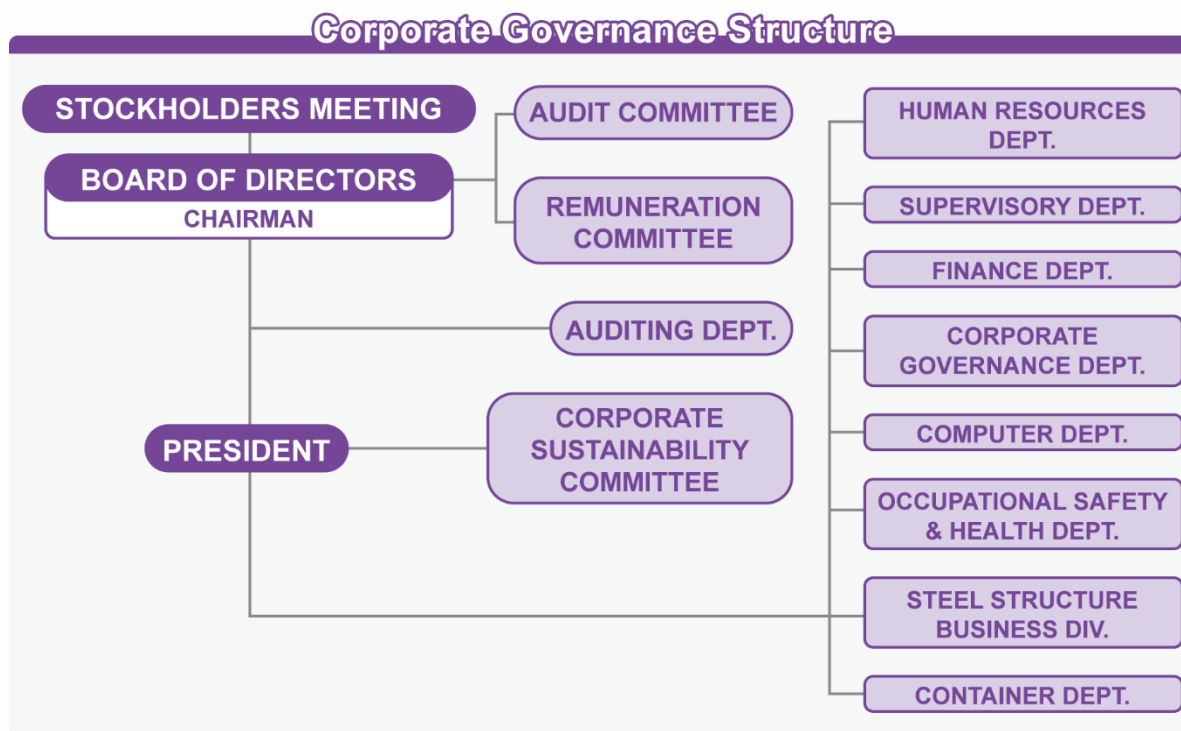
● **Investment in New Industries**

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. The construction was completed in 2022 and the Company has proactively entered the trial stage.

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. Also, the heat treatment unit of the biomass energy center achieves a power generation efficiency of over 25% and the air pollutant concentrations are far lower than existing incinerators, with a daily average far below U.S. and E.U. standards, becoming a circular eco-friendly technology plant with low pollution, sustainable operations, and diversified treatments. 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

According to the Company’s Articles of Incorporation, the Board of Directors consists of seven to nine directors, including three independent directors, 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.

The Company’s Board of Directors is 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.

- **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%.

Seven directors were elected by the shareholders’ meeting on June 10, 2022, to form the Company’s 23rd Board of Directors; three of which are independent directors, accounting for 42.86% in 2022; female directors also accounted for 42.86% of all directors.

Title	Name	Gender	Age (years old)	Date of First Appointment	Education	Current Positions at Evergreen Steel and Other Companies	Industry experience			
							Business Management	Legal Affairs	Financial Accounting	Environmental Protection & Green Energy
Chairman	Lin, Keng-Li	Male	61~70	2016.03.18	MBA, Shipping and Transportation Management, National Taiwan Ocean University	Directors: Hsin Yung Enterprise Corp., Ever Ecove Corp., Super Max Engineering Enterprise Co., Ltd., Ming Yu Investment Corp.	●			●
Director	Lee, Mon-Ling	Female	51~60	2014.02.27	MBA, Rensselaer Polytechnic Institute, Troy, New York, USA	Directors: Hsin Yung Enterprise Corp., Metropolis Apartment Building Management and Maintenance Co., La Mer Corp.	●		●	●
Director	Ko, Lee-Ching	Female	71~80	2007.05.22	National Keelung Girls' Senior High School	Director: Evergreen Marine Corp., (Taiwan) Ltd. Evergreen International Storage and Transport Corp., Taiwan High Speed Rail Corp. Supervisor: Evergreen Sky Catering Corp.	●		●	
	Kaiming Investment Ltd.	Not applicable		2022.06.10	Not applicable	Not applicable				Not applicable
Director	Representative: Lee, Kuan-Liang	Male	71~80	2000.04.17	Department of Navigation, Taiwan Provincial Maritime College (now National Taiwan Ocean University)	None	●			

Title	Name	Gender	Age (years old)	Date of First Appointment	Education	Current Positions at Evergreen Steel and Other Companies	Industry experience			
							Business Management	Legal Affairs	Financial Accounting	Environmental Protection & Green Energy
Independent Director	Lien, Yuan-Lung	Male	61~70	2019.11.29	EMBA, National Taiwan University, LL.B., Department of Law, National Taiwan University	Attorney in Charge, Lien & Partners Law Offices Independent Director: MSIG Mingtai Insurance Co., Ltd. Taiwan Pelican Express Co., Ltd. Director, TWT Net Corp.	●	●		
Independent Director	Lin, Tian-Sung	Male	61~70	2022.06.10	Bachelor of Business Administration, Soochow University	Independent Director: IKKA Holding (Cayman) Ltd.	●			
Independent Director	Lin, Shu-Ling	Female	51~60	2022.06.10	Master of Accounting, National Chengchi University	Independent Director: CviLux Corp., CPA, Honesty CPA Firm			●	

● 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 content 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 Recusal of Board Meeting in 2022:

NO	Date of BOD Meeting	Name of Recused Director	Discussion Item and Resolution
1	January 24, 2022	Chairman Lin Keng-Li	To approve Chairman's salary and allowances in 2022. Recusal of Directors and voting situation of Board of Directors: <ul style="list-style-type: none"> Except for the Chairman who recused himself from the discussion and resolution, all 6 attendance directors agreed and approved the proposal.

NO	Date of BOD Meeting	Name of Recused Director	Discussion Item and Resolution
2	August 10,2022	Chairman Lin Keng-Li	To approve the new Chairman’s salary in 2022. Recusal of Directors and voting situation of Board of Directors: <ul style="list-style-type: none"> • Except for the Chairman who recused himself from the discussion and resolution, all 6 attendance directors agreed and approved the proposal.
3	August 10,2022	Independent Director Lin Shu-Ling Independent Director Lin Tian-Sung Independent Director Lien Yuan-Lung	To approve the new Independent Directors’ salary in 2022. Recusal of Directors and voting situation of Board of Directors: <ul style="list-style-type: none"> • Except for the 3 Independent Directors who recused themselves from the discussion and resolution, all 4 attendance directors agreed and approved the proposal.
4	December 22,2022	Chairman Lin Keng-Li	1. To approve 2022 bonus for the Chairman. 2. To approve Chairman’s salary in 2023. Recusal of Directors and voting situation of Board of Directors: <ul style="list-style-type: none"> • Except for the Chairman who recused himself from the discussion and resolution, all 6 attendance directors agreed and approved the above proposals.

● **Operation of the Board of Directors**

The board meeting is convened at least quarterly but may be convened at any time in case of an emergency. The Company has held 9 board meetings in 2022 and the directors achieved an overall attendance of 98.41%. The attendance of directors is as follows:

Title	Name	Attendance in Person [B]	Attendance by Proxy	Attendance Rate (%) [B/A]
The 23rd Term (Current) of the Board of Directors [A Total of 5 Board Meetings (A)]				
Chairman	HUI Corp. Representative: Lin, Keng-Li	5	0	100%
Director	HUI Corp. Representative: Ko, Lee-Ching	5	0	100%
Director	Designated representative performing duties on behalf of Kaiming Investment Co., Ltd. Lee, Kuan-Liang	4	1	80%
Director	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	5	0	100%
Independent Director	Lin, Shu-Ling	5	0	100%
Independent Director	Lien, Yuan-Lung	5	0	100%
Independent Director	Lin, Tian-Sung	5	0	100%
The 22nd Term (Previous) of the Board of Directors [A Total of 4 Board Meetings (A)]				
Chairman	Evergreen Logistics Corp. Representative: Lin, Keng-Li	4	0	100%

Title	Name	Attendance in Person [B]	Attendance by Proxy	Attendance Rate (%) [B/A]
Director	Evergreen International Corp. Representative: Chang, Kuo-Hua (Note 1)	2	0	100%
Director	Evergreen International Corp. Representative: Ko, Lee-Ching (Note 1)	2	0	100%
Director	Evergreen International Corp. Representative: Cheng, Shen-Chih (Note 2)	2	0	100%
Director	Evergreen International Corp. Representative: Chen, Chao-Lung (Note 2)	2	0	100%
Director	Wei-Dar Development Co., Ltd. Representative: Lee, Mon-Ling	4	0	100%
Independent Director	Lee, Kuan-Hsien	4	0	100%
Independent Director	Lien, Yuan-Lung	4	0	100%
Independent Director	Chiang, Jui-Chin	4	0	100%

Note 1: Date of Dismissal (Reappointed by Legal Person): 2022.04.12; the director should attend 2 Board Meetings.

Note 2: Date of Appointment (Reappointed by Legal Person): 2022.04.12; the directors should attend 2 Board Meetings.

● 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 2022 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 and Number of Hours	Professional Training Institution	Training Course	Attending Directors
July 21,2022 (3 hours)	Taiwan Institute of Sustainable Energy	Carbon Management Trends and Responses to Net-Zero Emissions	A Total of 6: Chairman Lin Keng-Li, Director Ko Lee-Ching, Director Lee Mon-Ling, Independent Director Lin Shu-Ling, Independent Director Lien Yuan-Lung, Independent Director Lin Tian-Sung.
October 05,2022 (3 hours)	Taiwan Corporate Governance Association	Cybersecurity in Corporate Governance – developing the cybersecurity strategies in list companies	A Total of 6: Chairman Lin Keng-Li, Director Ko Lee-Ching, Director Lee Mon-Ling, Director Lee Kuan-Liang Independent Director Lin Shu-Ling, Independent Director Lin Tian-Sung.



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2.2.2 Functional Committees

● Operation of the Audit Committee

To foster corporate governance and strengthen the functions of the Board of Directors, the Company has established an Audit Committee composed entirely of independent directors in accordance with Article 14-4 of the Securities and Exchange Act and the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies. The Audit Committee holds at least 4 meetings annually. Its main responsibilities are as follows:

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

In 2022, The Company held a total of 5 CPAs communication meetings and Audit Committee meetings, with all committee members achieving an 100% attendance. The members' attendance is as follows:

Title	Name	Attendance in Person [B]	Attendance by Proxy	Attendance Rate (%) [B/A]
The 2nd Term (Current) of the Audit Committee 【A Total of 3 meetings (A) should be attended】				
Convener	Lin, Shu-Ling	3	0	100%
Member	Lien, Yuan-Lung	3	0	100%
Member	Lin, Tian-Sung	3	0	100%
The 1st Term (Previous) of the Audit Committee 【A Total of 2 meetings (A) should be attended】				
Convener	Lee, Kuan-Hsien	2	0	100%
Member	Lien, Yuan-Lung	2	0	100%
Member	Chiang, Jui-Chin	2	0	100%

● Operation of the 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 Article 14-6 of the Securities and Exchange Act, 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. The Committee shall consist of no less than three members appointed by the Board of Directors; over half of the members must be independent directors. The Remuneration Committee holds at least two meetings a year, and its main responsibilities are as follows:

- ◆ Establish and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors and managers.
- ◆ Periodically evaluate and determine the remuneration of directors and managers.

In 2022, the Company's Remuneration Committee held a total of 4 meetings, with members achieving an overall attendance of 100%. The members' attendance is as follows:

Title	Name	Attendance in Person [B]	Attendance by Proxy	Attendance Rate (%) [B/A]
The 2nd Term (Current) of the Remuneration Committee [A Total of 2 meetings (A) should be attended]				
Convener	Independent Director Lien, Yuan-Lung	2	0	100%
Member	Independent Director Lin, Tian-Sung	2	0	100%
Member	Chiang, Jui-Chin	2	0	100%
The 1st Term (Previous) of the Remuneration Committee [A Total of 2 meetings (A) should be attended]				
Convener	Independent Director Lien, Yuan-Lung	2	0	100%
Member	Independent Director Lee, Kuan-Hsien	2	0	100%
Member	Independent Director Chiang, Jui-Chin	2	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 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 could 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 Rules of the Performance Evaluation of the Board of Directors and the information on the annual evaluation results have been disclosed on the Company's website and in the annual reports. The board performance evaluation items and results in 2022 are as follows:

	Board as a Whole	Individual Board Members (Self-evaluation)	Audit Committee	Remuneration Committee
Items	<ul style="list-style-type: none"> ◇ Participation in the Company's operation. ◇ Improvement to the Board's decision-making quality. ◇ Composition and structure of the Board. ◇ Election and continuing education of directors. ◇ Internal control. ◇ Implementation and promotion of ESG. 	<ul style="list-style-type: none"> ◇ Understanding of the Company's goals and missions ◇ Knowledge of directors' responsibilities. ◇ Participation in the Company's operations. ◇ Internal relations management and communication. ◇ Directors' professional and continuing education. ◇ Internal control. 	<ul style="list-style-type: none"> ◇ Participation in the Company's operation. ◇ Knowledge of the Audit Committee's responsibilities. ◇ Improvement to the Audit Committee's decision-making quality. ◇ Composition of the Audit Committee and members appointment. ◇ Internal control. 	<ul style="list-style-type: none"> ◇ Participation in the Company's operation. ◇ Knowledge of the Remuneration Committee's responsibilities. ◇ Improvement to the Remuneration Committee's decision-making quality. ◇ Composition of the Remuneration Committee and members appointment.
Overall Average Score/ Evaluation Result (Note)	4.96 / Good	4.96 / Good	5.00 / Excellent	4.97 / Good

Note: The maximum overall average score is 5; the score below 2 requires immediate improvement; the average score is above 2 but below 3 means need to improve; the score is above 3 but below 4 means adequate; the score is above 4 but below 5 means good; the score is 5 means excellent.



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● Linkage Between Performance and Remuneration

According to the Company's Remuneration Committee Charter and Payment Regulations for Directors Compensation, the Remuneration Committee and the Board of Directors determine the directors' remuneration by taking into consideration personal performances, the Company's operation performance, and reasonableness of correlation with future risks, while also referencing the remuneration standard of peer companies in the same industry. The Company will conduct timely reviews of the remuneration system as per the actual operating conditions and relevant laws and regulations.

The Company clearly discloses the information on the directors' and senior managers' (president and vice president) remunerations in the Annual Report published every year.

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 2022, 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 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 2022, 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) Ethical Corporate Management Best Practice Principles	(II) Procedures for Ethical Management and Guidelines for Conduct	(III) 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"> 1. Scope of application and party governed 2. Prohibition of unethical conduct 3. Types of interests 4. Laws to be complied with 5. Company policy and business philosophy 6. Prevention plans and scope 7. Ethical management and business activities 8. Prevention of products or services from harming stakeholders 9. Organization and responsibilities 10. Recusal due to conflicts of interest 11. Accounting and internal controls 12. Operating procedures and guidelines for conduct 13. Whistleblowing system/punishment and grievances system 14. Information disclosure 		

● **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 2022, a total of 57 people received such training for 57 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. In the environmental aspect, the Company deeply understands that protecting the earth's environment is an important issue shared by mankind. In order to achieve the purpose of environmental protection, the Company 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 the Company continues to fulfill its corporate social responsibility for environmental protection and reduce its impact on the environment. The Xinying Factory and the Kaohsiung Factory violated environmental-related regulations in 2021 and 2022, respectively, and both have completed improvement measures. The detailed environmental regulations compliance status and improved preventive measures are described below. The Taipei Head Office and the Hsinchu Factory did not have any violation in 2022.

In the socioeconomic aspect, the Company also engages 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. Improvement measures have been completed for all violations of laws and regulations in the socioeconomic aspect in 2022.

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

Thus, the Company had no major violations in 2022, and a total of 4 minor violations. Improvement measures have all been completed. Please refer to 4.1 Sustainable Environment Management – Environmental Compliance Overview.

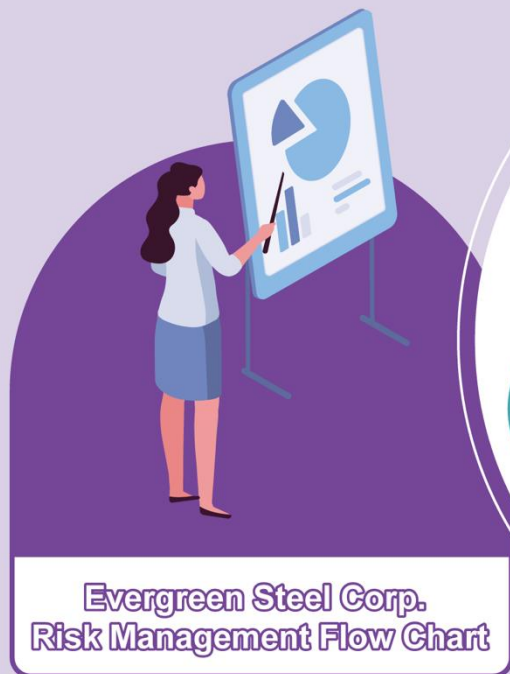
2.4 Risk Management

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; risk management operations, identification results and response measures were reported to the Board of Directors on December 22, 2022, 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. On December 22, 2022, the board of directors will report on the operation of risk management in 2022, identification results and countermeasures.



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 identification and assessment of risk items by related units are tabulated below :

Risk Items and Management Responsible			Responsible Unit
Risk Items	Risk	Response Measure	
 Operational Risk	(1) Industry Risks 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.	Proactively differentiate products, enhance manufacturing capability of uniquely-shaped steel structures, and improve processes and quality management to lower costs and enhance competitiveness.	Business Department
	(2) Human Resource Risks The nature of the steel industry and low birth rate in Taiwan have led to the risk of recruitment difficulty, affecting industrial development.	1. Currently a listed company, which helps to attract and retain outstanding talents. 2. Enhance employee benefits and perfect a talent encouragement system to reduce the turnover rate. 3. Incubate professional talents through internal on-the-job training and external professional education.	Human Resources Department
 Financial Risk	(1) Interest Rate Risk Main risk comes from long-term loans with floating interest rates.	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 capital-raising tools, the company aims to lower the risk of a floating interest rate.	Finance Department
	(2) Exchange Rate Risk Business activities using foreign currencies result in loss from fluctuating exchange rates.	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.	
 Inflation Risk	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&L.	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 short-term orders, lowering the risk of price fluctuation. Thus, the company has not seen a significant impact from inflation.	Engineering Department (Production Control Section)

Risk Items and Management Responsible			Responsible Unit
Risk Items	Risk	Response Measure	
 <p>Information Risk</p>	<p>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.</p>	<ol style="list-style-type: none"> 1. Client-server OS system, file safety control and access management. 2. Network safety control and access management. 3. User-end computer equipment safety controls. 4. Database server safety control. 5. Establish anti-virus system, junk mail blocking system; regularly update OS to ensure system stability and reduce the chance of hacker attacks. 6. Establish complete backup for quick recovery during system error or data corruption. 	<p>Computer Department</p>
 <p>Environmental and Climate Change Risk</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 non-compliance amended to meet legal and regulatory requirements.</p>	<ol style="list-style-type: none"> 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. 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. 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: <ol style="list-style-type: none"> (1) Building plants with portable shades to prevent torrential rain from affecting production capacity. (2) Office area, plant, machines and equipment, and essential facilities have all been insured to reduce the loss caused by natural disasters. 	

Risk Items and Management Responsible			Responsible Unit
Risk Items	Risk	Response Measure	
 <p>Environmental and Climate Change Risk</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 non-compliance amended to meet legal and regulatory requirements.</p>	<p>(3) Implemented related energy-saving and carbon reduction measures, including:</p> <ul style="list-style-type: none"> a. Gradually replacing lighting with LED units; turning off lights during non-operating or business hours to save energy. b. Installing timer switches for all lighting equipment in plants to lower power consumption. c. Promote water-saving measures, and set up water storage area and tanks. d. Switch to new automatic sensing taps to save water and respond to water shortages. e. Procure energy-saving production facilities to enhance efficiency. f. Signed contract with Taipower to set contracted capacity for power consumption by plants to achieve the goal of energy-saving and carbon reduction. <p>(4) Keep track of key concerns and standards of climate change related international initiatives/organizations for reference for formulation of response measures to risks, and keep pace with international trends of development. The Company has also established the TCFD Risks/Opportunities task force under the environmental sustainability group of the Corporate Sustainability Committee. It uses the TCFD framework to identify and assess possible impacts of climate change on the Company's operations. For more details, refer to the TCFD report.</p>	<p>Supervisory Department</p>

In 2023, Evergreen Steel published its first TCFD Report.



- 3.1 Products and Sales
- 3.2 Quality Control
- 3.3 Customer Satisfaction
- 3.4 Supply Chain Management
- Column – Features of Steel Structure Products

CH 3

Product And Value Chain

Chapter 3 Product and Value Chain

Material Topic: Economic Performance



Reason for Materiality

The Company strives for sustainable operations and shareholder profits, achieving business targets through the policies of safety first, superior quality, and customer satisfaction.



Policies/Strategy

- Take on special projects to improve competitiveness.
- Strengthen business development, quality, and sustainability policies.
- Implement and promote occupational safety management system to build a safe working environment.
- Improve technical capabilities, engineering research, and process improvement to achieve optimal customer service.

The Company formulates annual development guidelines according to market and environmental changes and strives for implementation to achieve steady growth and profitability of operations.

● Short-term targets:

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. 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.
3. Continually manage and screen quality suppliers and contractors and carry out evaluation and assessment to build a quality and stable supply chain, enhancing product quality and consolidating customer base.
4. 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.
5. Continue to follow and maintain the already-obtained ISO 9001:2015 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.
6. In terms of promotion of labor safety, the Company continues to maintain the CNS 45001:2018 and ISO 45001:2018 certified occupational safety management system and improves working environment to effectively reduce occupational accidents, achieving corporate sustainability.



Goals and Targets

● Mid- and long-term targets:

1. Evergreen Steel has accumulated export experience and received quality recognition of MITSUBISHI HITACHI POWER SYSTEMS. With a limited domestic steel structure market, the Company continues to explore foreign business opportunities to increase sales and profit.
2. Continually improve construction methods to enhance efficiency, lower costs, and shorten construction period, enhancing competitiveness; strengthen training of professional personnel and review of drawings to lower error rate and enhance production efficiency.



Management Evaluation Mechanism

- Annual budgeting, regular management meetings, and factory and departmental meetings to follow up and determine responses.
- A comprehensive understanding of the market, regular production and marketing meetings, and necessary management measures to integrate overall operations.



Performances and Adjustments

Operating Performances:

2022 Consolidated operating revenue NT\$11,439,152 (thousand)

2022 Consolidated net profit after tax NT\$3,089,161 (thousand)

Adjustment Mechanism:

The Company regularly formulates annual budget, and the Chairman convenes meetings with relevant departments to review budget targets and achievements of each unit, taking effective measures in response to economic and market situations.



Preventive or Remedial Measures

- Annual budgeting, regular management meetings, and factory and departmental meetings to follow up and determine responses.
- Enhance business development skills, continue to cultivate links with well-known companies (such as insurance companies and construction companies) to establish long-term partnerships.
- Through regular production and marketing meetings, the Company gains comprehensive market understanding, and signs fixed-price contracts with steel plants, adopting necessary management measures.

Material Topic: Client Health and Safety



Reason for Materiality

The Company implements rigorous control of all production processes, providing safe and reliable steel structures. Product quality is key to the business and its brand reputation and image. Stakeholders expect Evergreen Steel to strictly implement its regulations to provide safe and reliable construction materials. Regarding the information on improvement of product and service quality within the scope of the topic of Customer Health and Safety, only the data of customer satisfaction survey is presented.



Policies/Strategy

The main products are steel structures for buildings, factories, and bridges. Our processes include steel plate cutting, assembly, electric welding, coating, and installation with strict quality control to meet the quality requirements of projects. The Company's top priority is to constantly enhance quality of products. With the quality policy of "Safety is prioritized, quality is paramount, customer satisfaction, and sustainable business development," the Company continues to improve basic requirements of quality management and is committed to:

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

The Company has conveyed the policy to all employees to thoroughly implement and establish a strict management and audit system for supervision of quality management performance.



Goals and Targets

- Establish and implement a complete, effective quality management system.
- Compliant production with products that meet client requirements on time.
- Occupational accidents, customer complaints, client satisfaction, defect rate of finished products, assembly self-check defect rate, BOX weld self-check defect rate, and performance of external providers. The quality objectives are reviewed on a rolling basis for necessary adjustment.



Management Evaluation Mechanism

- The Company targets quality management for adjustment of quality policy and objectives annually according to ISO 9001:2015 Internal Management Review Procedure.
- The Company reviews risks and opportunities, correction and preventive measures, customer complaints, and client satisfaction, at annual management review meetings.

- The Company has achieved and met all established performance objectives for 2022. In the future, the Company will regularly review management performance and objectives annually for timely adjustment.
- Every year, management review meeting will assess all performance and objectives on a rolling basis for necessary adjustment of management guidelines.

Quality Objectives:

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

1. Occupational accidents: 0 deaths, under 4 injuries.
2. Customer complaints: under 4 per year.
3. Client satisfaction: average of survey items over 3.5 with each item over 3.
4. Defect rate of finished products: buildings, factories under 1.8%, bridges under 1.6%.
5. UT Detection Defect Rate: SAW under 2.0%, SES under 0.7%, bridges under 2.6%.
6. RT Detection Defect Rate: buildings and factories under 4.8%, bridges under 3.6%.
7. Performance of External Providers: Manufactures, design companies, Production Planning Division suppliers must score at least 80 in evaluation.
8. Objectives are discussed annually at ISO 9001:2015 management reviews, and all quality objectives are met in 2022.

2022 Performance and Objectives Statistics Analysis:

1. Occupational accidents: 0 cases
2. Customer complaints: 4 cases
3. Capacity Measurement (Buildings/Bridges): 97.3% / Not Implemented (No Bridge Construction in 2022)
4. BH Self-Check Defect Rate: 0.51%
5. BOX Self-Check Defect Rate: 0.71%
6. Bridge Box Girder Weld Visual Inspection Defect Rate: Not Implemented (No Bridge Construction in 2022)
7. Defect rate of finished products(Buildings, Factories): 0.23%
8. Defect rate of finished products(Bridges): Not Implemented (No Bridge Construction in 2022)
9. UT Detection Defect Rate (Buildings -SAW): 0.118%
10. UT Detection Defect Rate (SES): 0.185%
11. UT Detection Defect Rate (Bridges): Not Implemented (No Bridge Construction in 2022)
12. RT Detection Defect Rate (Buildings, Factories): Not Implemented (No RT Detection in the factory)
13. RT Detection Defect Rate (Bridges): Not Implemented (No Bridge Construction in 2022)
14. Performance of External Providers (Manufactures):
January–June: Average Score 89.
July–December: Average Score 91.
15. Performance of External Providers (Design Companies):
January–June: Average Score 90.4.
July–December: Average Score 89.5.
16. Performance of External Providers (Production Planning Division suppliers):
January–June: Average Score 96.79.
July–December: Average Score 96.94.
17. Customer Satisfaction:
January–June: Quality 4.3, Delivery 4.2, Service Attitude 4.6, Complaints 4.2
July–December: Quality 4.5, Delivery 4.7, Service Attitude 4.6, Complaints 4.5
18. Process Performance:
January–June: Average Score 18.4.
July–December: Average Score 18.3.



Performances and Adjustments



Preventive or Remedial Measures

- The Company has established preventive and remedial measures. In case of a major deficiency, the Company will quickly review the situation and decide on the method of correction.
- Each section reviews risks and opportunities annually, and then implements management of corrections and preventive measures, customer complaints, client satisfaction; remedial measures are conducted after management review meeting.

Material Topic: Supplier Environmental Assessment



Reason for Materiality

To prevent and avoid environmental and social impacts of the Company’s own and its suppliers’ operations, and with supply chain social and environmental assessments becoming a topic growingly affected by laws and regulations and concerned stakeholders, the Company aims to strengthen social responsibility of suppliers and requires them to sign corporate social responsibility commitments, demands all supplied materials are in compliance with domestic labor laws and human rights regulations, emphasizes business ethics and fair competition principles, and enhances responses to climate change risks, to strengthen the Company’s sustainable competitiveness.



Policies/Strategy

Enhance supply chain sustainable development and ensure that suppliers comply with environmental protection and labor rights regulations through the process of provision of products and services to fulfill corporate social responsibility; continue to improve and upgrade in that aim of growing together with suppliers and establish supply chains with long-term stability.



Goals and Targets

Ensure that the quality of supplied materials, delivery, services, and social responsibility of suppliers are in compliance with supplier management policy.



Management Evaluation Mechanism

- Conduct material supplier evaluation according to “supplier evaluation chart” annually.
- Track suppliers’ degree of corporate social responsibility fulfillment through questionnaire survey.



Performances and Adjustments

Performances:

1. A total of 63 new material suppliers signed the “Corporate Sustainability Commitment.”
2. Evaluated 63 material suppliers in 2022, achieving a pass rate of 100%.
3. From 2021 to 2022, a total of 143 material suppliers signed the “Corporate Sustainability Commitment.”

Adjustments:

Suppliers that fail to pass the evaluation shall carry out improvements and must be reevaluated and pass the evaluation before new transactions.



Preventive or Remedial Measures

- The Company has established preventive and remedial measures. In case of a major deficiency, the Company will quickly review the situation and decide on the method of correction.
- Conduct supply chain risk assessment and formulate supplier sustainability scoring scheme as a part of supply chain risk assessment along with delivery, quality, financial status, and operations, as important criteria of procurement.
- When a supplier is found to have environmental issues, remedial measures shall be immediately implemented, such as asking the supplier to carry out improvements, etc.

**Material Topic: Supplier Social Assessment****Reason for Materiality**

To prevent and avoid environmental and social impacts of the Company's own and its suppliers' operations, and with supply chain social and environmental assessments becoming a topic growingly affected by laws and regulations and concerned stakeholders, the Company aims to strengthen social responsibility of suppliers and requires them to sign corporate social responsibility commitments, demands all supplied materials are in compliance with domestic labor laws and human rights regulations, emphasizes business ethics and fair competition principles, and enhances responses to climate change risks, to strengthen the Company's sustainable competitiveness.

**Policies/Strategy**

Enhance supply chain sustainable development and ensure that suppliers comply with environmental protection and labor rights regulations through the process of provision of products and services to fulfill corporate social responsibility; continue to improve and upgrade in that aim of growing together with suppliers and establish supply chains with long-term stability.

**Goals and Targets**

Ensure that the quality of supplied materials, delivery, services, and social responsibility of suppliers are in compliance with supplier management policy.

**Management Evaluation Mechanism**

1. Conduct material supplier evaluation according to "supplier evaluation chart" annually.
2. Track suppliers' degree of corporate social responsibility fulfillment through questionnaire survey.

**Performances and Adjustments****Performances:**

1. A total of 63 material suppliers signed the "Corporate Sustainability Commitment."
2. Tracked a total of 10 suppliers' degree of CSR fulfillment through questionnaires in 2022.
3. Evaluated 63 material suppliers in 2022, achieving a pass rate of 100%.

Adjustments:

Suppliers that fail to pass the evaluation shall carry out improvements and must be reevaluated and pass the evaluation before new transactions.

**Preventive or Remedial Measures**

- The Company has established preventive and remedial measures. In case of a major deficiency, the Company will quickly review the situation and decide on the method of correction.
- Conduct supply chain risk assessment and formulate supplier sustainability scoring scheme as a part of supply chain risk assessment along with delivery, quality, financial status, and operations, as important criteria of procurement.
- When a supplier is found to have social issues, remedial measures shall be immediately implemented, such as asking the supplier to carry out improvements, etc.

Material Topic: Material Management**Reason for Materiality**

According to the analysis of stakeholder concerns, the topic of Material Management is relatively important to the Company. Material management can lower the Company's risk of material consumption, ensure smooth flow of materials on production lines, enhancing product competitiveness relating to sustainability topics.

Evergreen Steel strives for production and assembly of steel structures, where steel plates and H beams are the main raw materials, and the Company ensures quality and complies with national standards, offering customers services of the highest quality.

Consumption of raw materials is an important factor in the Company's costs; effective reuse of tower crane beam and supporting layer false components can reduce the amount of new materials to be procured.


Policies/Strategy

- Effectively enhance smooth supply of raw materials and notify manufacturing unit of shortage of materials for early response, further improving future tracking and control of materials.
- Quality policy: the Company’s employees and partners should all abide by “Ethical Corporate Management Best Practice Principles” and social ethics.
- Environmental policy: chemical composition, mechanical properties, and non-radioactive contamination all meet national standards and necessary regulations.
- Register tower crane beam and supporting layer false components when returned to the factory for management and use by future designs.


Goals and Targets

- Achieve 100% of notification of shortage of materials to manufacturing unit for responses.
- Computerized material management.
- Chemical composition, mechanical properties, and non-radioactive contamination all meet national standards and necessary regulations.
- Reuse of tower crane beam and supporting layer false components.


Management Evaluation Mechanism

- The Company targets material procurement management for annual effectiveness evaluation according to ISO 9001:2015 Internal Management Review Procedure.
- Regular semiannual review of implementation difficulty of reusing supporting layer false components and improvement of implementation rules.


Performances and Adjustments

- Statistical analysis of supplier performance and objectives are in compliance with the Company’s rules of supply qualification. In the future, the Company will continue to focus on the topics of material management. Achievement rates of material supply reached 100% in 2021 and 2022.
- Materials must pass quality control before acceptance. Quality meeting regularly held every year.
- Under safety consideration, existing tower crane beam and supporting layer false components returned to the factory can be reused four times, reducing the amount of new materials to be procured.
- Regular review of return and reuse of false components semiannually; review level of difficulty of cooperation of each unit and improve management rules.


Preventive or Remedial Measures

- Notify manufacturing unit of shortage of materials for early response, further improving future tracking and control of materials.
- Stakeholders can file grievances via the Company’s independent reporting mailbox (comment@evergreennet.com).
- When selecting tower crane beam or supporting layer false components, the design unit should be notified as early as possible for procurement of new materials if the components stored in the factory are not in good condition (rust, deformation), thus avoiding delayed preparation of materials due to unusable components.

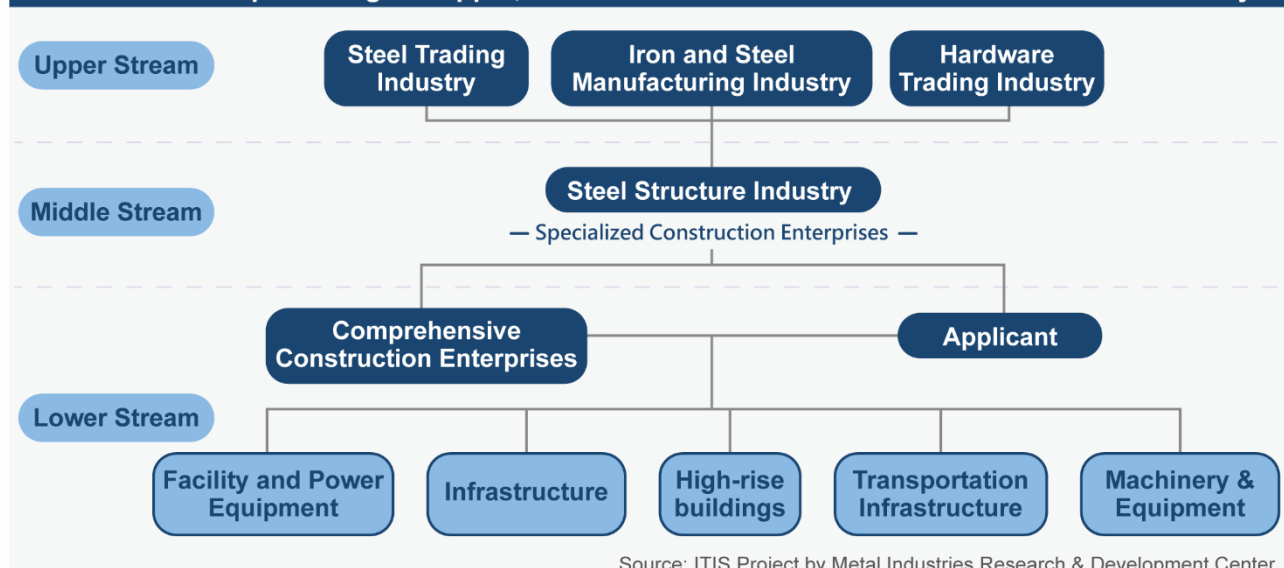
3.1 Products and Sales

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 2022.

Sales of steel structure components over the last three years

Annual Sales Regions	2020		2021		2022	
	Sales (in NT\$ thousands)	Percentage (%)	Sales (in NT\$ thousands)	Percentage (%)	Sales (in NT\$ thousands)	Percentage (%)
Domestic sales	7,117,905	100	11,449,161	100	8,857,305	100
Exports	0	0	0	0	0	0
Total	7,117,905	100	11,449,161	100	8,857,305	100

3.1.2 Financial Performance

In 2022, the steel structure output was approximately 130,000 tons, a 39% decrease from 2021. The operating revenue was NT\$8,857.31 million, a drop of 22.64% from 2021; the operating revenue of the Container Department was NT\$182.55 million, an increase of 10.84% over 2021.

Unit: NT\$ thousands

Item	Year	2020	2021	2022	Difference Between 2022 and 2021	
					Amount	Percentage(%)
Operating Revenue		9,349,649	13,608,597	11,439,152	(2,169,445)	-15.94
Operating Costs		7,323,348	11,252,685	8,486,393	(2,766,292)	-24.58
Operating Gross Profit		2,026,301	2,355,912	2,952,759	596,847	25.33
Operating Expenses		491,989	601,974	562,879	(39,095)	-6.49
Operating Income		1,534,312	1,753,938	2,389,880	635,942	36.26
Non-operating Revenue and Expenses		200,503	200,693	1,058,920	858,227	427.63

Unit: NT\$ thousands

Item	Year	2020	2021	2022	Difference Between 2022 and 2021	
					Amount	Percentage(%)
Net Profit Before Tax		1,734,815	1,954,631	3,448,800	1,494,169	76.44
Income Tax		330,556	350,369	359,639	9,270	2.65
Net Profit in the Current Period of Continuing Business Units		1,404,259	1,604,262	3,089,161	1,484,899	92.56
Other Comprehensive Income in the Current Period (Net Amount After Tax)		1,059,234	7,841,252	(3,106,607)	(10,947,859)	-139.62
Total Comprehensive Income in the Current Period		2,463,493	9,445,514	(17,446)	(9,462,960)	-100.18
Employee Salaries and Benefits		556,899	674,759	680,240	5,481	0.8%
Financial Contribution to the Government		22,035	19,736	20,799	1,063	5.39
Donations		332	1,076	1,239	163	15.15

- Analysis of changes between 2022 and 2021:
 1. Decrease in operating revenue and costs: Mainly due to decrease in the number of steel structure projects recognized.
 2. Non-operating revenue and expenses increased: mainly due to increased dividend revenue.
 3. Decrease in other comprehensive income (net amount after tax) in the current period: Mainly due to the decrease 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>

In 2022, with the economic downturn caused by factors like inflation and increased interest rates, demand for plant and building construction slowed, but steel structures remained the main driver of the market as the government continued to promote public construction projects. Also, the Company began delivering several high-grossing orders, achieving optimal performance in terms of profit; as for environmental protection, Ever Ecove entered its trial stage and achieved steady growth of profit.

In 2022, with delivery and hoisting of contracted public constructions, residential buildings, and large-scale plants, such as: Taichung Shuinan International Convention Exhibition Center, Fubon's business building in northern Kaohsiung, and plant of a major semiconductor company, the construction market remained robust; moreover, prefabricated steel structures are known for seismic resistance, recyclability and reusable qualities, which meet the requirements of the government's urban regeneration incentives in recent years and rising environmental awareness, and have gradually become the mainstream in the construction sector. The Company will utilize its mature steel structure fabrication technology to effectively lower manufacturing cost, level manufacturing capacity, and achieve timely delivery, maintaining a stable profit.

Overview of the Steel Structure Division and the Container Department:

(1) Steel Structure Division

In 2022, total orders reached 120,000 tons (16% public construction, 52% buildings, and 32% factories). The total orders decreased from 2021 mainly due to the economic downturn that led to a slowdown in demand for building and factory construction; on the other hand, with continued promotion of public construction, the percentage increased from 2021. Affected



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by the economy and construction delays, the revenue decreased in 2022, but the Company still achieved target profitability with proper control of costs of all units.

In 2022, the tonnage of steel structure revenue was about 130,000 tons, a decrease of 39% over 2021, and the operating revenue was NT\$8,857.31 million, a decrease of 22.64% over 2021.

(2) Container Department

In 2022, the operating revenue was NT\$182.55 million, an increase of 10.84% over 2021.

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 six improvements to the steel structure business:

- (1) In 2022, the Company replaced and added a BOX steel plate parallel cutter and Box station one-time processing crane with a magnetic gripper system, and updated dust collection equipment of the Plasma ion cutting machine. Also, due to a large number of cranes, replacement will be carried out over a number of years, and the Company will continue to replace cranes in 2023.
- (2) The Company joined an academic-industry collaboration with the National Center for Research on Earthquake Engineering from 2022 to 2025, participating in the R&D of AI automated welding technology for diaphragm plates. Through application of AI with control of mechanical arms, laser scanning and monitoring, and welding machine operation, the project aims to develop an AI-driven automated welding technology that can be applied to diaphragm plates, enhancing work efficiency.
- (3) To effectively manage the procedure of component production, the Company proactively promoted electronic scanning of steel-stamped serial numbers on components, enabling real-time management of the actual location of components, enhancing production and overall management performance.
- (4) Replacement and improvement of BOX production line arc welding machines and equipment at the Xinying Factory for enhancement of efficiency and reduction of labor costs.
- (5) In response to orders for the bridge production line, the Xinying Factory invested in the improvement of the drilling operation and installed an NC drilling machine for steel bridge plates, enhancing drilling precision that facilitates ensuing assembly.
- (6) Evaluated and improved the working environment of the coating area and pollution prevention measures at the Xinying Factory, effectively enhancing coating quality; also, improved the coating procedure to lower the impact on the environment of VOCs.

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 9001:2015 management reviews to continuously improve the quality system. Objectives are discussed annually at ISO 9001:2015 management reviews, and all quality objectives are met in 2022.

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) Manage verification system:

ISO 9001:2015 quality management systems verification, ISO 45001:2018 occupational health and safety verification

(2) Non-destructive inspections certified by the Taiwan Accreditation Foundation (TAF), certification number: 3161.

(3) Incoming steel is required to be provided with a Radiation Free Certificate by suppliers and tested to ensure it is 100% radiation free.

● **Product Compliance Information Disclosure**

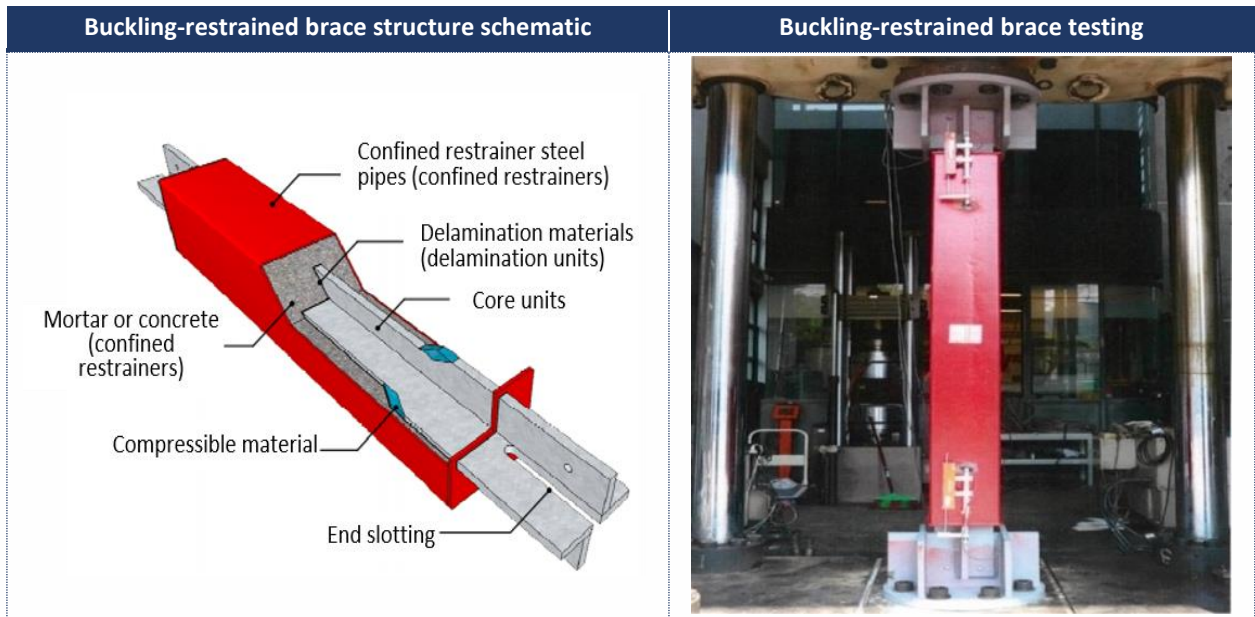
The Company provides safe building structures. Steel structure products have ISO 9001:2015-compliant standardized documentation to ensure quality of all procedures (including products and services) and customer satisfaction. From steel feedstock, cutting, assembly, electric welding, to finished products, 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.

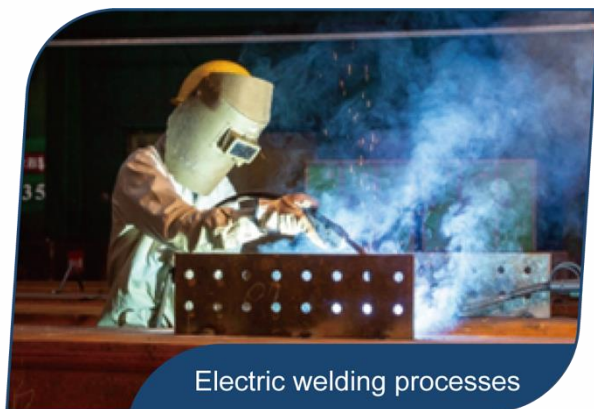


The Company provides steel structure products with Structural Accreditation to ensure the safety of public buildings and respond to losses caused by earthquakes.

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 9001:2015 and certified by the Structure Accreditation Building. Examples include Hehuan LANDMARK, 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

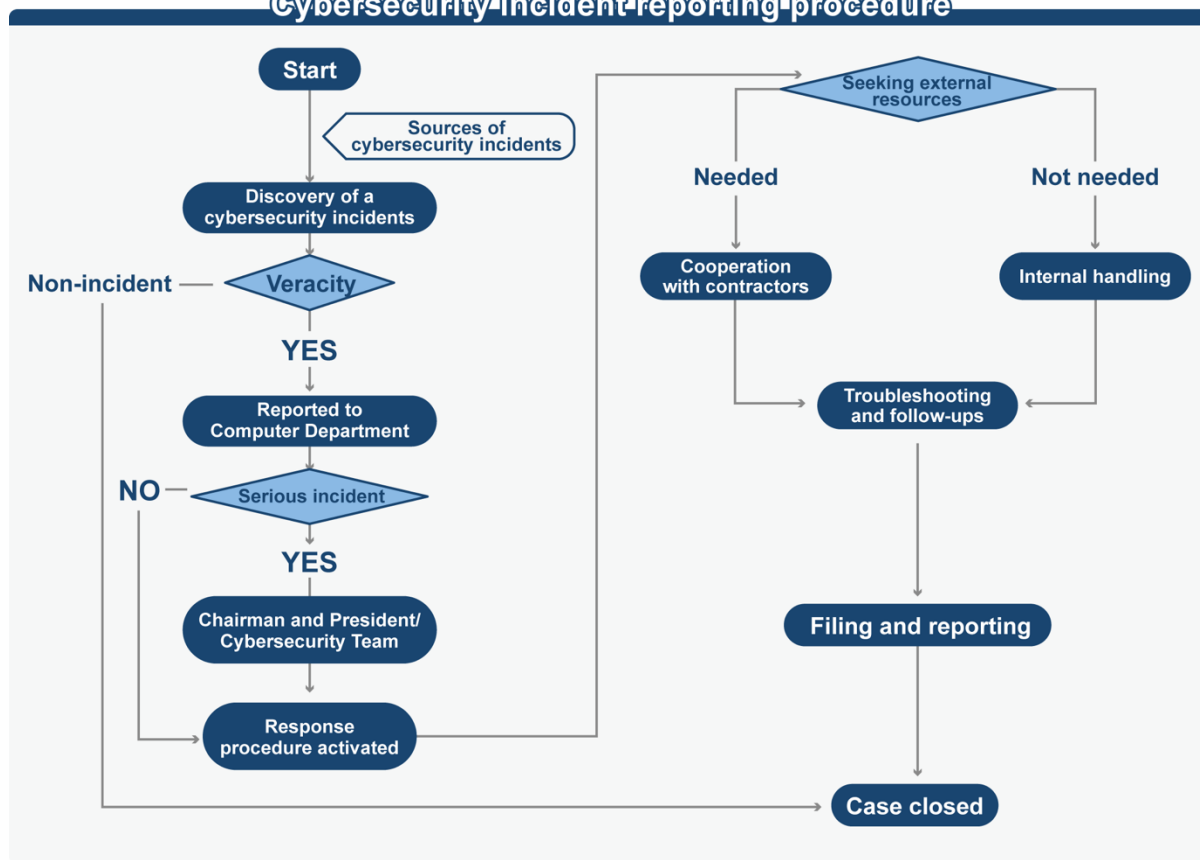
The Company protects the rights and privacy of its customers with an outstanding management system for complaints and personal data, providing products and services that meet their needs at the expected cost. We also sign nondisclosure agreements to protect clients' confidential data, privacy, and intellectual property. To effectively manage customer data and maintain security, we conduct training for business personnel, requiring them to ensure confidentiality during work.

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.

Targeting customer privacy, the Company offers the best protection of data provided by customers through the following policies. The Company had no cybersecurity incidents in 2022, nor was there any infringement of privacy or leak of data resulting in customer complaints or affecting customer interests.

- 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.

Cybersecurity incident reporting procedure



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.

In 2022, the Company had four cases of customer complaints and proactively communicated with the customers and handled the complaints. The customers were all satisfied with the results of improvement.

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 2022, 13 events were surveyed in the customer satisfaction survey, of which 2 scored lower than the overall requirement, and 1 underperformed at individual items. The second half of 2022 saw 12 surveyed events, of which 0 scored lower than the overall requirement, and 0 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	Survey Time
First half of 2022	13	1	2
Second half of 2022	12	0	0

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 2022, the Hsinchu Factory shipped 2,201 and the Xinying Factory shipped 6,445 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.

The steel structure materials used by the Company are all non-renewable materials. Depending on the contract specifications, we contract out design drawings or procure main raw materials for steel structures from our partners. The main sources of materials are from long-term business partners such as China Steel, Dragon Steel and Tung Ho Steel. 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. The weights of materials purchased from 2020 to 2022 are approximately: 170,000 tons, 174,000 tons, and 109,000 tons, which were mainly used for steel structure processing and container maintenance.

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	2020		2021		2022	
		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	99	100%	103	100%	134	100%
Property (raw materials)	Taiwan	98	100%	113	100%	106	100%

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

● **Procurement Policy**

In 2022, the 64 main suppliers of materials 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 2022, the Company's total purchase amount from China Steel and Dragon Steel accounted for 69.58%, 82.74%, 80.15%, 87.4%, 83.16% and 79.34% 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 2022, 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 2022 were entirely made within Taiwan. The purchase amount of container steel products from our main suppliers accounted for 27.64%, 24.01%, 27.5% and 42.74% 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%, 34.7% and 28.2% of the net purchase amount of container materials respectively.

The Company cooperates with suppliers to fulfill corporate social responsibility. We regard our suppliers and contractors as important partners. The Company hopes to establish symbiotic and long-term cooperative relationships with our suppliers. 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. We hope to jointly fulfill corporate social responsibility with our suppliers targeting the aspects of ethics, labor rights, environment, health and safety, and management system, while also ensuring risk management and business continuity. In 2022, 98% of our main suppliers and 100% of main contractors signed the Commitment for a total 87 signatories.

The Company conducts supplier evaluation with the Procurement Department as the organizer, which is in responsible for the collection, statistical analysis, and compilation and reporting of all evaluation data, and Quality Control Section and Material Management Section as the co-organizers that are in charge of providing records on quality or delivery deficiencies. 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 2022, 12 Contractor Agreement Meetings and 12 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 9001:2015 Contractor Management Procedure. The 2022 results are as below:

Item	Period	Evaluated Contractors (Number)	Average Score	Rating
Manufacturing contractors	First half of year	36	89	A(above 85)
	Second half of year	36	91	A(above 85)
Drawing contractors	First half of year	9	90.4	A(above 85)
	Second half of year	6	89.5	5 were rated A (above 85) 1 scored 82.5, rated B (70-84)

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 five major contractors passed the evaluation in 2022.

● Supplier Evaluation and Management

Evergreen Steel’s supply chain management is categorized into equipment and material procurement, transportation, security personnel, and providers, which are managed by different responsible units. The screening and selection mechanism of new suppliers are stipulated in the Procurement Management Procedure and Supplier Management Procedure, which also include corresponding review rules. Moreover, to strengthen supply chain management, the Company requires all material procurement vendors to formulate anti-corruption clauses in the contract, as well as contract termination clauses in contracts and orders: when in case the selling party is found to have violated ethical principles (such as: offering and receiving bribes, offering illegal political contributions, or offering inappropriate charity donations or sponsorships...etc.); or violated social welfare principles (for example: discrimination, violation of gender equality, infringement of the right to work...etc.); or violated corporate social responsibility for developing a sustainable environment and caused impacts on the environment, party A may terminate or suspend the contract and demand compensation for damages.

Raw materials are mainly procured from China Steel/Dragon Steel of CSG Group. CSG Group has pledged to use no metals from the Congo (gold) and its surrounding countries in all of its products and packaging, or conflict minerals from areas in these countries under the control of any armed forces; through strengthened supply chain management, effective identification and traceability of raw materials, the Company does not include any mines with concerns of conflict into investment evaluations and consideration of materials sources. CSG Group, when procuring equipment and materials, will also pay attention to the human rights situation in the source countries and makes adjustments accordingly; also, CSG Group has stipulated in tender instructions/contract articles regulations governing bribery, infringement of rights, and ESG rules upon entering CSG Group's factories. In 2022, CSG Group conducted environmental and social impact assessments on three suppliers in accordance with the Occupational Safety, Hygiene, Pollution Prevention of Procurement and Contracting Rules, and the results showed that all suppliers had risks below the moderate level.

Column - Features of Steel Structure Products

● Steel Structures Have Become the Dominant Trend in Building Materials

Steel structures are generally considered stronger and tougher, suitable for use in construction in Taiwan, an island on a great seismic belt.

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.

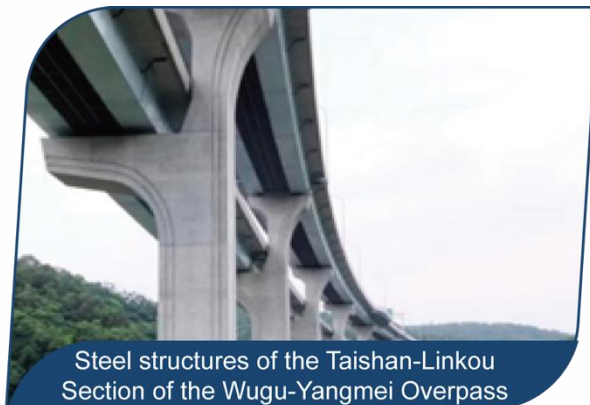
The Company builds long-term partnerships with clients, pursuing mutual business growth and better quality. Our factories have complete BOX, BH, fabrication, and coating lines to provide stable and excellent quality of steel components.

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.



- 4.1 Sustainable Environmental Management
- 4.2 Climate Action
- 4.3 Energy Management
- 4.4 Pollution Prevention
- 4.5 Biodiversity

CH 4

Environmental Sustainability



Chapter 4 Environmental Sustainability

Material Topic: Waste Management



Reason for Materiality

With rising environmental awareness, waste disposal has become relatively important to the Company. If waste generated by the Company is not properly handled, it may cause severe impacts on the environment and the Company would face related regulatory and legal penalties, affecting the Company's sustainable operations.



Policies/Strategy

- Implement measures to comply with environmental relevant regulations.
- Pay attention to pollution prevention and control and make continual improvements. Maintain the natural environment and achieve sustainable operation.



Goals and Targets

- **Short-term targets:**
Reduce the Company's generation of waste and pollutants to achieve the goal of waste reduction, lowering the cost of waste treatment.
- **Mid- and long-term targets:**
Strive to achieve zero deficiency in audits by environmental authorities, and provide environmental education and training ≥ 3 hours/year.



Management Evaluation Mechanism

The Company combines related environmental laws and PDCA for continued improvement of management guidelines to ensure implementation of environmental management policy.



Performances and Adjustments

- No leakage of any hazardous/non-hazardous substances in 2022.
- In 2022, winning an "excellent green procurement enterprise" award from the Tainan City Government.



Preventive or Remedial Measures

- The Company irregularly participates in environmental education and training to update related information on environmental protection, and implements policies in compliance with laws.
- Communicate environmental protection topics and policies through internal education and training, improving the Company's environmental management plans.

Material Topic: Energy



Reason for Materiality

According to the analysis of questionnaires about stakeholder concerns and impacts, if the Company does not implement appropriate energy management, it may face related legal and regulatory requirements and fines in the future. Effective energy management can lower energy consumption and costs, enhancing product competitiveness.



Comply with energy laws, enhance energy efficiency, procure energy-saving equipment, and promote participation by all employees.

Policies/Strategy



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, Evergreen Steel sets an annual energy-saving target of 1% of electricity consumption.City Government.

Goals and Targets



The Company tracks energy consumption regularly and targets energy management for effectiveness evaluation of PDCA annually.

Management Evaluation Mechanism



In 2022, the Company predicted it would save 44,795 kWh of power, and actually saved 88,292 kWh.

Performances and Adjustments



- The Company has an independent reporting mailbox (comment@evergreenet.com) to provide a channel for internal and external personnel to file grievances and to eliminate any unethical or improper conduct.
- The Company plans installation of solar PV systems on the roofs of buildings A, B and C at the Xinying Factory.

Preventive or Remedial Measures

Material Topic: Greenhouse Gas Emissions



According to the analysis of questionnaires about stakeholder concerns and impacts, if the Company does not conduct GHGs inventory, it may face related legal and regulatory requirements and penalties in the future.

Reason for Materiality



The Company pledges to manage and control energy consumption within its factories and carry out GHG emissions inventories to address the environmental and climate impacts of GHG emissions.

Policies/Strategy



Cooperate with government policies and conduct a GHGs inventory and review energy conservation and carbon reduction efforts annually.

Goals and Targets



Management Evaluation Mechanism

Carry out annual GHGs inventories regularly; review and make improvements to lower carbon emissions.



Performances and Adjustments

In 2022, the company expects to reduce carbon emissions by 22.8006 CO₂e(ton), and the actual carbon reduction is 44.9406 CO₂e(ton).



Preventive or Remedial Measures

- The Company has an independent reporting mailbox (comment@evergreennet.com) to provide a channel for internal and external personnel to file grievances and to eliminate any unethical or improper conduct.
- The Company plans installation of solar PV systems on the roofs of buildings A, B and C at the Xinying Factory to lower carbon emissions.

Material Topic: Air Quality



Reason for Materiality

In recent years, the awareness of environmental protection has gradually increased, and facing environmental problems has become a global issue. 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.



Policies/Strategy

- Implement measures to comply with environmental relevant regulations.
- Pay attention to pollution prevention and control and make continual improvements. Maintain the natural environment and achieve sustainable operation.



Goals and Targets

- **Short-term targets:**
Review compliance with current laws and regulations; replace outdated pollution prevention equipment to improve air quality of surrounding areas.
- **Mid- and long-term targets:**
 1. Strive to achieve zero deficiency in audits by environmental authorities
 2. Regularly inspect air pollution prevention equipment to avoid air pollution in surrounding areas.



Management Evaluation Mechanism

The Company combines related environmental laws and PDCA for continued improvement of management guidelines to ensure implementation of environmental management policy.



Performances and Adjustments

- Promote procurement of electric forklifts to reduce carbon emissions.
- Microsensors installed in surrounding areas of factories to monitor air quality at all times.



Preventive or Remedial Measures


- Formulate relevant management and maintenance procedures for air pollution control equipment, and through strict controls, reduce air pollution and protect the environment.
- Emissions monitored regularly according to permit content and meet all standards.

4.1 Sustainable Environmental Management

Evergreen Steel tracks all laws and policies relating to the Company’s operations and requires its employees and partners to abide by relevant regulations and social ethics. In the environment, the company deeply understands that protecting the earth's environment is an important issue shared by mankind. In order to achieve the purpose of environmental protection, we 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 Xinying Factory and the Kaohsiung Factory violated environmental-related regulations in 2021 and 2022, respectively, and both have completed improvement measures. The detailed environmental regulations compliance status and improved preventive measures are described in the table below. Neither the Taipei Head Office nor the Hsinchu Factory violated environmental laws or regulations in 2022.

Environmental Compliance Overview

Site	Description	Improvement and Preventive Measures
 Xinying Factory	<p>On December 22, 2021, the factory was fined NT\$6,000 for not listing waste paint material in operational waste disposal plan, violating Article 52 of Waste Disposal Act and Paragraph 9 of Appendix 2 of Paragraph 2, Article 2, Regulations of Fine Determination for Violations of Waste Disposal Act.</p> <p>A fine of NT\$12,000 was imposed because the modification of the operational disposal plan was not completed in time.</p>	<ul style="list-style-type: none"> ● The Company has corrected the oversight and listed waste paint material in the operational waste disposal plan.

Environmental Compliance Overview		
Site	Description	Improvement and Preventive Measures
 Xinying Factory	<p>On December 22, 2021, the factory was fined NT\$6,000 for not declaring the generation of business waste D-0499, D-0701, D-1099, D-2466, and D-2407, starting from July 2021, violating Article 52 of Waste Disposal Act and Paragraph 9 of Appendix 2 of Paragraph 2, Article 2, Regulations of Fine Determination for Violations of Waste Disposal Act.</p>	<ul style="list-style-type: none"> The Company has corrected the oversight and declared the generation of the four kinds of business waste on the declaration system.
 Xinying Factory	<p>On December 22, 2021, the factory violated the following regulations governing business waste:</p> <ul style="list-style-type: none"> D-2407 and waste paint material: <ol style="list-style-type: none"> Outdoor storage. Not categorized based on main properties. Cleanliness not maintained at the storage site, with stained floor surface. No Chinese labelling of names of wastes. No equipment or measures to prevent surface water and rainwater from flowing or penetrating into the storage. D-1099: Three FIBC bags found in storage area with no Chinese labels. <p>The factory was fined NT\$18,000 for violating Article 52 of Waste Disposal Act and Paragraph 13 of Appendix 2 of Paragraph 2, Article 2, Regulations of Fine Determination for Violations of Waste Disposal Act.</p>	<ul style="list-style-type: none"> D-2047 and waste paint material: <ol style="list-style-type: none"> Waste storage relocated to within the factory. Completed cleaning of the old storage area. Chinese signs and labels placed by the waste. D-1099: Chinese signs and labels placed by the waste.
 Kaohsiung Factory	<p>On April 7, 2022, EPA Southern Branch Bureau of Environmental Inspection conducted inspection of suspicious pollution sources in areas of high air pollution potential and discovered that the factory was emitting light-yellow and white particulate matters into the air with a heavy odor of paint. The Southern Branch BEI entered the factory for inspection and found that, despite carrying out painting process, the factory did not install particulate matter collection and treatment equipment, resulting in emission of particulate matter into the air and causing air pollution. The factory violated subparagraph 1, Paragraph 1, Article 32 of Air Pollution Control Act and was fined NT\$100,000 according to Paragraph 1, Article 67 of the same act and Rules governing Violations of Air Pollution Control Act by Public and Private Premises of Stationary Pollution Sources.</p>	<ul style="list-style-type: none"> Canvas will be laid out on the floor for coating process of the interior of containers; mesh net will be installed by the container door as the first line of protection to prevent fugitive emissions, preventing particulate matters from being released into the air. Install exhaust fan to suck out particulate matters in the container, which are collected through the ventilation duct and activated carbon filter into a sealed collector tank, forming the second line of protection. All contractors of the factory shall comply with the factory's rules governing protective measures and are subject to unscheduled supervision and inspection.

4.2 Climate Action

In the face of global climate change, the Company followed the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2022. We identified significant risks and opportunities that may impact our operations and developed corresponding response strategies. Additionally, we established climate-related indicators and goals for sustainable management, aiming to create greater benefits and value for the company.


● Climate-related Scenario Analysis

Type of Climate-related Risks and Opportunities	Scenarios of the Company's Assessment of Risks and Strategy	Scenario
---	---	----------

- 
- Transitional Risk
 - Opportunity

- 1.5-degree Celsius scenario
- Taiwan's Pathway to Net-Zero Emissions in 2050 and Strategy
- Taiwan's NDC in 2030

As the world moves towards the net-zero carbon emissions trend by 2050, the Taiwanese government released the "2050 Net Zero Emissions Pathway and Strategy Overview" in March 2022. This plan focuses on four major transformations: "energy transition," "industrial transition," "lifestyle transition," and "social transition." It also emphasizes two governance foundations: "technological research and development" and "climate legislation," which tightly regulate greenhouse gas emissions. In December 2022, the National Development Council (NDC) announced the goals and key strategies for the 2050 net-zero transition. The 2030 NDC target was set at a 24% reduction in emissions. This target may have operational implications for our company and its value chain.

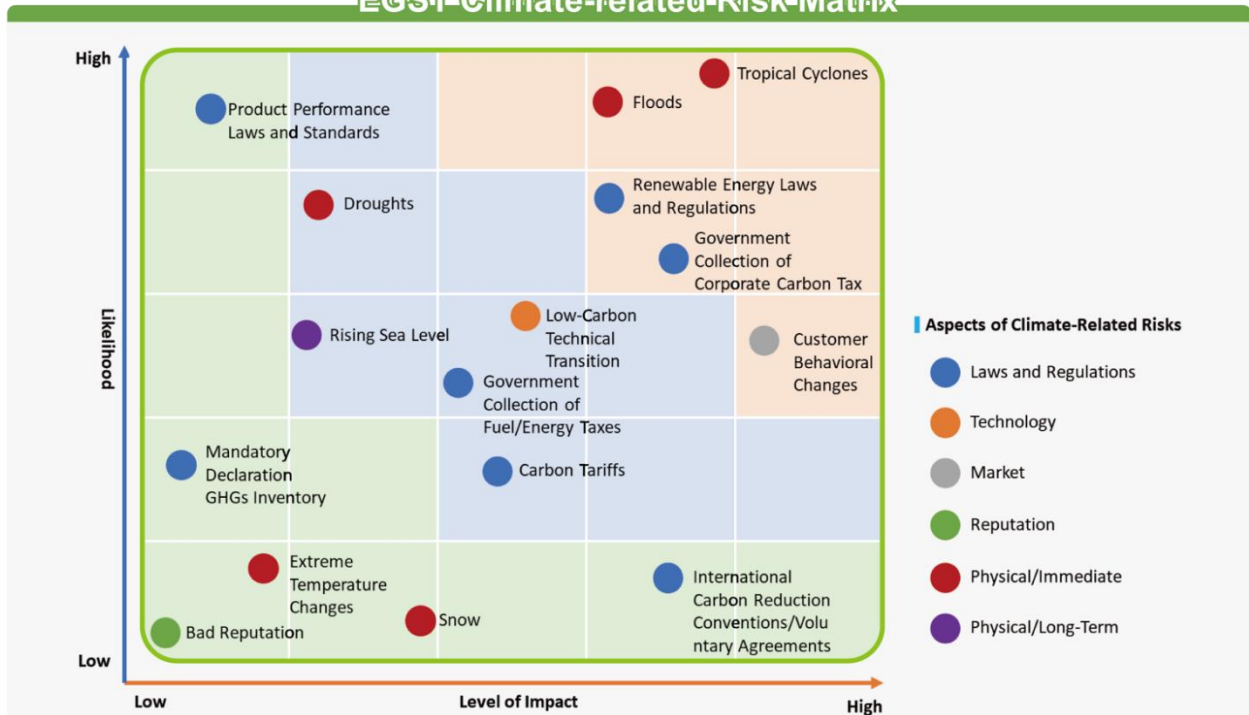
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- Physical Risk

- Worst Case Scenario (SSP5-8.5) in the Sixth IPCC Assessment Report

In the very high GHG emissions scenario (SSP5-8.5), climate change will lead to increases in global average temperature, extreme heat events, annual total precipitation, one-day maximum precipitation, maximum number of consecutive days with no rain, and percentage of strong typhoons, which may impact the operations of the Company and its value chain.

● Climate Change Risks and Opportunities Identification

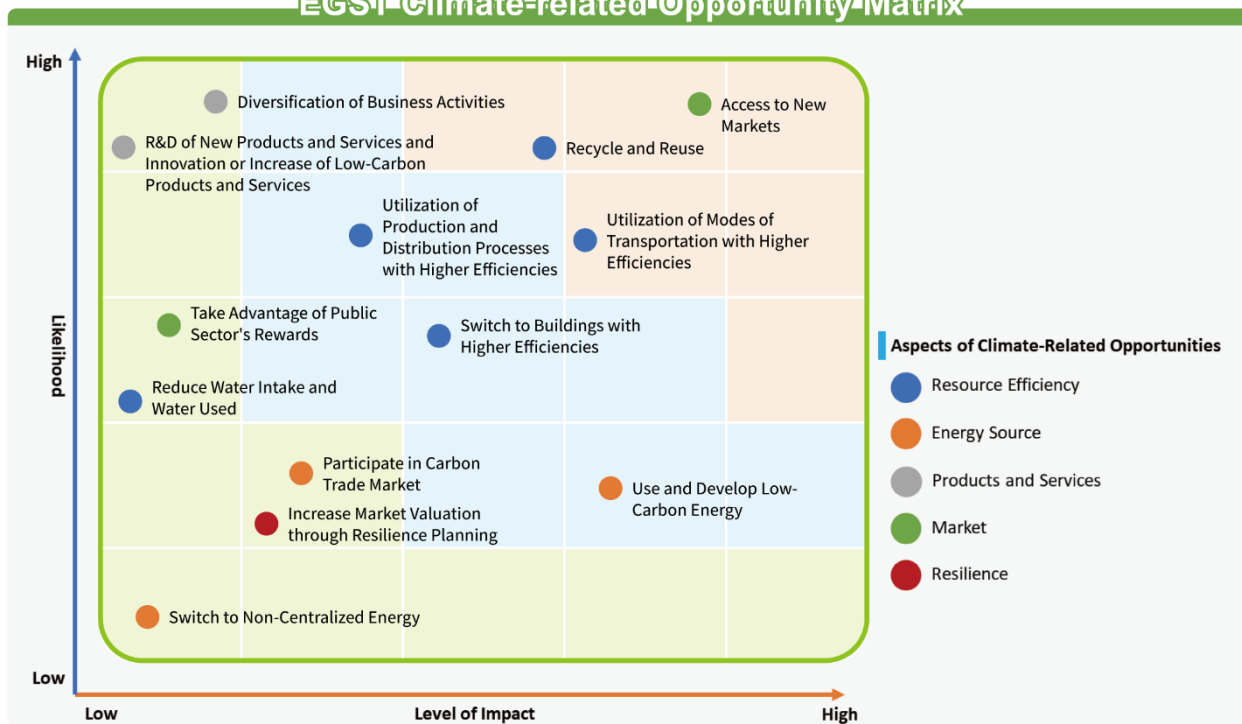
EGST Climate-related Risk Matrix





Identified Climate-related Material Risks						
Risk Ranking	Risk Classification	Risk	Scope	Time	Likelihood	Level of Impact
Risk 1	Transitional	“Laws and Policies” Government Collecting Corporate Carbon Tax	Company-wide	Short-term	Extremely High	Medium
Risk 2	Transitional	“Laws and Policies” Renewable Energy Laws and Regulations	Xinying Factory Hsinchu Factory	Mid-term	High	Severe
Risk 3	Transitional	“Market” Customer Behavioral Changes	Company-wide	Short-term	Extremely High	Extremely Severe
Risk 4	Physical	“Immediate” Floods Caused by extreme Rainfall Events	Xinying Factory Hsinchu Factory Kaohsiung Factory	Mid-term	High	Severe
Risk 5	Physical	“Immediate” Tropical Cyclones	Xinying Factory Hsinchu Factory Kaohsiung Factory	Mid-term	High	Severe

EGST Climate-related Opportunity Matrix



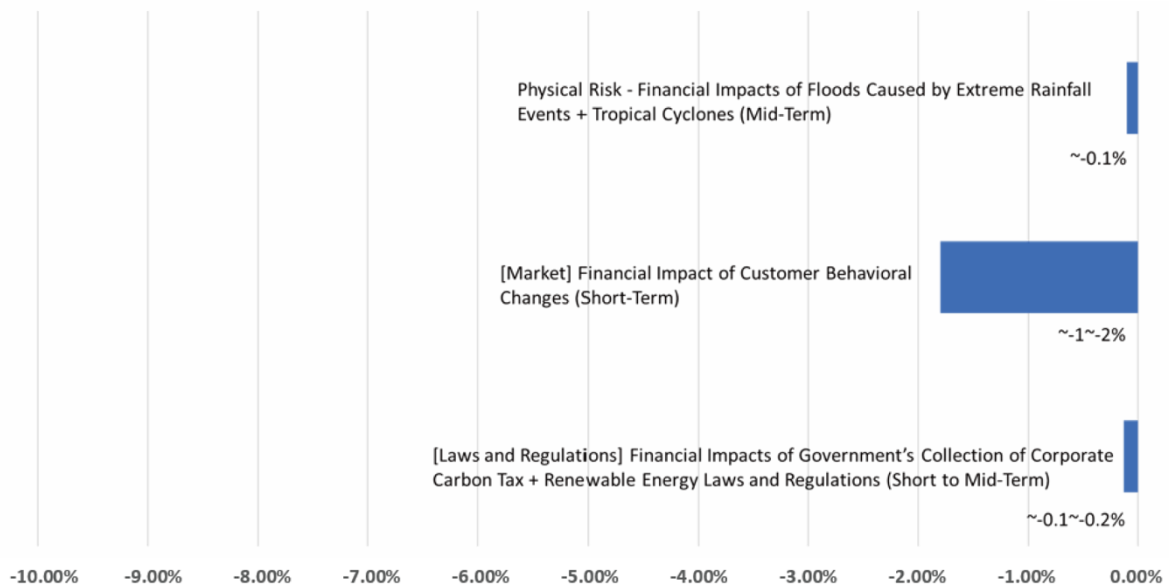
Identified Climate-related Material Opportunity					
Opportunity Ranking	Opportunity	Scope	Time	Likelihood	Level of Impact
Opp 1	“Market” Access to New Markets	Company-wide	Mid-term	High	High
Opp 2	“Resource Efficiency” Utilize Modes of Transportation with Higher Efficiencies	Xinying Factory Hsinchu Factory	Mid-term	High	High
Opp 3	“Resource Efficiency” Recycle and Reuse	Xinying Factory Hsinchu Factory	Mid-term	Extremely High	High

Overall Assessment of Climate-related Risks/Opportunities and Strategies

The challenges of climate change faced by the Company include government collection of carbon tax, renewable energy laws and regulations, customer behavioral changes, tropical cyclones, and floods caused by extreme rainfall events. Through pragmatic evaluation of strategies and financial impacts, the company is confident that its financial position will remain robust and sustainable in the short, medium, and long term, while also generating increased profits.

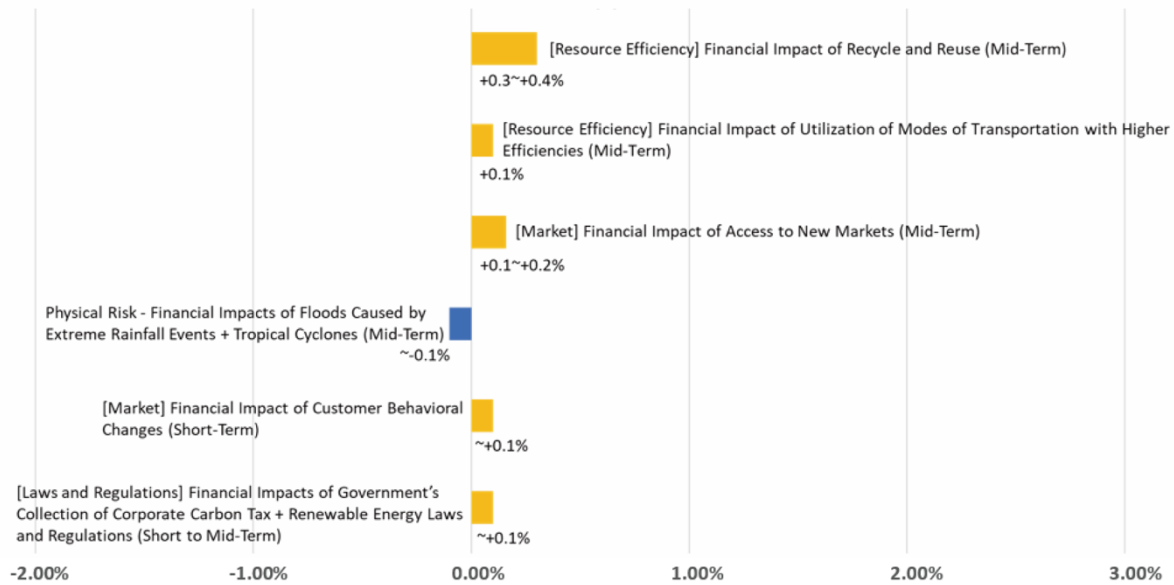
The opportunities of climate change faced by the Company include access to new markets, new of modes of transportation with higher efficiencies, as well as embracing recycling and reuse practices. The Company’s management team has conducted practical assessment of strategies and financial impacts and deems that the Company is able take advantage of the opportunities brought by climate change, maintaining sustainable development and generating greater earnings.

Financial Impacts of Uncontrolled Climate-Related Risks and Opportunities Risks



Note: Annual Financial Impact Equivalent Revenue Ratio: “-” represents decrease in operating profit and “+” represents increase in operating profit.

Risks > Financial Impacts of Controlled Climate-Related Risks and Opportunities < Opportunities



Note: Annual Financial Impact Equivalent Revenue Ratio: “-” represents decrease in operating profit and “+” represents increase in operating profit.

● Renewable Energy Installation Target:

In response to the government’s plan to achieve net-zero emissions by 2050, the Company’s planned targets for renewable energy installation include:

1. Current installation is a total of 2,221.8 kW of solar panels on the roofs of the Hsinchu Factory (1,722kW) and the Xinying Factory (499.8kW).
2. The Company plans to add another 1,999.8kW of solar panels in Phase 1 of the Xinying Factory in 2023.

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	2020	2021	2022
Electricity Usage (GJ)	597.6	590.4	668.3
Specific Units (Total Floor Area – m ²)	1,884.306	1,884.306	1,884.306
Energy Intensity (GJ / Floor Area – m ²)	0.32	0.31	0.35

Note :

1. The total floor area of Taipei head office is 1,884.306 m².
2. Conversion factor source GHG Emission Factor Table (6.0.4), EPA.
3. Calorific value conversion 1kWh=0.0036GJ.

➤ Hsinchu Factory

Year	2020	2021	2022
Diesel Fuel (GJ)	414.72	418.23	332.93
LPG (GJ)	1,859.13	1,681.61	1,850.06
Electricity Usage (GJ)	13,698.72	16,882.56	15,215.04
Total Energy Consumption (GJ)	15,972.57	18,982.41	17,398.03
Specific Units(Goods-mt)	28,594	33,443	29,409
Energy Intensity (GJ / Goods-mt)	0.56	0.57	0.59

Note :

1. Output is calculated as the number of tons of remanufactured goods.
2. Conversion factor source GHG Emission Factor Table (6.0.4), EPA.
3. Calorific value conversion 1kWh=0.0036GJ.

➤ Xinying Factory

Year	2020	2021	2022
Diesel Fuel (GJ)	1,031.52	966.50	474.82
LPG (GJ)	11,308.08	10,461.38	8,891.89
Electricity Usage (GJ)	50,677.92	51,088.32	44,182.31
Total Energy Consumption (GJ)	63,017.52	62,516.20	53,549.02
Specific Units(Goods-mt)	81,466	109,552	82,960
Energy Intensity (GJ / Goods-mt)	0.77	0.57	0.65

Note :

1. Reasons for rising energy intensity in 2022:
Different processes make energy consumption different.
2. Conversion factor source GHG Emission Factor Table (6.0.4), EPA.
3. Calorific value conversion 1kWh=0.0036GJ.

➤ Kaohsiung Factory

Year	2020	2021	2022
Gasoline (GJ)	36.83	32.02	30.76
Diesel Fuel (GJ)	4,077.07	4,217.47	3,986.92
Electricity Usage (GJ)	590.59	619.16	459.83
Total Energy Consumption (GJ)	4,704.49	4,868.65	4,477.51
Specific Units (Goods- TEU)	42,530	46,606	46,270
Energy Intensity (GJ / Goods-TEU)	0.11	0.10	0.10

Note :

1. Unit description:
 - (1) 20-foot Equivalent Unit = 1 TEU
 - (2) 40-foot Equivalent Unit = 1 FEU = 2 TEU
 - (3) Take 2022 as an example :
 - a. 20-foot container = 21,980 TEU 40-foot container = 12,145 FEU
 - b. 12,145 (FEU) x2=24,290 TEU
 - c. 21,980 (TEU) + 24,290 (TEU) = 46,270 TEU
2. Conversion factor source GHG Emission Factor Table (6.0.4), EPA.
3. Calorific value conversion 1kWh=0.0036GJ.

➤ Total Energy Consumption of Each Factory

Quantitative Indicator	Factory	2020	2021	2022
Electricity Usage (GJ)	Taipei Head Office	597.6	590.4	668.3
	Hsinchu Factory	13,698.72	16,882.56	15,215.04
	Xinying Factory	50,677.92	51,088.32	44,182.31
	Kaohsiung Factory	590.59	619.16	459.83
	Company-wide	65,564.83	69,180.44	60,525.48
LPG (GJ)	Hsinchu Factory	1,859.13	1,681.61	1,850.06
	Xinying Factory	11,308.08	10,461.38	8,891.89
	Company-wide	13,167.21	12,142.99	10,741.95
Gasoline (GJ)	Kaohsiung Factory	36.83	32.02	30.76
	Company-wide	36.83	32.02	30.76
Diesel Fuel (GJ)	Hsinchu Factory	414.72	418.23	332.93
	Xinying Factory	1,031.52	966.50	474.82
	Kaohsiung Factory	4,077.07	4,217.47	3,986.92
	Company-wide	5523.31	5602.2	4,794.67
Total Energy Consumption (GJ)		84,292.18	86,957.65	76,092.86
Specific Units	Taipei Head Office Total Floor Area – m ²	1,884.306	1,884.306	1,884.306
	Hsinchu Factory Goods-mt	28,594	33,443	29,409
	Xinying Factory Goods-mt	81,466	109,552	82,960
	Kaohsiung Factory Goods-TEU	42,530	46,606	46,270
Energy Intensity	Taipei Head Office GJ / Floor Area – m ²	0.31	0.31	0.35
	Hsinchu Factory GJ/ Goods-mt	0.56	0.57	0.59
	Xinying Factory GJ/ Goods-mt	0.77	0.57	0.65
	Kaohsiung Factory GJ/ Goods-TEU	0.11	0.10	0.10

Description:

- Specific Unit is the denominator of GHG Emission Intensity, and can be currency (income, sales), production (ton, liter, megawatt, number of full-time employees, or size (surface area in square-meters))
- Please input specific units. In principle, units should remain constant every year. Units may be:
 - Product unit
 - Output (such as: ton, liter, or megawatt)
 - Size (Floor area-m²)
 - Number of full-time employees
 - Currency (income or sales)
- Conversion factor source GHG Emission Factor Table (6.0.4), EPA.
- Calorific value conversion 1kWh=0.0036GJ, Gasoline: 7,800 kcal/L, Diesel Fuel: 8,400 kcal/L, LPG: 8,000 kcal/m³, 1 kcal=4.184 KJ.

● **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: Procure Green Mark products for copier paper, domestic paper products, calendars, and notebooks; rent multifunction devices (copiers, fax machines, scanners) and consumables (such as toner) that can be recycled and reutilized.



Employee Welfare Committee distributes festival gift vouchers, adding the option of e-vouchers to promote paperless operations, reduce use of paper vouchers, and respond to environmental protection, while also enhancing convenience.



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

Energy Saving and Carbon Reduction in Offices and Workplaces



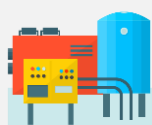
Provide employees with environmentally friendly tableware to reduce the amount of waste.



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 2022, it replaced the lamps that have reached their service life, and installed lighting timing devices and automatic lighting switches, saving a total of 642.25 GJ of electricity.

In addition, according to the annual electricity saving target of 1%, and phasing out high-energy-consuming process equipment in 2022, it is estimated that a total of 1,447 GJ of externally purchased electricity will be saved in 2025.

Statistics of Energy Saving Achievements (2022)

Site	Energy Saving Measure	GJ / Year
Taipei Head Office	Replacing LED illumination	5.16
Hsinchu Factory	Timer, automatic lighting switches	118.20
Xinying Factory	Replacement of production equipment Lighting replacement, packaged water chillers maintenance	515.54
Kaohsiung Factory	Replacing LED illumination	3.35
Total		642.25

Note:

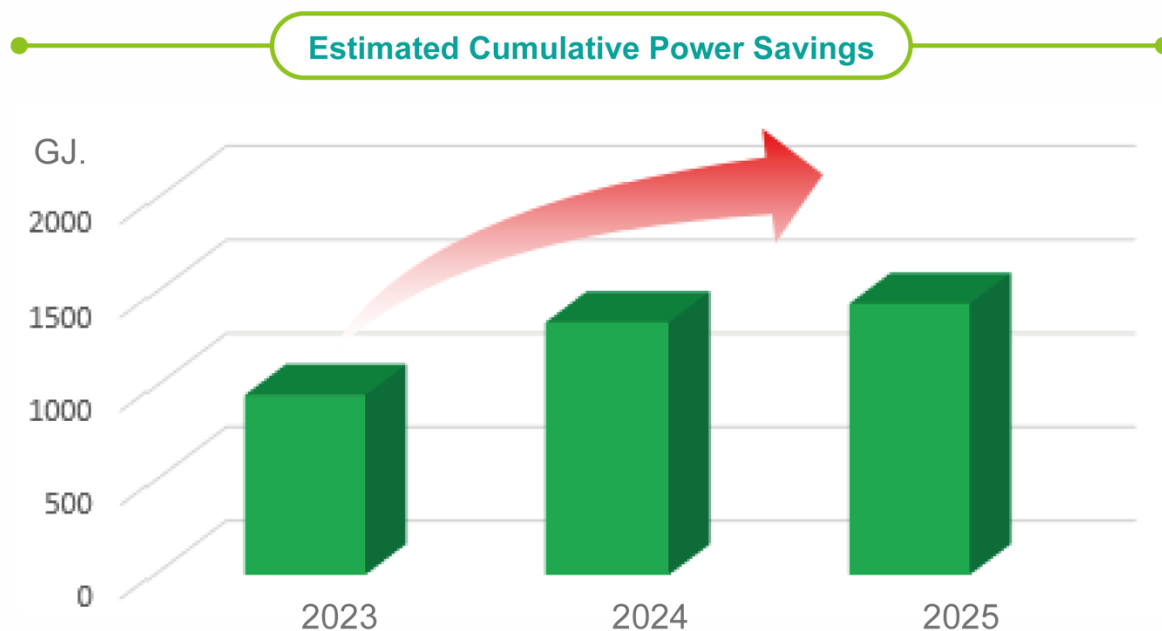
- Hours of use= Annual working Days (247) * Daily working hours (8)
- Estimated value =Total replacement* (Wattage difference) * Hours of use
- With extensive replacement of old production equipment, the difference with projected amount of energy saved is quite significant.

Estimated Energy Saving Value (2023-2025)

Year	Measure	Before	After	Estimated Value	Total
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	

Estimated Energy Saving Value (2023-2025)					
Year	Measure	Before	After	Estimated Value	Total
2024	Replacing LED panel light	213	83	130	389
	Replacing air compressor	694	578	116	
	Replacing Sand-blast machine	1,780	1,637	143	
2025	Replacing submerged arc welding machine	1,192	1,122	70	99
	Replacing LED panel light	59	30	29	
Total		1,447			

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 CO2 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.

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. With the spread of the pandemic slowing down in 2022, fewer employees were working from home and thus water consumption increased compared to 2021.

Year	2020	2021	2022
Water intake (million liters)	1.405	1.268	1.486
Water release (million liters)	1.124	1.0144	1.486
Water used (million liters)	0.281	0.2536	0
Number of workers	44	48	50
Water intensity (million liters / Person)	0.032	0.026	0.030

➤ 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	2020	2021	2022
Water intake (million liters)	6.481	9.194	8.923
Water release (million liters)	5.184	7.355	7.138
Water used (million liters)	1.297	1.839	1.785
Total output (ton)	28,594	33,443	29,409
Water intensity (million liters / ton)	0.0002	0.0003	0.0003

➤ 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	2020	2021	2022
Water intake (million liters)	40.28	38.98	42.14
Water release (million liters)	27.51	21.46	19.42
Water used (million liters)	12.77	17.52	22.72
Total output (ton)	81,466	109,552	82,960
Water intensity (million liters / ton)	0.0005	0.0004	0.0005



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

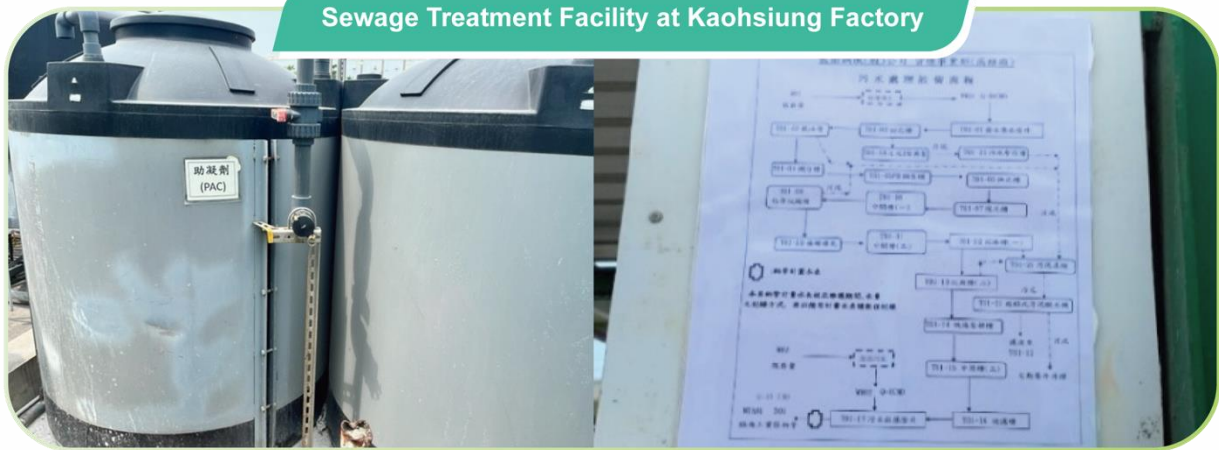
➤ **Kaohsiung Factory**

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 2022. 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	2020	2021	2022
Water intake (million liters)	8.060	7.830	6.211
Water release (million liters)	5.089	4.384	4.118
Water used (million liters)	2.971	3.446	2.093
Specific Units (TEU)	42,530	46,606	46,270
Water intensity(million liters / TEU)	0.00019	0.00017	0.00013

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 2020 to 2022, the Company conducted a GHGs inventory and went beyond regulatory requirements to carry out a Scope 3 inventory, as well as internal and external audits in 2022. The Xinying Factory’s greenhouse gas emissions was 182,086.028 ton CO₂e. Later on, the Xinying Factory gradually replaced high-energy-consuming process equipment and improved the energy management system. The Hsinchu Factory’s greenhouse gas emissions was 57,522.055 ton CO₂e, and has gradually adopted new equipment and skilled manufacturing processes. The Company’s total greenhouse gas emissions was 240,269.236 ton CO₂e.

Unit : CO₂e (ton)

Site	Item	2020	2021	2022
 <p>Taipei Head Office</p>	Scope 1: Direct	0.000	0.00	9.659
	Scope 2: Indirect	83.332	82.328	94.483
	Scope 3: Other Indirect Emissions (2022)	0	0	18.989
	Total Emissions = Scope (1+2)	83.332	82.328	104.142
	Total Emissions = Scope 1 + Scope 2 + Scope 3 (2022)	-	-	123.131
	Specific Unit (Floor area-m ²)	1,884.306	1,884.306	1,884.306
	GHGs Emission Intensity (CO ₂ e(ton)/ Floor area-m ²)	0.044	0.044	0.065
 <p>Hsinchu Factory</p>	Scope 1: Direct	513.347	654.226	672.673
	Scope 2: Indirect	1,910.210	2,354.179	2,151.238
	Scope 3: Other Indirect Emissions	0	0	54,698.144
	Total Emissions = Scope (1+2)	2,423.557	3,008.405	2,823.911
	Total Emissions = Scope 1 + Scope 2 + Scope 3 (2022)	-	-	57,522.055
	Specific Unit (Output-ton)	28,594.000	33,443.000	29,409.000
	GHGs Emission Intensity (CO ₂ e (ton)/ Output-ton)	0.085	0.090	1.956
 <p>Xinying Factory</p>	Scope 1: Direct	3,563.803	3,320.737	3,186.035
	Scope 2: Indirect	7,066.754	7,123.982	6,457.784
	Scope 3: Other Indirect Emissions	0	0	172,442.209
	Total Emissions = Scope (1+2)	10,630.557	10,444.719	9,643.819
	Total Emissions = Scope 1 + Scope 2 + Scope 3 (2022)	-	-	182,086.028

Unit : CO₂e (ton)

Site	Item	2020	2021	2022
	Specific Unit (Output-ton)	81,466.000	109,552.000	82,960.000
	GHGs Emission Intensity (CO ₂ e (ton)/ Output-ton)	0.131	0.095	2.195
 Kaohsiung Factory	Scope 1: Direct	306.008	316.107	309.642
	Scope 2: Indirect	82.354	86.339	65.015
	Scope 3: Other Indirect Emissions	0	0	163.364
	Total Emissions = Scope (1+2)	388.362	402.445	374.657
	Total Emissions = Scope 1 + Scope 2 + Scope 3 (2022)	-	-	538.022
	Specific Unit (Output-TEU)	42,530	46,606	46,270.000
	GHGs Emission Intensity (CO ₂ e(ton)/ Output-TEU)	0.009	0.009	0.012
	Total GHGs Emission (Scope 1+Scope 2)	13,525.808	13,937.898	12,946.529
Total GHGs Emission (Scope 1 + Scope 2 + Scope 3 (2022))	-	-	240,269.236	

Note:

1. Scope 1 are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by the Company, including emissions associated with stationary combustion sources, process emissions, mobile combustion sources of transportation, and sources of fugitive emissions. The emission factor is calculated according to the latest EPA Greenhouse Gas Emission Factor Management Table 6.0.4 (IPCC Sixth Assessment Report).
2. Scope 2 emissions are indirect GHG emissions, such as purchased electricity.
3. Types of GHGs: CO₂, CH₄, N₂O.
4. The electricity carbon emission factor announced by Bureau of Energy, MOEA, is used for procured electricity. The emission factor in 2019 and 2021 = 0.509 kgCO₂e/kWh; 2020 = 0.502 kgCO₂e/kWh
5. No Scope 3 inventory from 2020 to 2021.

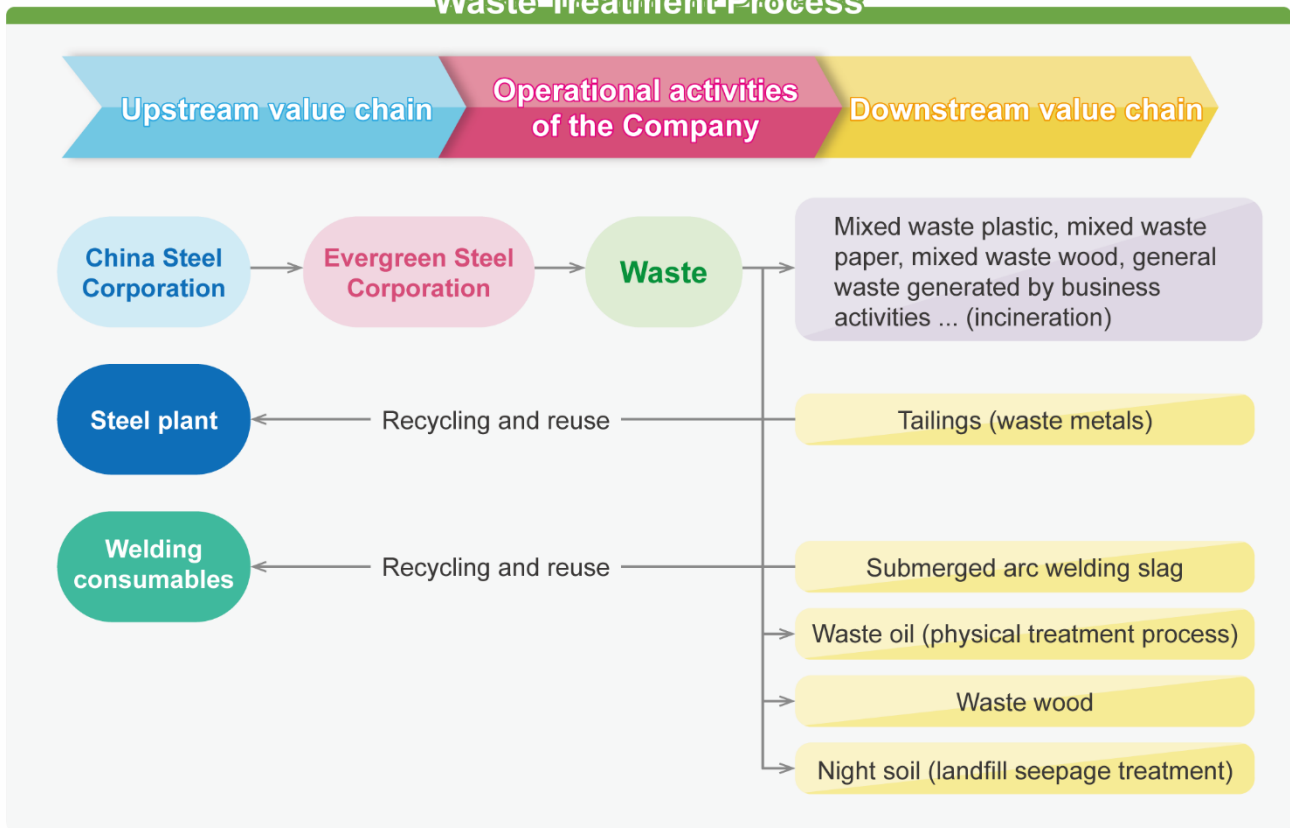
4.4 Pollution Prevention

4.4.1 Waste Management

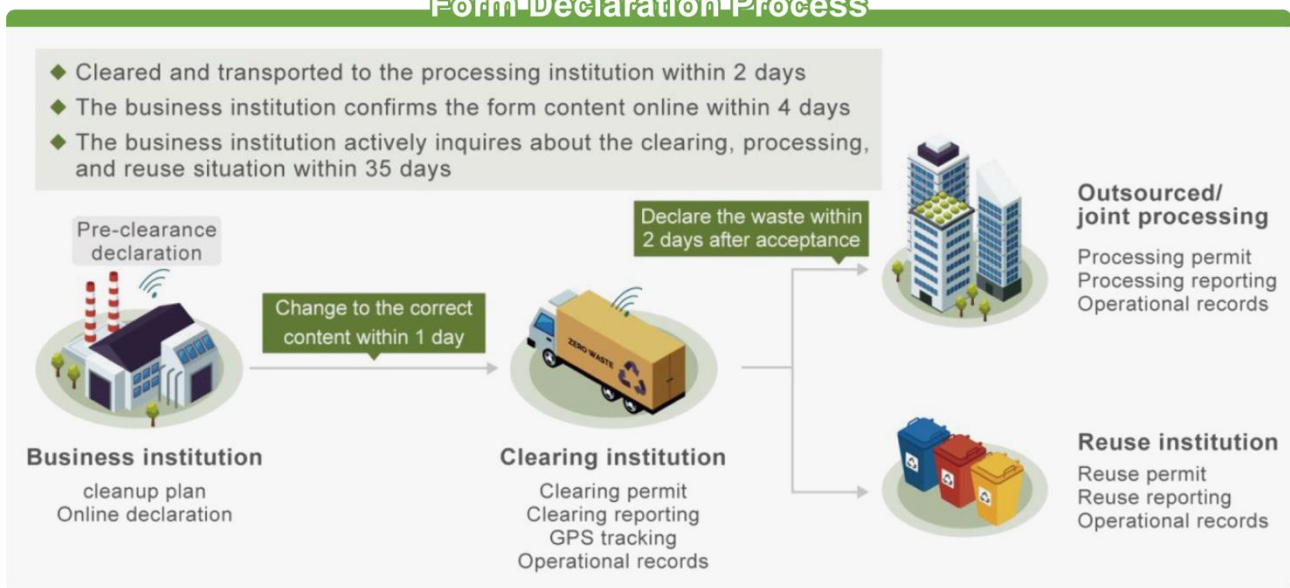
All kinds of waste are contained in storage sites according to the law, and different types of waste have signed contracts with qualified transporters and entrusted a legal final disposal factory or recycling factory to perform recycling and cleaning operations to ensure the legality and safety of final 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.

Waste Treatment Process



Form Declaration Process



請輸入地址

監控主題 定位功能

即時軌跡 歷史軌跡

依照車號 依照聯單編號

聯單編號: J590299511000014

查詢

聯單明細:

聯單號碼	J590299511000014
產源	J5902995
處理機碼	D9702487
清運時間	2021/06/17 10:05:00
收受時間	2021/06/17 13:30:00
清運車輛	17-C7
廢棄物種類	R-1104
軌跡詳細資料	

操作手冊



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	1.40	Incineration
D-0699 Mixed paper	1.50	
D-1801 General Industrial Waste	15.63	
D-0799 Mixed wood	3.70	
Resource Recycling Waste		
Item	Declared Weight (ton)	Waste Disposal
R-1301 Iron scrap	1,417.68	Recycling
R-0701 Waste Wood	10.16	
R-1104 Submerged arc welding	219.96	

➤ 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 Waste		
Item	Declared Weight (ton)	Waste Disposal
D-0299 Mixed plastics	2.30	Incineration
D-0699 Mixed paper	2.25	
D-1801 General Industrial Waste	78.69	
D-0701 Waste Wood Pallets	14.05	
D-1099 Non-Hazardous Collected Dust	10.76	Landfill
D-2406 Scrap Wheels	2.35	
D-2407 Sandblasting Waste	84.27	
D-1399 Other Single Non-Hazardous Metal Scraps or Mixture of Scraps	64.66	Physical Treatment Process
D-0499 Other Mixed Materials such as Waste Glass, Ceramics, Bricks and Clay	41.83	
Resource Recycling Waste		
Item	Declared Weight (ton)	Waste Disposal
R-1301 Iron scrap	5,533.70	Recycling
R-1104 Submerged arc welding	748.46	
R-0701 Waste Wood	32.47	

➤ 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

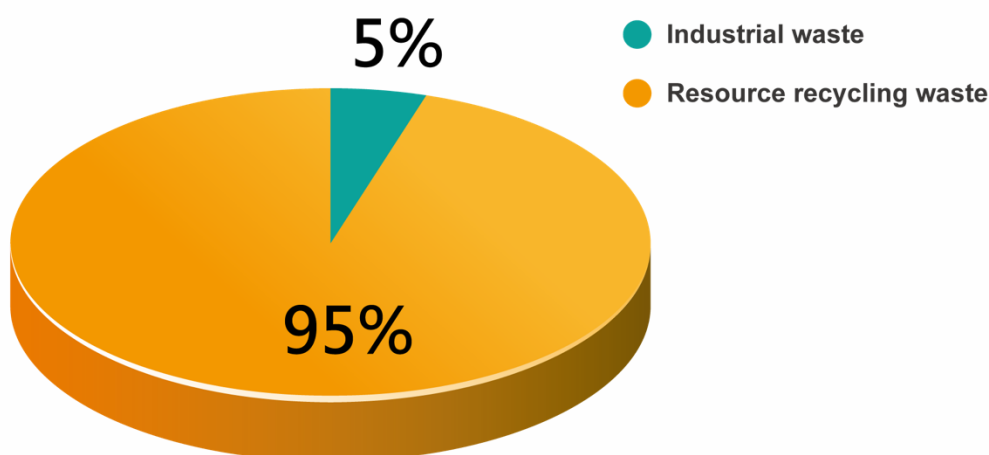
treatment. After the declaration, it is confirmed that the disposal manufacturer provides a proper disposal report in accordance with regulations.

Industrial Waste		
Item	Declared Weight (ton)	Waste Disposal
D-0299 Mixed plastics	5.59	Incineration
D-1801 General Industrial Waste	34.64	
D-0799 Mixed wood	22.69	Physical-Treatment Processes
D-1703 Waste Lubricating Oil	0.70	
D-0902 Inorganic sludge	57.52	
Resource Recycling Waste		
Item	Declared Weight (ton)	Waste Disposal
R-1301 Iron scrap	38.93	Recycling

The total waste output of EGST in 2022 was 8,445.89 tons, the annual output of final disposal waste was 444.53 tons, the total amount of waste resources was 8,001.36 tons, and the waste recovery rate reached 95% (scrap iron + submerged arc welding slag), more than meeting the EPA's 85% annual recovery target.

Industrial Wastes	Declared Weight (ton)	Waste Disposal
Domestic refuse	128.96	Incineration
Mixed plastics	9.29	
Mixed wood	40.44	
Mixed paper	3.75	
Non-Hazardous Collected Dust	10.76	Landfill
Sandblasting Waste	84.27	
Scrap Wheels	2.35	
Other Single Non-Hazardous Metal Scraps or Mixture of Scraps	64.66	
Other Mixed Materials such as Waste Glass, Ceramics, Bricks and Clay	41.83	Physical-Treatment Process
Inorganic sludge	57.52	
Waste Lubricating Oil	0.70	
Subtotal	444.53	
Resource Recycling Waste	Declared Weight (ton)	Waste Disposal
Iron scrap	6,990.31	Recycling
Submerged arc welding	968.42	
Waste Wood	42.63	
Subtotal	8,001.36	
Total	8,445.89	

The Proportion of Waste Recycling



4.4.2 Air Quality Management

The Company’s controlled air pollution factory (Xinying Factory) conducted one air pollution testing and registration and paid four quarterly air pollution prevention fees in 2022 according to the Stationary Pollution Source Operating Permit. For the air pollution testing, the Company commissioned an EPA certified lab for sampling and analysis. The results were 2 mg/Nm³ and 33 mg/Nm³ respectively, which met the values specified in the permit; quarterly air pollution fees were calculated based on the amount of controlled raw materials used, and the total annual fee was NT\$61,494.

2022 Stationary Pollution Sources Testing and Registration Data

Source and Pipe No.	Test Item	Value	Emission Standard of Permit	Date
Sandblasting Machine / P002	Particulate	2 mg/Nm ³	100 mg/Nm ³	August 18, 2022
Sandblasting Machine / P005	Pollutants	33 mg/Nm ³		

Testing Agency: Jia Xing Environmental Technology Co., Ltd. EPA Jian No. 137.

2022 Quarterly Air Pollutant Emission and Fee

Item	Pollution Source	Air Pollutant	Emission	Fee (NT\$)
Q1	Manufacturing Process	VOCs	2265.37 kgs	24,947
Q2			1478.41 kgs	14,607
Q3			1255.99 kgs	9,401
Q4			1321.40 kgs	12,539
Total Fee Paid				61,494

Note: No registration records of SOx and NOx emitted through stacks.

4.5 Biodiversity

The Company’s factories and offices (Taipei Head Office, Steel Structure Division Hsinchu Factory and Xinying Factory, and Container Department) are established for the sole purpose of production and operation of its business units, and are all situated in urban commercial districts or industrial zones in compliance with legal use of land, which are not near water sources, ecological protected areas, wetlands, or protected natural habitats. Thus, the Company’s operations have no major impact on ecological protected areas or other areas with great biodiversity significance.



CH 5

Friendly Workplace

- 5.1 Employee Policies and Overview
- 5.2 Employee Development and Training
- 5.3 Employee Care

Chapter 5 Friendly Workplace

Material Topic: Occupational Safety and Health



Reason for Materiality

To effectively manage the Company's occupational safety health and related regulations, meet regulatory requirements, and avoid legal penalties, due diligence for occupational safety and health management can effectively lower the Company's financial risks and likelihood of occupational hazards, enhancing the level of safety of our employees in the manufacturing process.



Policies/Strategy

The Company's Occupational Safety and Health Policy is "safety first, eliminate hazards, education and training, health and safety".

Short-term targets:2023 Policies/Goals

Policy	Annual Occupational Safety and Health Goals
safety first	<ol style="list-style-type: none"> 0 cases/year of deaths due to occupational accidents in factories; 0 cases/year of deaths due to occupational accidents at construction sites. 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.
eliminate hazards	Operating environment tests (dust, noise, organic solvents, central air conditioning) pass rate was 100%.
education and training	Safety and health supervisor (section-level manager) certification rate was 100%.
health and safety	<ol style="list-style-type: none"> 2 or more health talks/year (1.5 hours/talk). 1 health promotion activity/year (e.g., blood donations, health examinations, vaccinations, and other physical and mental health promotion activities). Fewer than 9 cases/year of minor injuries/property damage in factories; fewer than 7 cases/year of minor injuries/property damage at construction sites.



Goals and Targets

Mid- and long-term targets: Zero occupational accidents.



Management Evaluation Mechanism

- The Company implements internal audits, external audits, and management reviews of the occupational safety and health management system each year in accordance with ISO 45001:2018 and CNS 45001:2018 standards to evaluate the effectiveness of the PDCA cycle.
- Each unit implements autonomous management according to the internal management SOP of the occupational safety and health management; each unit's performances will be used as criteria for effectiveness evaluation.

1. 2022 Achievement Rate of Occupational Safety and Health Annual Goals of Xinying/Hsinchu Factory:



Performance and Adjustments

Projects Implemented for 2022 Occupational Safety and Health Goals	Implementation Outcome
0 cases/year of deaths due to occupational accidents.	0 cases/year
Xinying Factory: Fewer than 4 cases/year of hospitalization due to injuries. Hsinchu Factory: Fewer than 2 cases/year of hospitalization due to injuries.	2 cases/year 1 cases/year
Xinying Factory: 2 or more health talks/year (1.5 hours/talk). Hsinchu Factory: 1 or more health talks/year (1.5 hours/talk).	3 cases/year 2 cases/year
Health facilitation activity once per year (Ex: employee trip or other physical and mental health promotions)	2 cases/year 1 cases/year
Xinying Factory: Fewer than 17 cases/year of near-miss incidents. Hsinchu Factory: Fewer than 9 cases/year of near-miss incidents.	14 cases/year 0 cases/year

2. Compared to the reference year of 2021, the Container Department at Kaohsiung Factory maintained its annual performance of zero occupational accidents in 2022, meeting the Company's short-term goal, and will continue to manage occupational safety related issues in the future.

3. Every Q4, the Committee will propose next year's goals for review and approval.



Preventive or Remedial Measures

Annually review results and effectiveness of autonomous management and formulate strategy to minimize occupational hazards.

Material Topic: Labor relations



Reason for Materiality

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, in line with sustainable operations of the Company.



Policies/Strategy

The Company's principle is to hire full-time employees for the manpower demand of normal operations.



Goals and Targets

1. 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.
2. We implement training to ensure employees' ethical corporate management and compliance awareness.



Management Evaluation Mechanism

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.

**Performance and Adjustments**

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.

**Preventive or Remedial Measures**

The Company aims to create an environment with two-way communication, high-quality compensation, and comprehensive education and training to attract talent, fulfill the needs of employees, and enhance cohesion.

Material Topic: Training and Education**Reason for Materiality**

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.

**Policies/Strategy**

We offer professional courses and language courses for different fields.

**Goals and Targets**

Through comprehensive education and training, the Company cultivates outstanding employees and helps them acquire the necessary knowledge/skills for work, obtain relevant certificates, and attend refresher training, enhancing the operations of the Company.

**Management Evaluation Mechanism**

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.

**Performance and Adjustments**

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.

**Preventive or Remedial Measures**

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.

5.1 Employee Policies and Overview

● Human Rights Policy

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. The Company abides to internationally recognized labor rights, including freedom of association, collective bargaining rights, care for the underprivileged, no child labor, elimination of all forms of forced labor, and elimination of recruitment and employment discriminations, and makes sure that recruitment policy does not permit discrimination based on gender, race, social status, age, marital and family status, implementing fair and just recruitment, employment terms, salary, benefits, training, evaluation, and promotion. The Company's operations and management shall not infringe any labor rights and must protect human rights. There were no cases of the use of child labor or forced labor in 2022.

5.1.1 Manpower Structure

As of the end of December 2022, the Company had 566 employees and does not have temporary or part-time employees. Most employees are between 30 and 50 years old and male employees account for 78%. 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 2022, the Company had appointed 5 employees with disabilities and 7 employees with indigenous peoples status.

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

Item/Gender	Male (including foreign workers)			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	10	13	6	11	7	50	9%
Hsinchu Factory	13	40	13	5	9	0	80	14%
Xinying Factory (including construction sites)	59	195	66	22	51	5	398	70%
Kaohsiung Factory	1	18	12	0	3	4	38	7%
Total	76	263	104	33	74	16	566	100%
Ratio (%)	13%	47%	18%	6%	13%	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):

Item	Male	Ratio (%)	Female	Ratio (%)	Total	Ratio (%)	
Job Role	Management (executives ranked managers and above)	22	79%	6	21%	28	5%
	Regular Employees	421	78%	117	22%	538	95%
Indigenous Peoples	Yes	5	71%	2	29%	7	1%
	No	438	78%	121	22%	559	99%
Persons with Disabilities	Yes	5	100%	0	0%	5	1%
	No	438	78%	123	22%	561	99%
Workplace	Northern Taiwan	87	78%	24	22%	111	20%
	Hsinchu	71	84%	14	16%	85	15%
	Xinying	254	77%	78	23%	332	59%
	Kaohsiung	31	82%	7	18%	38	7%

- **Non-Employee Workers**

Non-employee workers are not employees of the Company; at the Taipei Head Office, non-employee workers are caretakers, as the cleaning company is contracted by to provide two workers responsible for cleaning-related work every day.

Type of Work	Contractual Relation	No. of Workers
Cleaning	Contractor	2

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 2022, 77 employees reported for duty including foreign employees. Among them are 19 female employees and 58 male employees.

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

Year	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Subtotal	36	3	48	19	58	19
Total	39		67		77	
Total Number of Employees	533		553		566	
Total New Hire Rate (%)	7.3%		12.1%		13.6%	

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

Year		2020		2021		2022	
Factory	Age/Gender	Male	Female	Male	Female	Male	Female
Management Department	Under 30 Years Old	4	0	1	0	0	2
	30-50 Years Old	2	0	0	0	1	1
	Over 50 Years Old	0	0	1	1	2	1
	Subtotal	6		3		7	
Hsinchu Factory	Under 30 Years Old	1	1	0	0	1	0
	30-50 Years Old	4	0	5	1	3	0
	Over 50 Years Old	4	0	3	0	1	0
	Subtotal	10		9		5	
Xinying Factory	Under 30 Years Old	18	1	11	1	16	1
	30-50 Years Old	10	1	16	1	26	2
	Over 50 Years Old	1	0	3	1	4	0
	Subtotal	31		33		49	
Kaohsiung Factory	Under 30 Years Old	0	0	1	0	0	0
	30-50 Years Old	1	0	0	0	0	0
	Over 50 Years Old	3	0	1	0	3	0
	Subtotal	4		2		3	
All Employees	Under 30 Years Old	23	2	13	1	17	3
	30-50 Years Old	17	1	21	2	30	3
	Over 50 Years Old	8	0	8	2	10	1
	Subtotal	51		47		64	
Total Number of Employees		533		553		566	
Total Turnover Rate (%)		9.6%		8.5%		11.3%	

● **Incidents of Discrimination and Corrective Actions**

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. Regardless of training, remuneration, or promotion opportunity, the Company treats every employee (regardless of gender) to the same standards. Moreover, to ensure harmonious labor relations and compliance with related laws and regulations, the Company has established complaint handling measures. To prevent workplace sexual harassment, protect gender equality and human dignity, the Company has also established Measures of Prevention, Correction, Complaint, and Punishment of Sexual Harassment at Workplace according to the Regulations for Establishing Measures of Prevention, Correction, Complaint, and Punishment of Sexual Harassment at Workplace, which is announced on the electronic information platform for employees' reference. Employees can file complaint via phone or mailbox. The Company has also formed "Sexual Harassment Investigation Taskforce" to handle related complaints. In 2022, the Company did not receive any complaints of infringement of privacy from clients, and there were no cases of discrimination or complaints.

● **Freedom of Association and Collective Bargaining**

The Company values human rights and complies with labor related laws and regulations, and constructs multiple grievance channels, which are handled by supervisors of all levels and the human resources unit, while also establishing complaint handling measures to make sure that all complaints are handled in a confidential, timely, and secret manner, ensuring smooth channels of communication between employees and supervisors. The Company respects its employees' freedom of association. In 2022, no employee came forward to organize a union.

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.

● **2022 salary ratio table:**

Item	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\$25,250 in 2022.

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

Item	2021	2022	Difference (Difference between 2022 and 2021)
Number of Full-time Non-management Employees	520	540	20
Total Salary of Full-time Non-management Employees	NT\$479,382,657	NT\$536,134,015	NT\$56,751,358
Average Salary of Full-time Non-management Employees	NT\$921,890	NT\$992,841	NT\$70,951
Median Salary of Full-time Non-management Employees	NT\$891,789	NT\$951,086	NT\$59,297

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.
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.
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.

4. The figures in the table above were calculated based on the employees' salaries in 2021 and 2022.

● **Minimum notice periods regarding operational changes**

The Company may terminate a labor contract in one of the following situations:

1. Where the employers' businesses are suspended, or has been transferred.
2. Where the employers' businesses suffers an operating losses, or business contractions.
3. Where force majeure necessitates the suspension of business for more than one month.
4. Where the change of the nature of business necessitates the reduction of workforce and the terminated employees can not be reassigned to other suitable positions.
5. A particular worker is clearly not able to perform satisfactorily the duties required of the position held.
6. When other reasons of termination of labor contract arise.

Where an employer terminates a labor contract the provisions set forth below shall govern the minimum period of advance notice:

1. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
2. Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
3. Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

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	2022
Professional Competencies	Courses in professional fields of each unit, necessary knowledge/skills for work, relevant certificates, refresher training, etc.	516 person-times
Management Competencies	Management knowledge, leadership, communication and coordination, problem-solving skills, etc.	20 person-times
Safety and Health	Including occupational safety, first aid, fire safety, traffic safety, and health talks.	570 person-times
Corporate Governance	Including ethics, internal control and management, information security, law, and risk management.	503 person-times
Language Training	Advanced courses/training for English, Japanese, and other foreign languages.	12 person-times
Pre-Employment Training for New Employees	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.	80 person-times
Trainees that Completed Training (Trainees)		1,701 person-times
Total Training Man-Hours		6,137 hours
Total Training Expenses		NT\$1,027,255

● **Average Hours of Employee Education and Training over the Past 3 Years:**

Year	2020	2021	2022
Total Number of Employees	533	553	566
Total Training Hours	2,126 hours	2,539.5 hours	6,137 hours
Average Hours of Education and Training	4 hours/person	4.6 hours/person	10.8 hours/person

Note: In the past (2021 and before), group training classes, regardless of number of participants, only counted as one man-hour, resulting in relatively low average training hours per person; thus, starting in 2022, the total hours are calculated by multiplying "Number of hours of each group class" by "total number of participants."



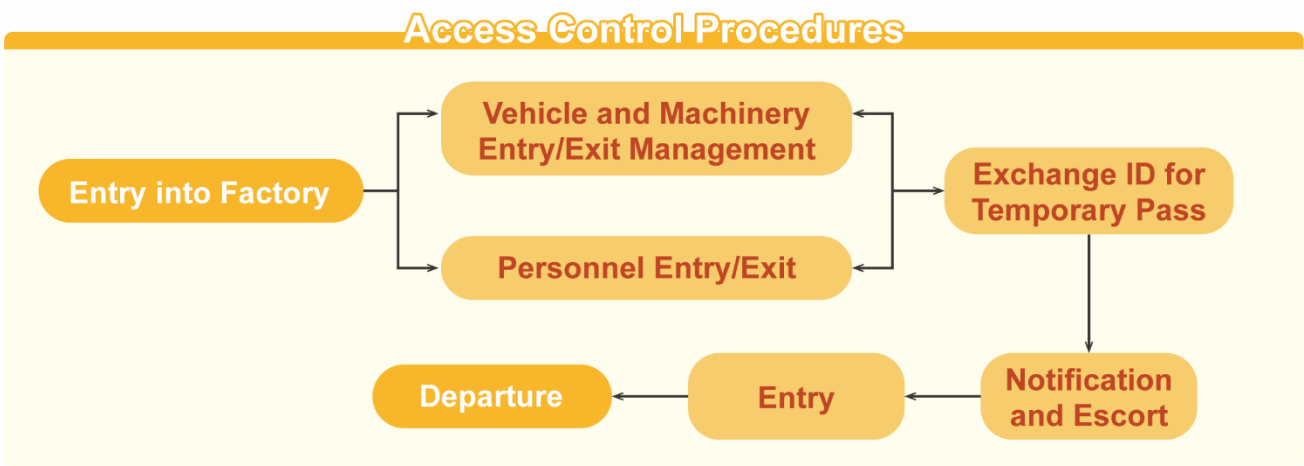
● **Performance Management and Development**

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. All employees will be reviewed based on their employee levels and the aforementioned principles, and the performance evaluation results are not sorted by gender-based differentiation. 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. In 2022, the Company had a total of 566 employees, and all were reviewed based on the aforementioned principles.

● **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 equipment**

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.



▶ **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 Diverse Benefits

● **Employee Benefits**

Employees are the Company’s most important assets. In addition to having a comprehensive personnel system, the Company also insists on providing employees diverse and complete benefits. 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:

Item	Description
Leave	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.
Insurance	Labor insurance, national health insurance, group accident insurance, employees' medical insurance for foreign travel hospitalization and injuries, and discounts for group life insurance policies.
Employee Meals	The Company provides free nutritious and healthy lunches and meals (or expense payments) for overtime work.
Healthcare	The medical unit provides medical consultations and general medical care as well as free regular health examinations.
Recreation	Employees receive discounts on domestic airline tickets and discounts on domestic flights of UNI Airways and discounts for hotels at domestic and foreign destinations.
Business Performance Bonus	Onsite work performance bonus, year-end bonus, and employee remuneration.
Laundry	Evergreen Airline Services provides discount laundry services.

Item	Description
Benefits Provided by the Employee Welfare Committee	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.

● **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 proactively complies with government policies, encouraging childbirth, as well as those eligible to apply for paternal 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	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Employees Eligible for Parental Leave	7	3	10	11	1	12	7	6	13
Number of Applicants for Unpaid Parental Leave in the Current Year (A)	0	1	1	0	1	1	0	1	1
Number of Employees Reinstated from Unpaid Parental Leave in the Current Year (B)	0	0	0	0	0	0	0	3	3
Actual Number of Employees Reinstated from Parental Leave in the Current Year (C)	0	0	0	0	0	0	0	2	2
Actual Number of Employees Reinstated from Parental Leave in the Previous Year (D)	1	0	1	0	0	0	0	0	0
Number of Employees Reinstated from Parental Leave in the Previous Year and Have Worked Continuously for at Least One Year (E)	1	0	1	0	0	0	0	0	0
Reinstatement Rate After Parental Leave in the Current Year % (C/B)	-	-	-	-	-	-	-	67%	67%
Retention Rate after Parental Leave in the Current Year % (E/D)	100%	-	100%	-	-	-	-	-	-

Note: In 2022, one female employee came back from parental leave but her reinstatement was less than a year.

5.3.2 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 45001:2018 & CNS 45001:2018 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 cycle to make improvements and create a safe, healthy, and friendly work environment for employees.

Evergreen Steel Occupational Safety and Health Certification

ISO 45001 : 2018/CNS 45001 : 2018

Valid period: December 25, 2022 to December 24, 2025



● Occupational Safety and Health Management

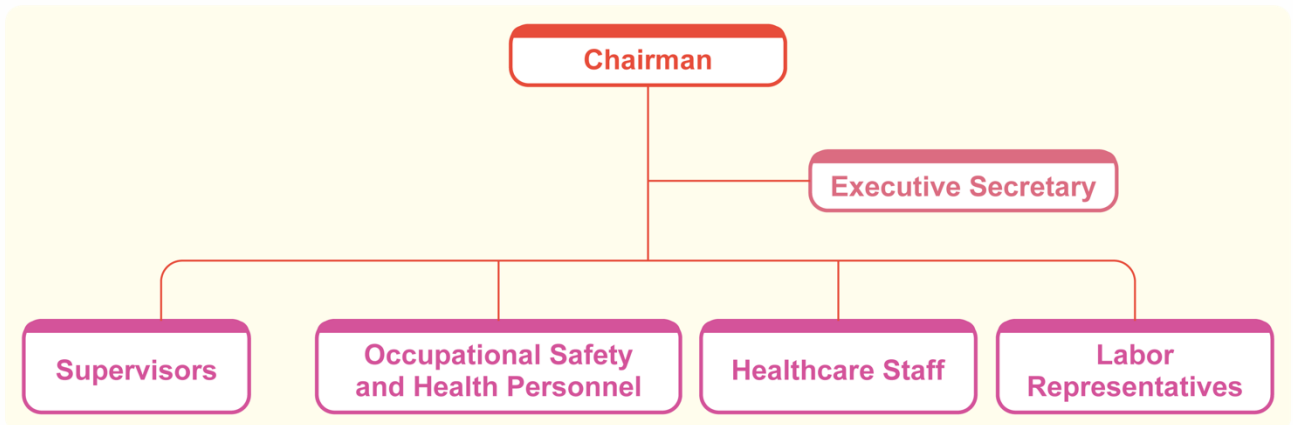
Evergreen Steel upholds its commitment to preventing work-related injuries and health hazards to provide a safe and healthy work environment and assumes responsibility and accountability for all activities. The Company has established an occupational safety and health management system, which covers 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 45001:2018 & CNS 45001:2018 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.

According to the Occupational Safety and Health Management Systems (ISO 45001:2018) – Requirements for an Occupational Safety and Health Management System, the Company follows relevant management procedures to include all workers at Xinying Factory, Hsinchu Factory, and affiliated sites of construction or operations, including employees and non-employees whose jobs or workplaces are managed and controlled by the organization, in the scope of the management system. The relevant numbers are tabulated below:

Region	Number of Workers	Ratio (%)
Xinying Factory	696	55%
Hsinchu Factory	175	14%
Construction Sites	394	31%
Total	1265	100%

● **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 also organize workplace hazard awareness campaigns for all employees.

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

Training	Implementation Method
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 45001:2018 & CNS 45001:2018 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 2022, 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 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	2020	2021	2022
Total Work Hours	Total Work Hours of Female Employees	20,042	22,496	26,141
	Total Work Hours of Male Employees	131,790	132,864	137,243
	Total Work Hours	151,832	155,360	163,384
Number of Recordable Severe Occupational Injuries (Excluding Fatalities)	Total Severe Occupational Injuries of Female Employees (Cases)	0	0	0
	Total Severe Occupational Injuries of Male Employees (Cases)	1	0	1
	Total Severe Occupational Injuries (Cases)	1	0	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)	1	1	1
	Total Occupational Injuries (Cases)	1	1	1
Recordable Severe Occupational Injury Rate (Excluding Fatalities)	Severe Occupational Injury Rate of Female Employees	0	0	0
	Severe Occupational Injury Rate of Male Employees	7.59	0	7.29
	Severe Occupational Injury Rate	6.59	0	6.12
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	7.59	7.53	7.29
	Total Occupational Injury Rate	6.59	6.44	6.12

Category	Item	2020	2021	2022
Occupational Injury Category (e.g., fractures, cutting, and bruises)	Occupational Injury Category Description	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	Pressed the wrong button when lifting sections, resulting in injured left thigh that was squeezed by sections.

Note:

1. Occupational injury-induced death rate = number of deaths caused by occupational injuries/total hours worked * 1,000,000
2. Severe occupational injury rate = number of severe occupational injuries (excluding fatalities)/total hours worked * 1,000,000
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	2020	2021	2022
Total Work Hours	Total Work Hours of Female Employees	28,075	26,820	24,222
	Total Work Hours of Male Employees	159,589	185,364	167,258
	Total Work Hours	187,664	212,184	191,480
Number of Recordable Severe Occupational Injuries (Excluding Fatalities)	Total Severe Occupational Injuries of Female Employees (Cases)	0	0	0
	Total Severe Occupational Injuries of Male Employees (Cases)	0	0	0
	Total Severe Occupational Injuries (Cases)	0	0	0
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)	0	0	0
	Total Occupational Injuries (Cases)	0	0	0
Recordable Severe Occupational Injury Rate (Excluding Fatalities)	Severe Occupational Injury Rate of Female Employees	0	0	0
	Severe Occupational Injury Rate of Male Employees	0	0	0
	Severe Occupational Injury Rate	0	0	0
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	0	0	0
	Total Occupational Injury Rate	0	0	0
Occupational Injury Category (e.g., fractures, cutting, and bruises)	Occupational Injury Category Description			

Note:

1. Occupational injury-induced death rate = number of deaths caused by occupational injuries/total hours worked * 1,000,000
2. Severe occupational injury rate = number of severe occupational injuries (excluding fatalities)/total hours worked * 1,000,000
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	2020	2021	2022
Total Work Hours	Total Work Hours of Female Employees	134,912	138,880	152,000
	Total Work Hours of Male Employees	450,368	456,320	426,000
	Total Work Hours	585,280	595,200	578,000
Fatalities Caused by Occupational Injuries	Female Fatalities (Cases)	0	0	0
	Male Fatalities (Cases)	1	0	0
	Total Fatalities (Cases)	1	0	0
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
Death Rate Caused by Occupational Injuries	Female Death Rate Caused by Occupational Injuries	0	0	0
	Male Death Rate Caused by Occupational Injuries	2.2204	0	0
	Total Death Rate Caused by Occupational Injuries	1.7086	0	0
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	4.4408	4.3829	4.6948
	Total Occupational Injury Rate	3.4172	3.3602	3.4602
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.	1. When turning a steel pillar, a finger was caught in the chain and injured. 2. Purlicue was cut by iron shavings on chain when carrying chains by hand.

Note:

- Occupational injury-induced death rate = number of deaths caused by occupational injuries/total hours worked * 1,000,000
- Severe occupational injury rate = number of severe occupational injuries (excluding fatalities)/total hours worked * 1,000,000
- Recordable occupational injury rate = recordable occupational injury rate (including fatalities and severe occupational injuries)/total work hours * 1,000,000

◆ **Non-employees**

Category	Item	2020	2021	2022
Total Work Hours	Total Work Hours of Female Employees	160,704	176,576	172,000
	Total Work Hours of Male Employees	734,080	755,904	688,000
	Total Work Hours	894,784	932,480	860,000
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	3
	Total Occupational Injuries (Cases)	2	2	3
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	2.7245	2.6458	4.3605
	Total Occupational Injury Rate	2.2352	2.1448	3.4884
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.	1. Slipped when walking, and left leg was scraped by steel plate. 2. Right pulcrue was burned accidentally by torch during cutting process. 3. Right hand injured when falling down stairs.

Note:

- Occupational injury-induced death rate = number of deaths caused by occupational injuries/total hours worked * 1,000,000
- Severe occupational injury rate = number of severe occupational injuries (excluding fatalities)/total hours worked * 1,000,000
- Recordable occupational injury rate = recordable occupational injury rate (including fatalities and severe occupational injuries)/total work hours * 1,000,000

● **Occupational Disease Prevention**

As Evergreen Steel is a traditional industry, the health hazards in the operation process mainly include dust, noise, and electric ophthalmia. Through personnel education and training, protective gear, labor working environment monitoring, and special health examination, the Company monitors the health of its employees. In 2022, the Company had zero cases of the aforementioned occupational diseases (including cases that led to death).

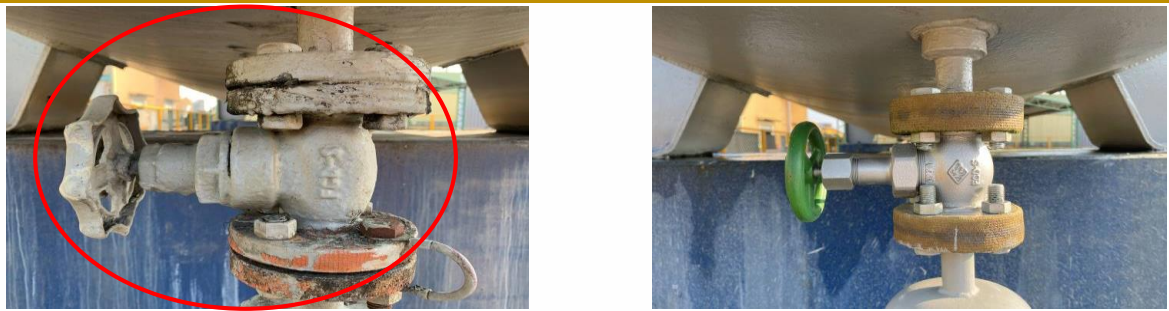
● **Disaster Risk Management**

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 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: Old ball valve connecting LPG tank and spill tank may cause leakage. **Improvement measures:** Replaced on October 21, 2022.

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.

● **2022 1H Occupational Safety and Health /6S Implementation Evaluation**

Construction Site Category - First Place



Factory Category - First Place



Factory Category - Improvement Award



● **2022 2H Occupational Safety and Health /6S Implementation Evaluation**

Construction Site Category - First Place



Factory Category - First Place



Factory Category - Improvement Award



● **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 frequency of deployment of occupational medical personnel for onsite labor health and services are as follows:

Factory	Frequency of Onsite Service by Doctors	Frequency of Onsite Service by Nurses
Taipei Head Office	One 2-hour session/week (via video-conferencing)	One 8-hour session/month
Hsinchu Factory	Four 2-hour sessions/year	Four 2-hour sessions/month
Xinying Factory	One 2-hour sessions/week	Full-time

Plant Doctor – Health Consulting Counselling



Item	Implementation Method
Working Guidelines for Occupational Safety and Health	Each factory has formulated Working Guidelines for Occupational Safety and Health to govern and promote related matters. Through education and training, wearing of protective gear and inspections, the risk of employees being exposed to health hazards has been significantly lowered, reducing the likelihood of occupational diseases.
Health Education and Health Promotion	<ol style="list-style-type: none"> 1. We provide Evergreen Symphony Orchestra information on an irregular basis to encourage employees to find relief through music. 2. We announce relevant healthcare information and preventive health education to remind employees to take care of their own health. 3. We organize classes on an irregular basis to teach the importance of a healthy body posture. 4. We cooperate with blood donation centers for blood donation activities on an irregular basis. 5. At least twice a year, we invite practicing doctors and nurses, and professionals from different disciplines to be speakers. 6. We play music at 3 p.m. every afternoon to encourage employees to exercise and release their stress.
Physical/Health Examination for Employees	New employees: Physical examination before hiring Current employees: Implement general health examinations in accordance with Labor Health Protection Regulations
First-Aid Personnel and Equipment Management	<ol style="list-style-type: none"> 1. Appoint first-aid personnel and prepare sufficient first-aid medical supplies in accordance with regulations. 2. The head office and all factories have installed first-aid equipment, including automated external defibrillators (AEDs). 3. We set up a medical room and appointed physicians and nurses to provide medical consultations to enhance employees' health protection.
Human-Factor Hazard Prevention Plan	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.
Prevention Project for Diseases Triggered by Excessive Workload	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.
Unlawful Infringement in the Performance of Duties Prevention Plan	Unlawful infringement in the performance of duties shall be handled on a case-by-case basis when incidents are reported.
Workplace Maternal Health Protection Project	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.

In 2022, the Company held several health promotion related activities. Detailed information is listed below:

Health Seminar – Love Life through Music



Health Seminar – Exercise for Your Bone Health



Blood Donation – Spreading Love, Generating Warmth



● **Employee Health Examinations**

The Company requires new employees to undertake a physical examination before commencing work, and current employees to undertake general health examinations. Employees of onsite units receive special health examinations (including for dust and noise exposure). After diagnosis by external doctors, employees may be reassigned to a more appropriate workplace when deemed necessary. Individuals requiring monitoring and follow-up management will be asked to visit the hospital for continued health monitoring, and to care for and manage own health.

The Company implemented employee health examinations (including special health examinations) in 2022 at a frequency higher than the requirement of the Regulations Governing Labor Health Protection in order to protect physical and mental health of employees:

- (1) Once every year for employees over 65 years old
- (2) Once every 2 years for employees between 45 and 64 years old
- (3) Once every 3 years for employees between 30 and 45 years old
- (4) Once every 5 years for employees less than 30 years old

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
2020	194	100%
2021	70	100%
2022	221	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/Employ Status		General Health Examination (Person-Times)	Special Physical Examination (Person-Times)			Examination Expenses (NT\$)
			Dust Operations	Noise Operations	Subtotal	
Taipei Head Office	Local	19	-	-	19	55,130
Hsinchu Factory	Local	26	0	3	31 (Note 4)	104,945
	Foreign	0	0	4		
Xinying Factory	Local	137	3	6	148 (Note 5)	410,046
	Foreign	11	0	0		
Kaohsiung Factory	Local	28	-	-	28	88,700
Total		221	3	13	226	658,821

Note:

1. Taipei Head Office is not a production unit, thus, it does not have special health inspection items; also, Taipei Head Office does not employ any migrant workers.
2. The average sound pressure level of employees in the 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.
3. New employees in the current year already received the physical examination before reporting for duty and were therefore not included in the health examination.
4. 2 local employees in the Hsinchu Factory received both general health examinations and special examinations, and thus the subtotal is 31.
5. 9 local employees in the Xinying Factory received both general health examinations and special examinations, and thus the subtotal is 148.

● Company Epidemic Prevention Measures

During the COVID-19 pandemic, the Company complied with the government's epidemic prevention measures starting in 2021, encouraging employees to be vaccinated and providing half-day paid leave for vaccinations and providing half-day paid leave for vaccinations 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
Level 1 to Level 2	Definitions 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.
	Measures 1. Establish emergency response team. 2. Revise the Emergency Contingency Plan. 3. Continue to monitor the development of the epidemic in Taiwan and foreign countries. 4. Provide information to employees for self-health monitoring and disease prevention. 5. Plan preparatory operations for the Emergency Contingency Plan. 6. Access control and body temperature measurement. 7. Clean and disinfect the office environment.
Level 3	Definitions Level 3: Second wave of infections in Taiwan caused by confirmed cases from external sources.
	Measures 1. Continue to implement Level 1 and Level 2 epidemic prevention measures. 2. Employees measure and monitor body temperature. 3. Access control and body temperature measurement. 4. Suspend all unnecessary foreign travel activities. 5. Activate the automatic notification system for epidemic prevention and procedures for notifications, home quarantine, and tracking of personnel. 6. Establish emergency communication channels. 7. Increase the frequency of cleaning and disinfection of the office environment. 8. Activate preparatory operations for the Emergency Contingency Plan.
Level 4	Definitions Level 4: Community transmission of COVID-19 in Taiwan but conditions remain under control.
	Measures 1. Continue to implement Level 3 epidemic prevention measures and measure the body temperature of employees every morning and every afternoon. 2. Require all personnel to wear masks in based on the level of contact in all environments. 3. Prohibit all unnecessary domestic travel. 4. Prohibit all travel to and from a foreign country. 5. Implement controls of internal events of the Company. 6. Manage visitors and external business visits. 7. Implement employee meal management. 8. Activate business backup plans and separate office areas.
Level 5 to Level 6	Definitions 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).
	Measures 1. As a principle, all employees work from home. 2. Essential personnel work in designated areas.



- 6.1 Educational Support
- 6.2. Environmental Protection
- 6.3 Charity Actions

CH 6

Social Engagement

Chapter 6 Social Engagement

In addition to providing clients with high-quality products and services, to fulfill its social responsibilities Evergreen Steel believes in giving back to society, actively participates in social charity activities, and strives for environmental protection. The social charity events in which the Company has participated includes creek cleaning and tree planting, educational support, free clinics, and donations of supplies.

In 2022, the Company joined forces with private organizations to hold creek-cleaning and tree-planting activities, allowing employees to gain active experience of environmental protection. The Company also works with the Chang Yung-Fa Foundation to organize charitable arts and cultural events from time to time. In the area of education, the Company has offered scholarships to outstanding and underprivileged students in related fields, encouraging them to study hard and incubating future vocational talent.

The Company continues to turn love and care for society into practical actions with the aim of improving social harmony and facilitating the virtuous cycle.

6.1 Educational Support

- **Scholarship Sponsorship – Jui-Fang Industrial High School and Xinying Industrial Vocational High School**

Amount: Jui-Fang Industrial High School - NT\$100,000

Xinying Industrial Vocational High School - NT\$150,000

Through the help and matchmaking of the Chang Yung-Fa Foundation, the Company sponsored Jui-Fang Industrial High School and Xinying Industrial Vocational High School scholarships. This year, a total of 25 outstanding and underprivileged students received the scholarships. Through the establishment of the scholarships, the Company hopes to encourage students to proactively learn and bravely face future challenges, while also helping the schools to promote vocational education and incubate industry-related talent.



- **Sponsoring Jing's Studio's "Eco-Protection Theater Campus Tour"**

Amount: NT\$100,000

Environmental pollution has become a global "pandemic," and as citizens of Earth, we must protect our homes. Thus, in addition to facilitating development of civilization, Evergreen Steel is joining forces with the Chang Yung-Fa Foundation, relying on the foundation's long-time social welfare experience to launch the "Eco-Protection Theater Campus Tour." This year's play was titled "A Journey through the Pacific," performed by Jing's Studio. The play focused on environmental protection and made serious environmental issues more approachable through elements like personified dialogues and fun acrobatics, magic, and music, guiding students to jointly explore carbon reduction, waste classification, plastic reduction, and sustainability.

through Q&A and sharing after the performance. In addition to bringing something new to campuses, the play also helped students to learn the importance of environmental protection and cultivated them as world citizens.



● Evergreen Maritime Museum’s “I Am King of Sea Marine Education Charity Event” - Hsinchu County Hengshan Elementary School and Emei Elementary School

Amount: NT\$200,000

The Company joined forces with the Chang Yung-Fa Foundation, inviting Hengshan Elementary School and Emei Elementary School in Hsinchu County to visit the Evergreen Maritime Museum for a free “One-Day Field Trip”. Both schools are located in remote mountainous areas and many students had rarely seen the ocean. Tour guides introduced important items in the museum’s collection, including ship models, ocean-themed paintings, and navigational instruments. The aim was to establish a foundation for maritime education, fostering awareness and care for the land and ocean.



● Sponsorship of Kaohsiung Municipal Nanzhih Special School's "Girls Spreading Wings Program"



Amount: NT\$100,000

Evergreen Steel, as recommended by the Chang Yung-Fa Foundation, sponsored the school to organize the "Girls Spreading Wings Program." This project aimed to assist students in their learning and guide them to unleash their full potential through a diverse range of educational activities. By adopting an exploratory approach, we hope to enhance students' self-identity, increase their motivation for learning and change, and cultivate their ability to think positively.

6.2. Environmental Protection

● "Let's Go River Cleanup" Charity Activity in Nankan, Taoyuan

Amount: NT\$25,000

Evergreen Steel and the Society of Wilderness co-organized the "Let's Go River Cleanup" charity activity at Luzhu Guangming Riverside Park in Taoyuan City on March 19, 2022, collecting a total of 286.9 kg of garbage from the Nankan Creek. According to statistics, the top two categories were PET bottles and plastic caps, showing that reduction of plastic products remained a topic that required continued promotion. Through the river-cleaning activity and guidance by the Society of Wilderness on ecological and environmental protection, Evergreen Steel employees learned how to make changes to their daily lives that will help safeguard our environment and ecology.

Achievements of the activity are shown below:

Number of Participants	Duration	Area	Total Weight of Garbage
45 (Evergreen Steel employees, family members, and Society of Wilderness volunteers)	2hrs	800m (Luzhu Guangming Riverside Park)	286.9 kgs

● “Tree Planting Together” Charity Activity in Zhuangwei, Yilan

Amount: NT\$200,000

Evergreen Steel and subsidiaries Hsin Yung Enterprise Corporation, Ever Ecove Corp. and Super Max Engineering Enterprise Co. Ltd., traveled to the coastal area of Zhuangwei, Yilan, for tree planting on October 30, 2022, under the guidance of the Tse-Xin Organic Agriculture Foundation and Potato Society. A total of 1,000 trees were planted, including species like screw pine, sea hibiscus, beef wood, and sea lettuce. Tree roots can stabilize sandy soil while foliage blocks surface winds that might otherwise blow sand inland, thus slowing shoreline erosion. Through this tree-planting activity, the aim was not only to contribute to public welfare but also to leverage the influence of the Company, leading colleagues to cherish the land we inhabit and embark on a low-carbon lifestyle, together creating a sustainable home.



● Commercial Times “World Earth Day – Answering the Earth’s Cry” Energy Conservation and Carbon Reduction Declaration

Amount: NT\$21,000

To advocate for environmental sustainability, the Company participated in the “World Earth Day – Answering the Earth’s Cry” energy conservation and carbon reduction declaration organized by a local newspaper. Evergreen steel hoped to demonstrate its determination toward environmental sustainability through the influential media coverage of the newspaper while raising public awareness of green and low-carbon lifestyles.



6.3 Charity Actions

- **Sponsoring Reindeer Children’s Home in Taoyuan – New Year’s Eve Dinner**

Amount: NT\$55,000

Reindeer Children’s Home in Taoyuan City helps children and youths under 18 who have lost their parents as well as those whose families have experienced misfortunes. Reindeer cultivates the children’s abilities to live independently, helps them protect themselves and others, and encourages them to give back to society. During the Chinese New Year holiday in January 2022, the kitchen was understaffed, so the Company sponsored eight New Year’s Eve dinner sets. The frozen and easy to prepare meals helped bring festive cheer to the children at the New Year.



- **Sponsoring Grown-up with Hands Family – Cabinets and Modular Cupboards**

Amount: NT\$45,000

Grown-up with Hands Family is a community that serves those with multiple impairments. The professional staff evaluate and investigate the daily needs of disabled people so that they can receive the best care, taking the strain off their families and sharing social responsibility. To enhance the quality of life of those with disabilities and organize the venue’s storage space, the Company sponsored acquisition of four-shelf cabinets and three sets of modular cupboards, resulting in a neat and tidy learning environment.



- **Sponsorship of Pingtung County Evergreen Lily Elementary School’s “Organic Garden for the Old and Young – Food Forest Seed Conservation Base on a Slope”**

Amount: NT\$100,000

Evergreen Lily Elementary School in Majia Township, Pingtung County, is a school for indigenous peoples that was rebuilt after the Typhoon Morakot disaster. For environmental sustainability and to preserve organic farming culture, the Company sponsored the school to turn a piece of land on campus into an organic farm, offering the elderly and young residents of the tribal village a place to work together. A team of local youths was responsible for coordination, allowing the children to learn through working, developing lifestyle solutions and a circular economy in harmony with nature. Through organic and natural farming, the children learned how energy conservation and carbon reduction leads to environmental and ecological sustainability.



- **Sponsorship of NTU Traditional Medicine Club’s “2022 Summer Healthcare and Education Service Team”**

Amount: NT\$50,000

The Company sponsored NTU Traditional Medicine Club’s medical service team to provide a free clinic in Jianshi Township, Hsinchu County. The team captain hoped to provide residents in remote areas with scarce medical resources and health education services, teaching them proper medical and health concepts and enhancing health promotion; moreover, the team cooperated with community groups in all neighborhoods to drive the development and promotion of local indigenous culture, health education, and agricultural management.



● **Sponsorship of the 2022 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 Mid-Autumn Festival party on August 20, 2022. The party facilitated health education and offered healthy recreational activities, improving quality of life for the elderly, and enhancing communication and interaction among residents.

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

Amount: NT\$2.1 million

The Company sponsored seven classical music concerts by the Evergreen Symphony Orchestra in 2022. 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
Mar. 10	The Golden Cockerel
Apr. 23	Brilliant (Firebird) – Chun Chieh Yen & ESO (Taipei)
Jun. 17	Brilliant (Firebird) – Chun Chieh Yen & ESO (Kaohsiung)
Sep. 17	War and Peace – Gwhyneth Chen & ESO
Sep. 30	Gratitude & Blessings – ESO 20th Anniversary Celebration Concert (Taipei)
Oct. 15	Gratitude & Blessings – ESO 20th Anniversary Celebration Concert (Kaohsiung)
Nov. 05	Bruckner vs Wagner



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

Amount: NT\$100,000

The Taizi Community Development Association, Xinying District, Tainan City, is adjacent to the Company's Xinying Factory. The association is committed to caring 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\$100,000 in 2022 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 100th Anniversary of the Chinese Taipei Olympic Committee and 2022 National Figure Skating Championship and League Competition

Amount: NT\$150,000

The Company sponsored the Chinese Taipei Skating Union to hold the “100th Anniversary of the Chinese Taipei Olympic Committee and 2022 National Figure Skating Championship and League Competition” from April 23 to 24, 2022, with the aim of discovering and training outstanding figure skating talent. 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 2022, we organized a blood donation event with the Tainan Blood Donation Center at the Xinying Factory, Steel Structure Division. A total of 16 employees responded and donated a total of 6,500 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
Nov 9, 2022	09:00-12:00	26 units



● Subsidiary “Hsin Yung Enterprise Corporation” Sponsored Local Activities

Sponsored the Taoyuan City Council Speaker Cup Croquet Tournament and Charity Promotion Activity	Sponsored Taoyuan City Zhongli District Huang Qian Creek Water Environment Patrol Team Related Equipment and Supplies
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Appendix

Appendix I : Global Reporting Initiative (GRI) Index

Statement of use	Evergreen Steel Corporation has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
1. The organization and its reporting practices					
GRI 2_ General Disclosures 2021	2-1	Organizational details	2.1 Company Profile	31	
	2-2	Entities included in the organization’s sustainability reporting	About this Report	4	
	2-3	Reporting period, frequency and contact point	About this Report	4~5	
	2-4	Restatements of information	About this Report	4	
	2-5	External assurance	About this Report	5 146~148	
2. Activities and workers					
GRI 2_ General Disclosures 2021	2-6	Activities, value chain and other business relationships	2.1 Company Profile 3.1 Products and Sales 3.4 Supply Chain Management	31 59 68	
	2-7	Employees	5.1 Employee Policies and Overview	101	
	2-8	Workers who are not employees	5.1 Employee Policies and Overview	102	
	3. Governance				
GRI 2_ General Disclosures 2021	2-9	Governance structure and composition	2.2 Corporate Governance Structure	37	
	2-10	Nomination and selection of the highest governance body	2.2 Corporate Governance Structure	37	
	2-11	Chair of the highest governance body	2.2 Corporate Governance Structure	37	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.4 Risk Management	47~48	
	2-13	Delegation of responsibility for managing impacts	1.1 Sustainable Development Strategy	10	
	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainable Development Strategy	10	
	2-15	Conflicts of interest	2.2 Corporate Governance Structure	39~40	
	2-16	Communication of critical concerns	1.2 Stakeholder Interaction	18~20	
	2-17	Collective knowledge of the highest governance body	2.2 Corporate Governance Structure	37~39	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
	2-18	Evaluation of the performance of the highest governance body	2.2 Corporate Governance Structure	43	
	2-19	Remuneration policies	2.2 Corporate Governance Structure	42~43	
	2-20	Process to determine remuneration	2.2 Corporate Governance Structure	42~43	
	2-21	Annual total compensation ratio	5.1 Employee Policies and Overview	104~105	
4. Strategy, policies and practices					
GRI 2_ General Disclosures 2021	2-22	Statement on sustainable development strategy	Letter from the Management	6~7	
	2-23	Policy commitments	5.1 Employee Policies and Overview	101	
	2-24	Embedding policy commitments	2.3 Ethical Management	44	
	2-25	Processes to remediate negative impacts	2.3 Ethical Management	45~47	
	2-26	Mechanisms for seeking advice and raising concerns	2.3 Ethical Management	45~47	
	2-27	Compliance with laws and regulations	Chapter 2 Corporate Governance 4.1 Sustainable Environmental Management	30~31 77~78	
	2-28	Membership associations	1.2 Stakeholder Interaction	21~22	
	5. Stakeholder engagement				
GRI 2_ General Disclosures 2021	2-29	Approach to stakeholder engagement	1.2 Stakeholder Interaction	18~20	
	2-30	Collective bargaining agreements	-	-	The Company has no collective bargaining agreement or union.
Topic-specific disclosure: 200 series (Economic topics)					
Market Presence					
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Employee Policies and Overview	104~105	
	202-2	Proportion of senior management hired from the local community	5.1 Employee Policies and Overview	101	
Indirect Economic Impacts					
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	6.1. Educational Support	128	
			6.2. Environmental Protection	130	
			6.3. Charity Actions	132	
203-2	Significant indirect economic impacts	-	-	N/A	
Procurement Practices					
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	3.4 Supply Chain Management	68~69	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
Anti-corruption					
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	2.3 Ethical Management	45	
	205-2	Communication and training about anti-corruption policies and procedures	2.3 Ethical Management	45	
	205-3	Confirmed incidents of corruption and actions taken	2.3 Ethical Management	45	
Anti-competitive Behavior					
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3 Ethical Management	45	
Tax					
GRI 207: Tax 2019	207-1	Approach to tax	-	-	N/A
	207-2	Tax governance, control, and risk management	-	-	N/A
	207-3	Stakeholder engagement and management of concerns related to tax	-	-	N/A
	207-4	Country-by-country reporting	-	-	N/A
Topic-specific disclosure: 300 series (Environmental topics)					
Materials					
GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.4 Supply Chain Management	68	
	301-2	Recycled input materials used	-	-	N/A
	301-3	Reclaimed products and their packaging materials	-	-	N/A
Water and Effluents					
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.3 Energy Management	88~90	
	303-2	Management of water discharge related impacts	4.3 Energy Management	88~90	
	303-3	Water withdrawal	4.3 Energy Management	88~90	
	303-4	Water discharge	4.3 Energy Management	88~90	
	303-5	Water consumption	4.3 Energy Management	88~90	
Biodiversity					
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.5 Biodiversity	96	
	304-2	Significant impacts of activities, products and services on biodiversity	4.5 Biodiversity	96	
	304-3	Habitats protected or restored	4.5 Biodiversity	96	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	4.5 Biodiversity	96	
Topic-specific disclosure: 400 series (Social topics)					
Labor/Management Relations					
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.1 Employee Policies and Overview	105	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
Diversity and Equal Opportunity					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.1 Employee Policies and Overview	101~102	
	405-2	Ratio of basic salary and remuneration of women to men	5.1 Employee Policies and Overview	104	
Non-discrimination					
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.1 Employee Policies and Overview	103	
Freedom of Association and Collective Bargaining					
GRI 407: 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	104	
Child Labor					
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.1 Employee Policies and Overview	101	
Forced or Compulsory Labor					
GRI 409: 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	101	
Security Practices					
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	5.2 Employee Development and Training	109~110	
Rights of Indigenous Peoples					
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	5.1 Employee Policies and Overview	101	
Local Communities					
GRI 413: 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	128 130 132	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	-	N/A
Public Policy					
GRI 415: Public Policy 2016	415-1	Political contributions	-	-	N/A
Marketing and Labeling					
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	-	-	N/A
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	-	N/A
	417-3	Incidents of non-compliance concerning marketing communications	-	-	N/A
Customer Privacy					
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3 Customer Satisfaction	66~67	

Disclosure of Material Topics

GRI No.	Topic	GRI Sector Standard No.	No.	GRI Index	Chapter and Section	Page	Omit/remark
GRI 3: Material Topics 2021	Management approach	-	3-1	Process to determine material topics	1.3 Management of Material Topics	22	
		-	3-2	List of material topics	1.3 Management of Material Topics	25~28	
Material Topic : Legal Compliance							
GRI 3: Material Topics 2021	Management approach of Legal Compliance	-	3-3	Management of material topics	Chapter 2 Corporate Governance	30~31	
Material Topic : Economic Performance (GRI 201)							
GRI 3: Material Topics 2021	Management approach of Economic Performance	-	3-3	Management of material topics	Chapter 3 Product and Value Chain	54~55	
GRI 201	Disclosure of Economic Performance 2016	-	201-1	Direct economic value generated and distributed	3.1 Products and Sales	60	
		-	201-2	Financial implications and other risks and opportunities due to climate change	4.2 Climate Action	78~82	
		-	201-3	Defined benefit plan obligations and other retirement plans	5.3 Employee Care	110~111	
		-	201-4	Financial assistance received from government	-	-	N/A
Material Topic : Customer Health and Safety (GRI 416)							
GRI 3: Material Topics 2021	Management approach of Customer Health and Safety	-	3-3	Management of material topics	Chapter 3 Product and Value Chain	55~57	
GRI 416	Disclosure of Customer Health and Safety 2016	-	416-1	Assessment of the health and safety impacts of product and service categories	3.2 Quality Control	62	
		-	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	N/A
Material Topic : Supplier Environmental Assessment (GRI 308)							
GRI 3: Material Topics 2021	Management approach of Supplier Environmental Assessment	-	3-3	Management of material topics	Chapter 3 Product and Value Chain	57~58	
GRI 308	Disclosure of Supplier Environmental Assessment 2016	-	308-1	New suppliers that were screened using environmental criteria	3.4 Supply Chain Management	70~71	
		-	308-2	Negative environmental impacts in the supply chain and actions taken	3.4 Supply Chain Management	70~71	
Material Topic : Supplier Social Assessment (GRI 414)							
GRI 3: Material Topics 2021	Management approach of Supplier Social Assessment	-	3-3	Management of material topics	Chapter 3 Product and Value Chain	58	
GRI 414	Disclosure of Supplier Social Assessment 2016	-	414-1	New suppliers that were screened using social criteria	3.4 Supply Chain Management	70~71	
		-	414-2	Negative social impacts in the supply chain and actions taken	3.4 Supply Chain Management	70~71	

GRI No.	Topic	GRI Sector Standard No.	No.	GRI Index	Chapter and Section	Page	Omit/remark
Material Topic : Material Management							
GRI 3: Material Topics 2021	Management approach of Material Management	-	3-3	Management of material topics	Chapter 3 Product and Value Chain	58~59	
Material Topic : Waste (GRI 306)							
GRI 3: Material Topics 2021	Management approach of Waste	-	3-3	Management of material topics	Chapter 4 Environmental Sustainability	74	
GRI 306	Topic management approach of Waste 2020	-	306-1	Waste generation and significant waste-related impacts	4.4 Pollution Prevention	91~96	
		-	306-2	Management of significant wasterelated impacts	4.4 Pollution Prevention	91~96	
GRI 306	Disclosure of Waste 2020	-	306-3	Waste generated	4.4 Pollution Prevention	91~96	
		-	306-4	Waste diverted from disposal	4.4 Pollution Prevention	91~96	
		-	306-5	Waste directed to disposal	4.4 Pollution Prevention	91~96	
GRI 306	Disclosure of Effluents and Waste 2016	-	306-3	Significant spills	-	-	N/A
Material Topic : Energy (GRI 302)							
GRI 3: Material Topics 2021	Management approach of Energy	-	3-3	Management of material topics	Chapter 4 Environmental Sustainability	74~75	
GRI 302	Disclosure of Energy 2016	-	302-1	Energy consumption within the organization	4.3 Energy Management	82~84	
		-	302-2	Energy consumption outside of the organization	-	-	
		-	302-3	Energy intensity	4.3 Energy Management	82~84	
		-	302-4	Reduction of energy consumption	4.3 Energy Management	85~87	
		-	302-5	Reductions in energy requirements of products and services	4.3 Energy Management	87~88	
Material Topic : Greenhouse gas emissions (GRI 305)							
GRI 3: Material Topics 2021	Management approach of Greenhouse gas emissions	-	3-3	Management of material topics	Chapter 4 Environmental Sustainability	75~76	
GRI 305	Disclosure of Emissions 2016	-	305-1	Direct (Scope 1) GHG emissions	4.3 Energy Management	90~91	
		-	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Energy Management	90~91	
		-	305-3	Other indirect (Scope 3) GHG emissions	4.3 Energy Management	90~91	
		-	305-4	GHG emissions intensity	4.3 Energy Management	90~91	
		-	305-5	Reduction of GHG emissions	1.1 Sustainable Development Strategy	13	
Material Topic : Air quality (GRI 305)							
GRI 3: Material Topics 2021	Management approach of Air quality	-	3-3	Management of material topics	Chapter 4 Environmental Sustainability	76~77	
GRI 305	Disclosure of Emissions 2016	-	305-6	Emissions of ozone-depleting substances (ODS)	-	-	N/A
		-	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.3 Energy Management	96	

GRI No.	Topic	GRI Sector Standard No.	No.	GRI Index	Chapter and Section	Page	Omit/remark
Material Topic : Occupational Health and Safety (GRI 403)							
GRI 3: Material Topics 2021	Management approach of Occupational Health and Safety	-	3-3	Management of material topics	Chapter 5 Friendly Workplace	98~99	
GRI 403	Topic management approach of Occupational Health and Safety 2018	-	403-1	Occupational health and safety management system	5.3 Employee Care	112~113	
		-	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Employee Care	115~119	
		-	403-3	Occupational health services	5.3 Employee Care	121~125	
		-	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Employee Care	121~122	
		-	403-5	Worker training on occupational health and safety	5.3 Employee Care	114~115	
		-	403-6	Promotion of worker health	5.3 Employee Care	121~125	
		-	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Employee Care	119~121	
GRI 403	Disclosure of Occupational Health and Safety 2018	-	403-8	Workers covered by an occupational health and safety management system	5.3 Employee Care	112~113	
		-	403-9	Work-related injuries	5.3 Employee Care	115~119	
		-	403-10	Work-related ill health	5.3 Employee Care	119	
Material Topic : Employment (GRI 401)							
GRI 3: Material Topics 2021	Management approach of Employment	-	3-3	Management of material topics	Chapter 5 Friendly Workplace	99~100	
GRI 401	Disclosure of Employment 2016	-	401-1	New employee hires and employee turnover	5.1 Employee Policies and Overview	102~103	
		-	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	5.3 Employee Care	110~111	
		-	401-3	Parental leave	5.3 Employee Care	111~112	
Material Topic : Training and Education (GRI 404)							
GRI 3: Material Topics 2021	Management approach of Training and Education	-	3-3	Management of material topics	Chapter 5 Friendly Workplace	100	
GRI 404	Disclosure of Training and Education 2016	-	404-1	Average hours of training per year per employee	5.2 Employee Development and Training	107	
		-	404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Employee Development and Training	105~107	
		-	404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Employee Development and Training	108	

Appendix II : Sustainability Accounting Standards Board (SASB) Index

Type of Industry : Steel Industry					
Topic	Code	Metric	Category	Chapter and Section	Page
 Greenhouse gas emissions	EM-IS-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	4.3 Energy Management	90~91
	EM-IS-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	Chapter 4 Environmental Sustainability	75~76
 Air Emissions	EM-IS-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) particulate matter (PM10), (5) manganese (MnO), (6) lead (Pb), (7) volatile organic compounds (VOCs), and (8) polycyclic aromatic hydrocarbons (PAHs)	Quantitative	4.3 Energy Management	96
 Energy Management	EM-IS-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	4.3 Energy Management	82~84
	EM-IS-130a.2	(1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas and (4) percentage renewable	Quantitative	4.3 Energy Management	82~84
 Water Management	EM-IS-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	4.3 Energy Management	88~90
 Waste Management	EM-IS-150a.1	Amount of waste generated, percentage hazardous, percentage recycled	Quantitative	4.3 Energy Management	91~96
 Workforce Health & Safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Quantitative	5.3 Employee Care	116~119
 Supply Chain Management	EM-IS-430a.1	Discussion of the process for managing iron ore or coking coal sourcing risks arising from environmental and social issues	Discussion and Analysis	N/A	-
 Activity Metrics	EM-IS-000.A	Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes	Quantitative	N/A	-
	EM-IS-000.B	Total iron ore production	Quantitative	N/A	-
	EM-IS-000.C	Total coking coal production	Quantitative	N/A	-

Appendix III : Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies - Steel Industry

No.	Content	Category	Unit	Chapter and Section	Page
1.	Total energy consumed, percentage of energy purchased from sources external, percentage of renewable, and total amount of self-generated and consumed energy (Note)	Quantitative	GJ, Ratio (%)	4.3 Energy Management	82~84
2.	Total fuel consumed, percentage of coal, percentage of natural gas, and percentage of renewable fuel	Quantitative	GJ, Ratio (%)	4.3 Energy Management	82~84
3.	Total water withdrawal and total water consumption	Quantitative	m ³	4.3 Energy Management	88~90
4.	Weight of waste generated, percentage of hazardous, and percentage of recycled	Quantitative	Ton, Ratio (%)	4.4 Pollution Prevention	91~96
5.	Number and rate of individuals subject to occupational accidents	Quantitative	Ratio (%), Number	5.3 Employee Care	116~119
6.	Production of major products by product line	Quantitative	Varies by product type	3.1 Products and Sales	59~60

Note: Total self-generated and consumed energy is defined in accordance with "Renewable Energy Development Act," "Implementation Regulations Governing Renewable Energy Certificates," or related regulations.

Appendix IV : Climate Related Information of TWSE and TPEX Listed Companies

Risks and opportunities for companies arising from climate change and the relevant responses taken thereby	Chapter and Section	Page
1. Description of the oversight and governance of climate-related risks and opportunities by the Board of Directors and the management.	-	-
2. Description of how the identified climate risks and opportunities impact the business, strategies, and finance of the company (in short-, mid-, and long-term).	4.2 Climate Action	78~82
3. Description of the financial impacts of extreme weather events and transition actions.	4.2 Climate Action	79
4. Description how the identification, assessment and management of climate risks are integrated into the overall risk management system.	4.2 Climate Action	81~82
5. Description of the scenarios, parameters, assumptions, analysis factors and major financial impacts used if scenario analysis is employed to assess the resilience against climate change risks.	-	-
6. Description of the content of the plan and the indicators and targets used to identify and manage physical risks and transition risks if there is any transition plan to respond or manage climate-related risks.	-	-
7. Description of the basis for price setting if internal carbon pricing is employed as a tool for planning.	-	-
8. Description of the activities covered, scope of greenhouse gas emissions, planning time horizons, annual progress, and other information if climate-related goals are set; description of the sources and quantity of carbon credits offset or the number of renewable energy certificates (RECs) if carbon offsets or RECs are used to achieve relevant targets.	-	-
9. GHG inventory and assurance	Appendix 1-1	145

Appendix 1-1

Basic Information of Evergreen Steel

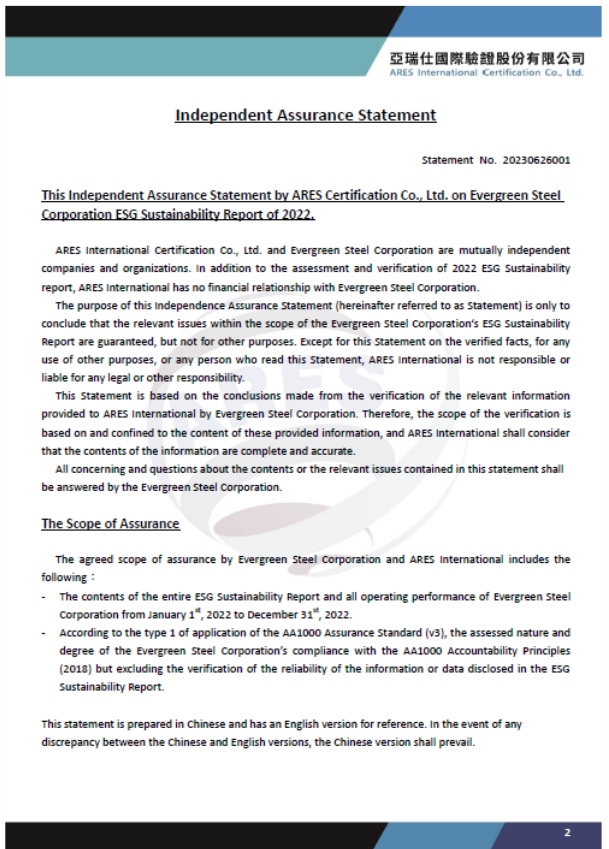
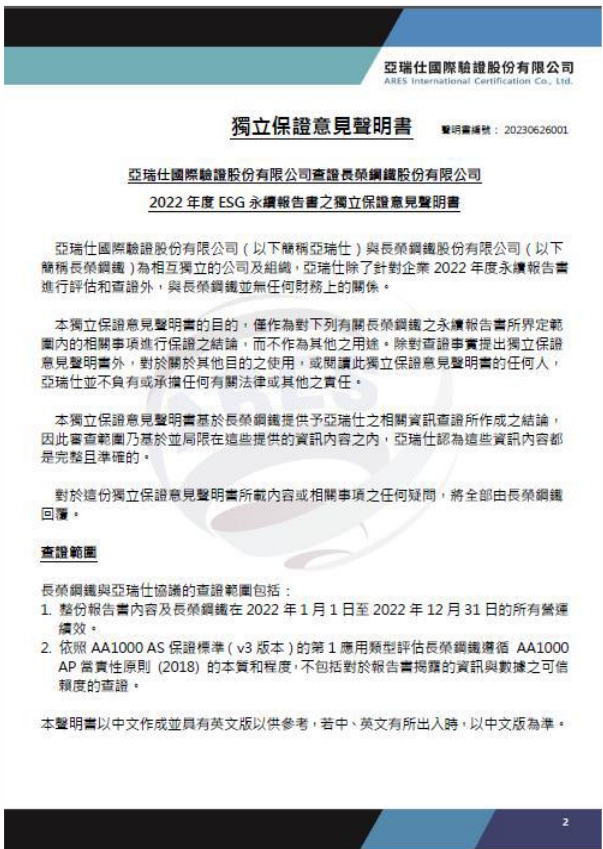
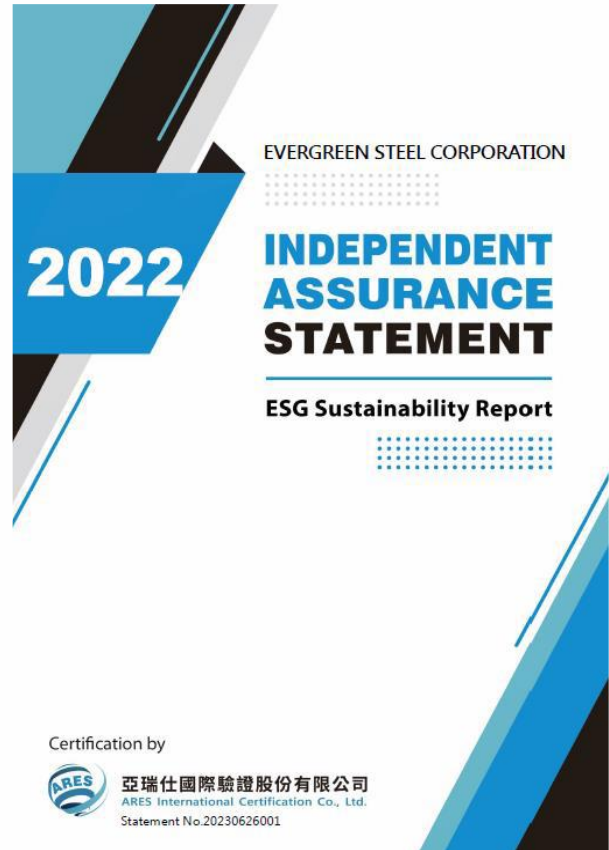
- Companies, steel-producing companies, and cement companies with capital of NT\$10 billion or above
- Companies with capital of more than NT\$5 billion and less than NT\$10 billion
- Companies with capital of less than NT\$5 billion

As required by the Sustainable Development Roadmap for TWSE/TPEX-Listed Companies, the following shall be provided:

- Parent company individual inventory
- Consolidated financial statement subsidiary inventory
- Parent company individual assurance
- Consolidated financial statement subsidiary assurance

Scope 1	Total GHGs Emission CO ₂ e (ton)	Energy Intensity CO ₂ e (ton)/ thousand	Assurer	Details of Assurance
Parent company	4,178.0093	0.00046218	Metal Industries Research & Development Centre	The aforementioned assurance opinions are proposed by MIRDC on the 2022 GHG assertion of Evergreen Steel Corp. following a fair and just verification process. MIRDC adheres to verification standards for the implementation of the verification procedure, and evidence shows that the GHG assertion declared by Evergreen Steel Corp. does not violate the materiality required. The GHG assertion for categories 1 and 2 is materially correct; other categories achieved the level of limited assurance.
Subsidiary	----	----		
Total	4,178.0093	0.00046218		
Scope 2	Total GHGs Emission CO ₂ e (ton)	Energy Intensity CO ₂ e (ton)/ thousand		
Parent company	8,768.5197	0.00096998		
Subsidiary	----	----		
Total	8,768.5197	0.00096998		
Scope 3 (Voluntary Disclosure)	227,322.7069	0.02514670		

Third Party Assurance Statement



意見聲明

我們總結長榮鋼鐵之永續報告書內容，對於長榮鋼鐵的相關運作與績效提供了一個公平的觀點。我們相信有關長榮鋼鐵 2022 年的經濟、社會及環境等績效指標是被正確無誤地展現。報告書所揭露的績效指標展現了長榮鋼鐵對區別及滿足利害關係者期望的努力。

我們的查證工作是由一組具有依據 AA1000 AS 保證標準 (v3 版本) 查證能力之團隊執行，其規劃和執行這部分的工作，以獲得必要的資訊數據及說明。我們認為就長榮鋼鐵所提供的足夠證據，表明其依據 AA1000 AS 保證標準 (v3 版本) 的報告方法和他們的自我聲明符合全球報告倡議組織(GRI Standard)永續性報導準則係屬公允的。

查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於 ESG 政策，進行高階管理層的審查，以確認本報告中聲明書的合適性。
- 與長榮鋼鐵管理者討論有關利害關係者參與的方式，然而，我們並無直接接觸外部利害關係者。
- 訪談與永續性管理、報告書編制及資訊提供有關的員工。
- 審查有關組織的關鍵性發展。
- 審查有關財務和非財務報告的系統範圍和成熟度。
- 審查報告中所作廣告的支持性證據。
- 針對公司永續報告書及其相關 AA1000 AP 當責性原則 (2018) 中描述有關包容性、重大性、回應性和衝擊性原則的流程管理進行審查。

結論

針對 AA1000 當責性原則與「全球報告倡議組織(GRI Standard)永續性報導準則」之核心揭露的詳細審查結果如下：

AA1000 AP 當責性原則：

- 包容性

本報告反映了長榮鋼鐵正在通過多元化的管道進行利害關係者的參與，如內部和

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外部的溝通機制以及利害關係者的活動。本報告涵蓋了與長榮鋼鐵相關利害關係者關注的議題，公正地報告與揭露環境、社會及治理的資訊。以我們的專業意見而言，這份報告涵蓋了長榮鋼鐵的包容性議題。

- 重大性

長榮鋼鐵公佈永續性議題相關資訊使利害關係者得以對公司的管理與績效進行判斷。以我們的專業意見而言，這份報告適切地涵蓋了長榮鋼鐵的重大性議題。

- 回應性

長榮鋼鐵執行來自利害關係者的要求與看法之回應。實行方法包括客戶滿意度調查和眾多的內部和外部利害關係者的溝通機制。以我們的專業意見而言，這份報告涵蓋了長榮鋼鐵的回應性議題。

- 衝擊性

長榮鋼鐵已對其影響之生態系統進行監測、衡量和當責之流程，以呼應此報告書內與管理系統與能力相關的議題內容，並致力於全面且平衡的揭露，如能源項目的申報、及碳盤查的努力。以我們的專業意見而言，這份報告涵蓋了長榮鋼鐵對衝擊性議題之處理。

GRI 永續性報導準則

長榮鋼鐵提供有關符合 GRI 永續性報導準則的自我宣告。基於審查的結果，我們確認報告中參照 GRI 永續性報導準則之相關指標已被完整揭露、部分揭露或省略。以我們的專業意見而言，此自我宣告涵蓋了長榮鋼鐵的永續性議題。

保證等級

依據 AA1000 AS 保證標準 (v3 版本) 我們查證本聲明書為中度保證等級，如同本聲明書中所描述的範圍與方法。

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ARES INTERNATIONAL's Opinion

We summarize the contents of Evergreen Steel Corporation's ESG Sustainability Report and provide a fair opinion of Evergreen Steel Corporation's relevant operations and performance. We believe that the indices such as economic, social and environmental performance of 2022 are presented correctly. The performance indices disclosed in the report demonstrate Evergreen Steel Corporation's efforts to identify and meet stakeholder expectations.

Our verification activities are implemented by a team with the capacity for verifying in accordance with AA1000 Assurance Standard (v3), as well as planning and implemented this part of the activities to obtain the necessary information and data. We believe there are sufficient evidences provided by Evergreen Steel Corporation to show that its reporting method according to the AA1000 Assurance Standard (v3) and their self-statement are in line with the GRI Standards.

Verification Method

In order to collect evidences related to conclusions, we implemented the following tasks :

- Implement the high-level management review for topics from external groups related to ESG sustainability policy to confirm the appropriateness of the report in this statement.
- Discussions about stakeholder's engagement with the managers of Evergreen Steel Corporation, however, we have no direct contact with external stakeholders.
- Interviews with employees related to ESG Sustainability management, report preparation and information provision.
- Review the critical developments related to organizations.
- Review the scope and maturity of systems related to financial and non-financial reports.
- Review the supporting evidences declared in the report.
- Review the process management described in the report and it's associated AA1000 Accountability Principles (2018) on the principles of inclusivity, materiality, responsiveness and impact.

Conclusion

The detailed review results of the AA1000 Accountability Principles and the core disclosures of the "Global Reporting Initiative (GRI standards)" are as follows :

AA1000 Accountability Principles :

- The inclusivity

This report reflects that Evergreen Steel Corporation engages with its stakeholder through a variety of channels, such as internal and external communication mechanisms and the activities of stakeholders. This report covers topics of concern in stakeholders associated with Evergreen Steel Corporation, fairly reports, and discloses environmental, social, and governance information. In our professional opinions,

this report covers Evergreen Steel Corporation's inclusivity issues.

- The materiality

Evergreen Steel Corporation publishes the information related to ESG Sustainability to enable stakeholders to judge the Evergreen Steel Corporation's management and performance. In our professional opinions, this report appropriately covers the material issues of Evergreen Steel Corporation.

- Responsiveness

Evergreen Steel Corporation responds to requests and opinions from stakeholders. The implementation methods include customer satisfaction surveys and communication mechanisms for numerous internal and external stakeholders. In our professional opinions, this report covers Evergreen Steel Corporation's responsiveness topics.

- Impact

Evergreen Steel Corporation developed and implemented processes to monitor, measure and account for how their actions affect the wider ecosystem, echoing all the aspects of this report demonstrated by their own management systems and capabilities issue content, and provide the comprehensive and balanced disclosure, such as the declaration of energy projects and carbon footprint verification. In our professional opinions, this report covers Evergreen Steel Corporation's impact topics.

GRI Standards

Evergreen Steel Corporation provides declaration of compliance with the GRI Standards. Based on the results of the review, we confirmed that the relevant ESG Sustainability indicators referred to GRI Standards in the report have been completely disclosed, partially disclosed or omitted. In our professional opinions, this declaration covers the Sustainability topics of Evergreen Steel Corporation.

Assurance Level

According to the AA1000 Assurance Standard (v3), we verify this statement as a medium level of assurance, as in the scope and method described in this statement.

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責任

這份永續報告書所屬責任，如同意見聲明書中所宣稱，為長榮鋼鐵負責人所有。我們的責任為基於所描述的範圍與方法，提供專業意見並提供利害關係者一個獨立的保證意見聲明書。

能力與獨立性

亞瑞仕為各管理系統領域的專家組成。本查證團隊係由具專業背景，且接受過如 AA1000AS、AA1000AP、ISO 14001、ISO 14064-1、ISO 14067、ISO 45001 及 ISO 9001 之一系列永續發展、環境及社會等管理標準的訓練，具有主導稽核員資格之成員組成。本保證係依據亞瑞仕公平交易準則執行。

基於保證團隊之查證行為，並由
亞瑞仕國際驗證股份有限公司 (中華民國, 台灣) 於 2023 年 06 月 26 日簽署發行

簽證

主要查證員 姜惠華



總經理 陳勁宇




Responsibility

The responsibility of this ESG Sustainability report, as stated in this statement, is owned by the person in charge of Evergreen Steel Corporation. The responsibility of ARES International is to provide professional opinions based on the described scope and method, and to provide an independent assurance statement for the stakeholders.

Ability and Independence

ARES International is composed of experts in a various field of management systems. The verification team is composed of members in the professional backgrounds with the qualifications of lead auditor trained in sustainable development, environmental and social management standards such as AA1000AS, AA1000AP, ISO 14001, ISO 14064-1, ISO 14067, ISO 45001 and ISO 9001. This independent assurance statement is based on the ARES International's fair trading guidelines.

On behalf of the assurance team
Jun26th, 2023
ARES International Certification Co., Ltd. (ARES Certification Group)
Taiwan, Republic of China

Signed by

Lead Verifier



CEO
Calvin Chen