



2022 ESG Report

Environment
Social
Governance
Report



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1. About This Report

Structure and basis	This report was structured with reference to the 2021 GRI Standards of the Global Reporting Initiative (GRI).
Scope and boundaries	<p>The information in this report covers all operating locations of China Ecotek in Taiwan from January 1, 2022 through December 31, 2022, excluding construction sites (within the scope of the owners) and overseas subsidiaries (mainly because they are relay entities; their main employees still assigned by China Ecotek; only administrative personnel are hired locally who are all in compliance with applicable local laws and regulations). The Company will continue to regularly publish an ESG Report per year in the future. This issue will be published in June 2023; the next issue is scheduled to be published in June 2024, and the last issue was in August 2022.</p> <p>The financial statements summarized each investees' financial performance in accordance with the International Financial Reporting Standards (IFRS). The financial figures are presented in New Taiwan dollars (NTD). Environmental protection, safety, and health performance is presented using internationally accepted indicators. If a quantitative indicator is of a special meaning, it will be explained in the notes.</p>
Data sources and management	The information and data in this report were provided by various responsible departments and have been reviewed and confirmed by the Company's ESG Committee through administrative procedures to meet the purpose of this report. Among them, the cost and accounting information in the financial statements have been verified by Deloitte & Touche. The reporting period for the Company's financial statements is from January 1, 2022 through December 31, 2022.
Report review	<p>Internal review: When the information and data disclosed in this report were provided by each department, they were initially approved by its supervisor. After the first draft was completed, it was confirmed by the core ESG personnel and sent to the Chairman of the board for review and finalization through administrative procedures.</p> <p>External review: This report has passed the third-party review by the British Standards Institution (BSI) and is compliance with the 2021 GRI Standards. The independent review opinion statement is attached to the appendices of this report; the ISO 9001, ISO 14001, ISO 14067, ISO 14064-1, and ISO 45001 systems have been verified by SGS Taiwan Limited. Please refer to the appendices for the verification certificate.</p>
Contact information	<p>If you have any questions about this report or any comments about China Ecotek, please contact us in the following ways:</p> <p>Unit: Liu, Fei-Wen, Senior Professional Administrator, Enterprise Research Office</p> <p>Tel: (07)333-6138 ext.31704</p> <p>Fax: (07)336-3030</p> <p>Address: 8F, No. 88, Chenggong 2nd Road, Qianzhen Dist., Kaohsiung City 80661</p> <p>e-mail: csr@ecotek.com.tw</p>

You may check the relevant information in this report on the Company's website:

http://www.ecotek.com.tw/cec_csr/index.php



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You are more than welcome to follow our Facebook fan page to get relevant information in real time.

Facebook: China Ecotek Sustainable Development Fan Page

Website: www.ecotek.com.tw

2. Overview

2.1 A message from the management



Chairman Chen, Cheng-Chiang



President Lee, Chih-Feng

China Ecotek's revenue and profit over the past year have grown steadily. In addition to the construction projects launched as scheduled, we have actively diversified its operations, including purchasing land to build factories which not only generates rental income but also stores engineering materials, such as refractory materials, LED lamps, and sorptive materials, providing materials to construction projects and reducing the impact of inflation on profitability. On the other hand, to increase sales, we have set up the China Ecotek Shopping Website, with products ranging from home appliances, daily necessities to LED lamps customized air purification equipment manufacturing and assembly projects for factories, as a move to step into the online e-commerce platform and bring new vitality into the

Company's business. As for corporate governance, we have completed Taiwan Intellectual Property Management System (TIPS) primary level A verification, continued to implement employee benefit policies, and maintained the ranking in the 6% to 20% (level 2) of the TWSE-listed companies in the corporate governance evaluation. In terms of profitability, we registered the best performance over the past seven years.

In the engineering consulting service industry, China Ecotek's most valuable asset is people. However, as employees retire due to the age or large-scale talent recruitment in the technology industry leads to staff attrition, we need to retain talents and pass on skills. This is what we must urgently think and do at this moment. What's more, the labor shortage in the engineering market has not improved, and the gap in key talents will be a crisis facing the Company. Engineering is about teamwork rather than individual performance. In recent years, we have examined our core skills and talent pool. In the future, we should establish a complete skills training system, such as a mentoring system or digital transformation, all of which will allow the Company's intangible assets to be preserved sustainably. Most importantly, we will continue to follow up on the development of our core skills and the training of key talents, to truly resolve the talent shortage crisis.

In addition to the business within the group, the Company's profits from business development outside the group are great. Over the past few years, our business in the water treatment plants has been stable and highly praised by the owners. The performance of the biotechnology plants constructed over the years is our best word-of-mouth marketing, so we continue to plan and accept outsourcing projects outside the group. Over the past two years, the Company did not seek to create new highs in revenue but stable profits. To overcome the crisis of the unstable quantity of projects within the group and turn the crisis into a turnaround, we must continue to enhance the performance of the business of water utilities and biotechnology projects outside the group to lay a solid foundation for engineering business outside the group. We will make good use of our excellent performance in construction of biotechnology plants and continue to leverage the advantages of our mechanical and electrical engineering integration skills, to take active actions and strive to seize more biotechnology engineering business opportunities. The Company began investing in the construction of energy storage equipment in 2022 in the hope of moving from solar photovoltaics to energy storage so that we can occupy a place in the green power engineering industry. We are also committed to implementing ESG measures and developing engineering technologies, such as solar photovoltaics, energy storage,

and desalination, which are all in progress. Our ESG development strategy can be divided into three aspects:

1. Environment: (1) Continuing to develop LED lamps and replacing all old lamps in all office areas with LED ones to reduce energy consumption and environmental pollution; (2) promoting purified CO through a joint production tempering pilot production line to produce methane and methanol with functional groups to achieve carbon fixation and carbon reduction; (3) continuing to conduct greenhouse gas inventories to obtain third-party verification; (4) investing in energy storage equipment to facilitate the development of green energy.
2. People: (1) Regularly holding labor-management meetings and collective bargaining agreement meetings to maintain positive labor-management relations; (2) planning and organizing various activities and benefit measures to deepen labor-management relations; (3) holding occupational safety and health education and training and adding new safety equipment (AED) to enhance safety during the implementation of safety and health measures; (4) continuing to hold social welfare events to give back to society and maintain positive relations with the local community.
3. Corporate governance: (1) Improving the quality of material information disclosure; (2) proactively visiting clients and conducting client satisfaction surveys to improve client service quality; (3) understanding each supplier's implementation of ESG measures and energy conservation and carbon reduction performance to respond to CBAM and carbon tax levied by various countries; (4) arranging for personnel rotation and second specialty training to facilitate the flexible use of personnel and reduce the impact of the declining birthrates.

We ensure the sustainable development and operations of the Company through the above three strategies in the aspects of environment, people, and corporate governance,

China Ecotek has been established for 30 years, and our skills and systems are complete due to our predecessors' and employees' efforts. However, with the rapid changes in the external environment, "change" has become the key to sustainability. The business development strategy has been extended from five years to ten years, and we have set the medium- and long-term development targets to ensure the Company's long-term steady development. In addition to the Company's existing strategic pillars of engineering, operations and maintenance,

as well as circular economy, we have added sales business to ensure stable growth. In response to the net-zero issue, we expanded the engineering aspect to carbon capture, carbon fixation, new energy, alternative energy, green energy, and energy storage. In addition, considering Taiwan's needs for electricity, water, and environmental protection, we will step into power plants, reclaimed water, incinerators, and other circular economy engineering business fields step by step. In terms of sales business, we have established an e-commerce platform to assist with the promotion of self-developed products and popular products on the market. We continue to expand the business scope and types of business, while developing digital management systems to continue to develop steadily and sustainably. In addition, the domestic labor shortage issue has been serious over the past two years mainly due to the declining birthrates, the return of overseas Taiwanese businesses, the restructuring of supply chains due to the trade war, low employment willingness, and the lack of timely system adjustment. All of this has also exacerbated the problem. Therefore, establishing a group of suppliers outside the group is also the development target for the next ten years. Only with a complete group of partners can we prop up the Company's development plan for the next ten years and handle the work inside and outside the group.

China Ecotek is a well-organized and legal company. To retain outstanding talents, we also continue to optimize the Company's employee benefit system. The labor union assists with the communication between labor and management. Last year, it won Kaohsiung City's Labor Benefit Award in the large enterprise category, further recognizing the Company's wages, benefits, working hours, and leave system. With the collective bargaining agreement signed, there are many regulations superior to the labor law to ensure a friendly and equal work environment. Consequently, China Ecotek is an enterprise where employees can work happily.

2.2 About China Ecotek

China Ecotek is a comprehensive engineering company. Different from the domestic construction industry whose main business is construction and civil engineering, the comprehensive engineering industry covers construction, consultation service, equipment manufacturing, software planning and design, and relevant services. Centered at clients' needs, we put together upstream and downstream companies to work together.

Name of company	China Ecotek Corporation
Address	8F, No. 88, Chenggong 2nd Road, Qianzhen Dist., Kaohsiung City 80661
Tel.	07-3336138
Fax	07-3363030
Date of incorporation	March 15, 1993
Capital	NT\$1.237 billion
Business Item	Environmental engineering, mechanical and electrical engineering, operations on behalf of owners, and mechanical and electrical maintenance
Chairman	Chen, Cheng-Chiang
President	Lee, Chih-Feng
Nature and legal form of ownership	Legal entity (company limited by shares)
Country of operation	Taiwan, Republic of China
Important operating site	1. Headquarters office: 8F, No. 88, Chenggong 2nd Road, Qianzhen Dist., Kaohsiung City 2. Pou Chen Technology Center and Office: 8F, No. 8, Minquan 2nd Road, Qianzhen Dist., Kaohsiung City 3. Pinghe Plant and Office: No. 201, Pinghe Road, Xiaogang District, Kaohsiung City 4. China Steel's On-site Office at Yu Steel: No. 1, Zhonggang Road, Xiaogang District, Kaohsiung City

2.3 ESG performance

Economy aspect	2020	2021	2022
Operating revenue (in NT\$ thousand)	8,836,36	8,484,613	8,844,053
Net income before tax (in NT\$ thousand)	239,46	482,839	611,902
After-tax EPS (NTD)	1.6	3.26	4.21
Debt-to-asset ratio	55.98	52.94	49.6
Ratio of long-term capital to property, plant and equipment	2,143.81	507.76	1,130.59
Return on assets	3.08	5.96	7.54
Return on equity	6.66	13.05	15.44
Income tax (in NT\$ thousand)	42,025	78,959	91,383
Net income after tax (in NT\$ thousand)	197,435	403,880	520,519
R&D expense (in NT\$ thousand)	10,031	16,880	14,793
R&D expense to expenditure	0.11%	0.21%	0.17%
Productivity per employee(in NT\$ thousand)	7,115	6,921	7,267
Investment credits used in the year (in NT\$ thousand)	255	-	875

Environmental aspect	2020	2021	2022
Office electricity consumption indicator (thousand kWh/ping)	0.69	0.56	0.49
Office water consumption (tons/ping)	6.607	5.121	4.044

People aspect	2020	2021	2022
Number of employees (person)	1,189	1,180	1,182
Number of female employees (person)	154	158	164
Total hours of employee training	8,722	5,55	13,492
Total employee training expense (in NT\$ thousand)	102	66	280
Employee salary and benefit (in NT\$100 million)	12.48	13.4	14.43
Safety - disabling injury frequency rate (F.R.) (number of disabling injuries/million working hours)	-	-	-
Safety - disabling injury severity rate (S.R.) (number of lost work days/million work hours)	-	-	-
Social expense (including charity donations) (in NT\$10 thousand)	98.6	157.5	159

2.4 Business and scale

Business overview and business proportion in 2022

Environmental engineering NT\$1.384 billion Accounting for 15.65% of total revenue	China Steel's coke dry quenching furnace dust collection system turnkey project
	China Steel's new phase 1 and 2 coke oven dust collection system
	China Steel's No. 3 sintering plant dust collector turnkey project
	China Steel's coke dry quenching furnace cooling water system turnkey project
	China Steel's power plants TG-9 and TG-10 expansion projects
	China Steel's and Dragonsteel's deionized water system update project
	A new Caotun water treatment plant construction project
	China Steel's solar photovoltaic plant construction project
Mechanical and electrical engineering NT\$4.268 billion Accounting for 48.26% of total revenue	China Steel's new phase 1 and 2 coke oven replacement project
	China Steel's new phase 1 and 2 coal manufacturing equipment project
	China Steel's new coke transportation and processing system project
	China Steel's new closed coal mine structure phase 2 conveying process project
	China Steel's phase 1 and 2 dry quenching coke extraction line project
	China Steel Machinery's 69kV main substation update

	project
	Singda Marine Structure's new public facilities project
Mechanical and electrical maintenance engineering, operations on behalf of owners, and others NT\$3.192 billion Accounting for 36.09% of total revenue	China Steel's and Dragonsteel's mechanical and electrical maintenance project
	Cheng Cing Lake and Kinmen Taihu water treatment plants operations on behalf of owners

3. Corporate governance

3.1 Sustainable governance

China Ecotek has a wealth of professional experience in engineering and domestic and overseas engineering project management skills. As an environmental engineering company, we take seriously the risks, opportunities, and challenges brought by climate and social changes, and take into account ESG factors on the basis of existing operations. We actively strive for new business opportunities and profit models, upgrade green energy technology, implement environmental protection measures, and fulfill corporate social responsibilities to achieve sustainable development.

3.1.1 Policy commitments

China Ecotek's business conduct are in compliance with applicable laws and regulations of various competent authorities. Responsible business conduct with suppliers and third parties should be agreed upon by both parties, and we require suppliers and third parties to fulfill corporate social responsibilities and not to violate any human rights laws. In the event of a violation, we may terminate the contract to protect our stakeholders.

As our business is to seek qualified suppliers and subcontractors in line with the project requirements made by the owners. As the suppliers

are diverse and of different scales, we only require their respect for human rights and compliance with other applicable laws and regulations through contracts without conducting due diligence and precautionary principles. In the future, we will establish a supplier classification database and communicate with owners to include applicable laws and regulations in the contracts. At present, only the requirements of human rights are included in business conduct commitments through contracts signed with suppliers and subcontractors. If owners include relevant policies in contracts in the future, we will revise the contracts signed with suppliers and subcontractors and launch relevant training at management meetings, to supervise each unit to assign responsibilities to different levels, propose business development strategies, and include them in policy commitments.

To fulfill corporate social responsibility and promote the progress of the economy, environment, and people, the Company has enhanced the management of sustainable development and established a governance structure to facilitate sustainable development.

The information on sustainable development is as follows:

- I. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
- II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
- III. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
- IV. Major stakeholders and topics of their concern.
- V. Other information on sustainable development.

While pursuing sustainable operations and profits, we attach great importance to the environment, people, and economy and have incorporated them into management policies and operating activities; we conduct risk assessments of the environment, people, and economic issues related to operations based on the principle of materiality and established risk management policies and procedures accordingly.

To promote sustainable development, the following principles apply:

- I. Exercise corporate governance.

II. Foster a sustainable environment.

III. Preserve public welfare.

IV. Enhance disclosure of sustainable development information.

The Company adopts internationally widely recognized standards or guidelines when producing sustainable development reports, to disclose the status of the promotion of sustainable development. In addition, we obtain third-party assurance or inspection for reports to enhance the reliability of the information in the reports. We pay attention to the development of domestic and overseas sustainable development standards and changes in the corporate environment and review and improve the sustainable development system established by the Company accordingly.

The reports are advised to include:

I. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.

II. Major stakeholders and topics of their concern.

III. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.

IV. Future improvements and goals.

3.1.2 Risk prevention (risk type and control)

Risk management

To reinforce corporate governance and promote the Company's stable operations and sustainable development, we have established a sound risk management mechanism to control possible risks within an acceptable range and have the "Risk Management Policies and Procedures" in place.

The Board of Directors is the top decision-making unit for risk management and takes the ultimate responsibility for the overall risks of China Ecotek.

The Sustainable Development Committee assists the board in fulfilling its risk management responsibilities and is responsible for reviewing China Ecotek's risk management policies and reviewing management reports on material risk issues. The Company's risk management policies are as follows:

- I. Establishing and maintaining an effective risk management structure to ensure the integrity of risk management operations and implementing checks and balances to improve the efficiency of division of labor.
- II. Establishing and improving risk identification, assessment, supervision, and control to control risks within the Company's tolerable range, thereby achieving the goal of rationalizing risks and rewards and increasing corporate value.
- III. Establishing communication channels and appropriately engaging in communication and negotiation with internal and external stakeholders about risks to ensure the continuous applicability and effective operations of risk management.
- IV. Shaping a risk management culture, increasing risk management awareness, and fully implementing risk management.

The Company's risk types and control measures are:

Risk control measures in 2022			
Attribute of risk	Risk	Risk mitigation measure	Risk management unit

Operational risk	Labor-management relations risk	<ol style="list-style-type: none"> 1. Ensuring smooth communication channels between labor and management and providing employees with channels to express their diverse opinions. Employees can express their personal views or request assistance through regular communication and coordination meetings, unit supervisors, union representatives, labor-management meetings, and audit unit, to facilitate two-way communication. 2. Signing a collective bargaining agreement through negotiation procedures to agree upon labor-management relations and relevant matters so as to stabilize the labor-management relations, facilitate labor-management harmony, and protect workers' rights and interest. 3. All employees have signed a consent, agreeing to abide by all company rules and systems without violating government laws and human rights, including agreeing to strictly protect confidential information at work from leakage, working overtime as appropriate to meet the needs of the Company's business, and preventing infringement of intellectual property rights. 4. We have formulated the Code of Ethical Conduct for Directors, the Code of Ethical Conduct for Employees, the Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct to conduct hierarchical management according to the delegation of responsibilities. We also have the internal control system guidelines in place to effectively reduce risks from human resources. 	Human Resource Division
	Labor shortage risk	<ol style="list-style-type: none"> 1. Establishing various recruitment channels: In addition to continuing to promote the recruitment information, we use support from engineering outsourcing, temporary workers, and foreign migrant workers, and from the collaboration with schools and vocational training programs. 2. Optimizing the salary and reward system to attract and retain outstanding talents. 	Human Resource Division
	Investment risk	All investments by the Company are made in accordance with the Procedures for Asset Acquisition and Disposal, and we have regulations on supervision of subsidiaries in place to control the risks in accordance with the law.	Financial and Accounting Division

	Production risk	<ol style="list-style-type: none"> 1. Planning various production and sales simulations depending on actual orders received and to be received in the future. 2. Appropriately adjusting the inventory of raw materials used in production depending on the market purchase price and volume of goods ordered by clients to minimize the purchase cost. 3. Appropriately adjusting the inventory of raw materials or finished products in advance to respond to the potential increase or decrease in the volume of goods ordered by clients after their overhaul. 4. Seeking alternative sources of raw materials. 	Water Affairs Division
	Technical risk	<ol style="list-style-type: none"> 1. Construction technology: The construction technologies adopted by the Company to accept various projects outsourced by owners should be well-developed, stable, and have been verified in the market for a long time. 2. Process technology: Confirming whether process technologies have been verified in the market before adopting them to avoid process technology risks; a novel technology independently developed or established will be reviewed by experts and scholars to confirm its feasibility, and we will set up a test field for long-term testing and evaluation; only after verifying its effectiveness will we begin engineering design to reduce the risks of adopting novel technologies. 	Engineering Division
	Market risk	<ol style="list-style-type: none"> 1. The client concentration is high; the main clients are China Steel and its affiliates. To achieve sustainable development, China Steel Group actively plans measures to update equipment and improve its environmental performance. We work with the group's policies and fully supports its various mechanical and electrical and environmental protection projects. Based on our assessment, the credit quality of the client is great without concern about default. 2. In recent years, we have actively promoted sales business and developed LED lamps, activated carbon adsorption materials, and air purification equipment. We will continue to establish new product lines and diversify products. 3. We have formulated a three-pronged growth strategy of engineering, operations and maintenance, and circular economy, and continue to improve our construction project management skills to enhance our competitiveness and work with more diverse clients to diversify risks. 	Business Division

	Construction project management risk	<ol style="list-style-type: none"> 1. Subcontractors' problem of labor shortage still exists. To cope with the large number of projects in the future, we will carefully select our subcontractors to avoid delays caused by labor shortage and maintain long-term and stable partnerships with high-quality ones, while carefully evaluating new partners' capacity to accept new projects. 2. We strictly review and grade the subcontractors' qualifications to accept projects, to prevent them from bidding with low prices, resulting in a poor cash flow and ultimately leading to a default, bankruptcy, or moonlight flits. 3. The intellectual property rights clause and the non-disclosure clause are included in the construction project contract, to clearly specify the confidentiality obligations, ownership of intellectual property rights, and non-infringement warranty clause so as to improve the contract and require subcontractors to fulfill the confidentiality obligations. 	Procurement Division
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	Supply chain risk	<p>1. Inflation is a serious issue with an impact on businesses. It requires measures taken careful to address global issues, such as labor shortage, insufficient inventory, and geopolitics, and uncertainties and civil unrest, that disrupt supply chains:</p> <ul style="list-style-type: none"> (1) For large quantities of products or the same type of products to be purchased, we will place orders with different suppliers as much as possible to avoid supplier concentration and ensure delivery. It is necessary to consider supplier cost as it may be different unit prices for the same project (for stable and on-time delivery). (2) We carefully select suppliers to avoid placing orders with suppliers in countries with the severe pandemic situation and pay attention to the international situation, particularly countries with work stoppages, lockdowns, or import and export trade restrictions, to prevent delays in delivery. (3) We confirm the production progress with suppliers for orders placed per week and ask them to provide photos of the production process and report the progress regularly to ensure on-time delivery. (4) The U.S. dollar (USD) is a strong currency, and the NTD shows an depreciation trend. In addition, the U.S. Federal Reserve has launched an interest rate hike cycle. For overseas purchases, due to the competitive currency depreciation in various countries, particularly in Asia, we manage to pay for the orders placed in the currency of the country where trading occurs to avoid risks from transactions in USD. (5) When overseas suppliers' equipment and goods are ready, transportation measures should be in place to ensure quick delivery. <p>2. We have established a price adjustment mechanism in line with the rise and fall of Formosa Plastic's prices with owners and chemical material suppliers for the supply of chemical materials for the water treatment plants, to avoid the price rise risk from fluctuations in raw material prices.</p>	Procurement Division
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	Community relations risk	<ol style="list-style-type: none"> 1. We establish excellent communication channels with local residents through local groups to reduce mutual distrust. 2. We establish positive interactive relations with the local police to provide appropriate assistance if necessary. 	Procurement Division
Financial risk	Market systemic risk arising from interest Rates and exchange rates	<ol style="list-style-type: none"> 1. The Company can have better interest rates through long-term collaboration with financial institutions and a sound financial structure to reduce the impact of interest rate fluctuations to prevent an increase in financing costs due to a rise in interest rates. 2. As the Company's need for foreign currencies arises from procurement, we give priority to foreign-currency deposits in banks or forward foreign exchange contracts to reduce the risk from exchange rate fluctuations. 3. We regularly analyze changes in the macro economy and foreign exchange trends to provide sufficient information to the management team and relevant departments to formulate strategies to reduce exchange risk. 	Financial and Accounting Division
	Credit risk	We review and follow up on the recovery of accounts receivable per month. If there are any irregularities, we will immediately check the client's operations and reasons for the irrecoverability. Our major clients have great credit ratings and are all large domestic enterprises or public agencies. As per our assessment, they bear no significant credit risk.	Financial and Accounting Division
	Liquidity risk in the use of funds	Through long-term and close collaboration with financial institutions, we can access sufficient funding channels and better interest rates. As per our assessment, there is no liquidity risk in the use of funds.	Financial and Accounting Division
	Operational risk	Our financial personnel purchase insurance honestly and participate in job rotations, and all expenses are reviewed at all levels in accordance with applicable regulations, to moderately reduce operational risk.	Financial and Accounting Division
Hazard risk	Risk from financial loss caused by natural disasters or climate change	<ol style="list-style-type: none"> 1. We actively participate in new green business projects to respond to climate change and reduce greenhouse gas emissions, so as to reduce the risk from financial loss. 2. We regularly maintain data center equipment and purchase commercial fire insurance and engineering insurance to reduce the risk from financial loss caused by natural disasters or climate change. 	Financial and Accounting Division

	Greenhouse gas emissions	<ol style="list-style-type: none"> 1. Although China Ecotek has not yet been regulated under the greenhouse gas emission regulations announced by the Environmental Protection Administration (EPA), we still cooperate with the requirements of the Financial Supervisory Commission (FSC) and China Steel Group to have response measures in place in advance. 2. To reduce greenhouse gases, we consider starting with electricity conservation and the use of clean energy (such as solar power) to reduce indirect greenhouse gas emissions. 3. We conduct greenhouse gas inventories in cooperation with the government's environmental protection policy. The total amount of greenhouse gas emissions to be inventoried should be verified by an external verification entity, by whom an inspection statement should be issued. 	Enterprise Research Office
	Global infectious diseases	<ol style="list-style-type: none"> 1. Referring to the government's relevant prevention and control information and updating announcements and offering training at any time. 2. Establishing company anti-epidemic regulations and measures by plant and implementing them accordingly. 3. Drawing up incentives to increase vaccination rates. 4. Purchasing epidemic insurance for employees to enhance their safety and security. 5. The statistics of those who took days of or worked from home due to confirmed infection with the COVID-19 virus from 2022.01.01 through 2022.12.31 are as follows: A total of 49 people applied for anti-pandemic care leave, totaling 172 days. A total of 571 people applied for ordinary sickness leave (confirmed infection with the COVID-19 virus), totaling 3,030.25 days. A total of 123 people applied for unpaid vaccination leave, totaling 176.5 days. A total of 180 people applied for anti-pandemic and quarantine leave, totaling 519.5 days. A total of 119 people applied for anti-pandemic isolation leave (paid as it was for official duties), totaling 176.5 days. A total of 634 people applied for working from home. 	Safety and Health Division General Affairs Division Human Resource Division

	Occupational safety and health	<ol style="list-style-type: none"> 1. Promoting the review of high-risk construction techniques and zero-disaster activities for occupational safety to reinforce occupational safety risk control. 2. Establishing various KPIs for reducing occupational accidents and formulating the China Ecotek occupational safety incentives guideline to control and reinforce occupational safety risk control and motivate units to implement it accordingly. 3. Mandatorily requiring subcontractors to purchase the insurance for all types of occupational accidents and increase the insured amount to protect their employees' rights and interest. 4. Establishing a top manager occupational safety information chart platform to enhance and accelerate managers' decision-making about occupational safety and reduce the probability of occupational accidents. 	
	Safety protection and emergency response	<ol style="list-style-type: none"> 1. Regularly holding occupational accident and emergency notification exercises for all construction projects. 2. Formulating and implementing an inspection frequency plan for managers at all levels to enhance the depth and breadth of on-site occupational safety inspections at all levels. 3. Cooperating with and implementing the requirements of the group's natural disaster response and notification process to promptly notify supervisors and reduce the occurrence of accidents. 	
	Improper human management, construction, operation, or errors	<ol style="list-style-type: none"> 1. Producing hazard identification and risk assessment documents and taking risk reduction measures. 2. Requiring and enhancing training on each job skill and proficiency of on-site engineering personnel of each unit. 3. Holding education and training meetings for safety and health personnel to improve occupational safety personnel's competencies and execution skills. 	
Information security risk	Insider information security risk	<ol style="list-style-type: none"> 1. Regularly holding employee phishing scam exercises, information security training, and awareness-raising events per year to enhance all employees' information security awareness. 2. Regularly reviewing information security monitoring records, listing important events, and providing the information to each unit to increase information security awareness. 	Human Resource Division - Information Team 1

	External hacker attack and APT attack risk	<ol style="list-style-type: none"> 1. Improving the network security protection and detection mechanisms and regularly reviewing the network access control rules. 2. Appointing information security consultants to regularly conduct vulnerability scans of important information systems connected to the external network and correcting high-risk vulnerabilities. 3. Appointing information security consultants to regularly check the information security of the system environment and network architecture and making improvements based on suggestions. 4. Establishing a threat detection and response mechanism and adopting an endpoint detection and response (EDR) system to enhance timely and effective response capabilities. 5. Establishing an information security strategic team to regularly hold information security management meetings to discuss and implement risk management and improvement measures. 6. Adopting the ISO 27001 standard for our information security management system, managing it with a process, and continuing making improvements as per the Plan-Do-Check-Act (PDCA) cycle. 	Human Resource Division - Information Team 1
	Data security risk	<ol style="list-style-type: none"> 1. Ensuring that data backup is functioning properly and regularly performing restoration exercises to verify integrity. Creating multiple copies and offline copies of important backup data. 2. Controlling the data access authorization and regularly reviewing the reasonableness of authorization. 3. Upgrading endpoint protection and monitoring program behavior to instantly intercept malicious encrypted ransomware and reduce the execution success rate. 4. Controlling the use of USB external storage devices and requiring application for authorization to access data from registered devices. 	Human Resource Division - Information Team 1
Compliance risk	Failure to comply with competent authorities' laws and regulations	Amending internal regulations, formulating a compliance inspection mechanism, and establishing an inspection system so that employees in charge of laws and regulations can stay informed of changes in government laws and regulations in a timely manner to ensure that internal regulations are in compliance with various government agencies' laws and regulations.	Legal Office

	Intellectual property infringement	Continuing to adopt a TIPS system, formulating intellectual property strategies and targets per year based on internal and external risks, amending internal regulations on patents and trade secrets, and performing internal audits and offering training per year to enhance upstream owners and downstream subcontractors' ownership of intellectual property rights, non-infringement warranty, and review of the non-disclosure obligation clause in contracts. Passed TIPS verification.	Legal Office
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Risk management organizational structure and management

- I. Board of Directors: The Board of Directors is the top decision-making unit for risk management and takes the ultimate responsibility for the overall risks of China Ecotek.
- II. Corporate Sustainable Development Committee: The Corporate Sustainable Development Committee assists the board in fulfilling its risk management responsibilities and is responsible for reviewing China Ecotek's risk management policies and reviewing management reports on material risk issues. A risk management team is set up under the Corporate Sustainable Development Committee and is responsible for the overall risk management business, including integrating and coordinating common risk management topics across departments, promoting and communicating important risk management matters, executing and following up on various risk management tasks as resolved by the board or the Corporate Sustainable Development Committee, and submitting risk management reports.
- III. Responsible unit: The head of the responsible unit is responsible for managing, supervising, and controlling relevant risks within their unit to ensure complete and effective control of such risks.

The risk management process is divided into five stages:

I. Risk identification

When we are identifying risks, we should analyze our business environment, consider various business and operating activities, and carry out qualitative or quantitative management of each risk.

When the responsible unit is examining and identifying potential sources of risks, it should consider external and internal environmental factors in the evaluation.

II. Risk assessment

After we have identified the potential risks to be faced, we should establish appropriate assessment methods based on different types of risks as a basis for risk management.

Risk assessment refers to the use of various information to judge if a risk event is possible to occur and determine the impact of the results on the Company. When conducting a risk analysis, it is necessary to consider whether the existing internal control system can prevent each risk event. In the risk analysis results, the risk level (high, medium, and low) should be determined, and necessary information should be provided as the basis for risk assessment and risk response.

III. Risk response

After assessing and compiling the risks, each responsible unit should take appropriate countermeasures against the risks faced and bring the risks to an acceptable level.

IV. Risk monitoring

Each responsible unit should monitor the risks of its own business and propose countermeasures, while providing the risk management reports to the risk management team under the Sustainable Development Committee; the team will compile them into a report and submit it to the committee.

V. Risk reporting

The Sustainable Development Committee should assess and monitor the quality of overall risk management and submit risk reports to the Board of Directors regularly.

3.1.3 Four cores of the TCFD framework

Framework	Approaches by China Ecotek	Remarks
Governance	1. The Board of Directors is the top decision-making unit for risk management and takes the ultimate responsibility for the overall risks of China Ecotek.	It has been implemented.
	2. The Corporate Sustainable Development Committee assists the board in fulfilling its risk management responsibilities and is responsible for reviewing China Ecotek's risk management policies and reviewing management reports on material risk issues. The committee regularly meets once per year, and the chair may convene meetings from time to time as necessary.	
	3. A risk management team is set up under the Corporate Sustainable Development Committee and is responsible for the overall risk management business, including integrating and coordinating common risk management issues across departments, promoting and communicating important risk management matters, executing and following up on various risk management tasks as resolved by the board or the Corporate Sustainable Development Committee, and submitting risk management reports.	
	4. The green lifestyle promotion team, chaired by the Vice President, holds at least two meetings per year to discuss issues set by the parent company.	
	5. The heads and employees of departments participate and communicate the potential risks and opportunities of climate change to future business operations and draw up response plans. The risk management team submit the identification results and countermeasures to the chair of the Corporate Sustainable Development Committee (Chairman) for approval and disclose them in the ESG Report.	
Strategy	1. Reducing the oil refinery, petrochemical plant, and thermal power plant construction projects accepted in line with the net-zero policy.	It has been implemented.
	2. Making investments in and constructing green energy, such as solar and wind power, facilities,	
	3. Identifying the risks and opportunities of climate change through interdepartmental discussions and assessing the financial impact.	
	4. The Company passed the ISO 14064-1 greenhouse gas emission inventory and ISO 14067 product carbon footprint third-party verification in line with the requirements of the FSC and China Steel Group in November 2022 and obtained assurance statements. Planning to establish a greenhouse gas inventory platform to monitor, control, and reduce energy consumption from offices.	
	5. Developing short-, medium-, and long-term carbon emission policies and strategies; Short-term: (1) Conducting digital transformation to improve efficiency and reduce energy consumption from offices and promoting paperless online sign-off operations (ERP systems, such as procurement, outsourcing, accounting, and reimbursement statements). (2) Replacing old lamps in all offices with LED panel lights.	

	<p>Medium-term: Planting trees and adopting green energy to maximize energy efficiency - (1) digitizing construction daily logs, construction records, on-site inspection records, and other forms (paperless). (2) Replacing all company vehicles with hybrid ones. (3) Installing solar energy facilities on the roof of the Linyuan Plant to provide power needed for some operations. (4) Planting trees in the Linyuan Plant to offset carbon emissions.</p> <p>Long-term: Fully using green energy for transportation of materials - replacing all forklifts used in factories and all company vehicles with electric ones.</p>	
Risk management	<p>1. Establishing risk management policies and procedures from 2021 and proposing risk management and control measures to the Board of Directors per year.</p> <p>2. Integrating the greenhouse gas inventory work into risk management and having the responsible unit lead the Company's carbon reduction response policies and strategies.</p>	It has been implemented
Metrics and targets	<p>1. We conducted the first greenhouse gas inventory in accordance with ISO 14067 in 2022, appointed a third-party inspection agency verify it, and obtained an inspection statement. We will have the verification work conducted regularly.</p> <p>2. Seeking potential carbon reduction opportunities based on the greenhouse gas inventory results.</p> <p>3. Setting short-, medium-, and long-term targets for greenhouse gas management and energy management.</p> <p>4. Expanded the inspection scope in line with the revised 2021 GRI Standards, including the offices of the four important operating sites. The Pou Chen Technology Center and Office's power consumption carbon emission indicator has dropped by 12.09% compared with 2021 [Note: $(0.281-0.247)/0.281*100\%=12.09\%$]; water carbon emission indicator decreased by 16.32% compared with 2021 [Note: $(0.778-0.651)/0.778*100\%=16.32\%$]. We take the year of 2022 as the base year for inspection of the remaining three offices (headquarters office, Pinghe Plant's office, and China Steel's On-site Office at Yu Steel) to facilitate the future planning of targets for energy consumption reduction.</p> <p>5. Total direct and indirect greenhouse gas emissions: The annual consumption of fuels, diesel, and electricity was calculated based on the 2022 fuels, diesel, electricity, and general water cost table for all offices and construction offices and then converted into the total amount of greenhouse gas emissions based on greenhouse gas emission factor. The total amount of direct and indirect greenhouse gas emissions in 2022 is 1,087.23 tons of CO₂e.</p> <p>6. The office lamps used to replace old ones in 2022 were 36W LED panel lamps developed by China Ecotek, which will reduce the carbon emissions by 1.78kgCO₂e per hour.</p> <p>7. LED panel lamps used can reduce electricity bills by NT\$303,718/year (approximately 106.725 KW/year)</p>	It has been implemented

(calculated based on the emission factor, 0.5090, announced by the EPA as in the greenhouse gas emission factor management table 6.0.4) and can reduce 54.3230 metric tons/CO₂e per year.

3.1.4 The financial impact of risks and opportunities arising from climate change

Item	Risk			Opportunity			Countermeasure
	Explanation	Potential financial impact	Impact level	Explanation	Potential financial impact	Impact level	
Extreme weather and natural disasters. (physical)	1. Damage to the construction structure in progress and delays in the construction period. 2. Damage to equipment or delays in delivery.	1. An increase in operating costs and capital expenditure. 2. Fines for projects past deadlines. 3. An increase in natural disaster insurance premiums.	Low	Damage to buildings and equipment, leading to an increase in the repair and reinforcement work .	An increase in revenue.	Low	1. Changing the construction strategy and the construction process or technique according to local conditions to avoid damage to equipment caused by natural disasters. 2. Ensuring that the natural disaster clause is specified in the contract to ensure the construction period and considering costs during quotation. 3. Developing smart software technologies, adopting low-carbon design and

							<p>construction techniques, and enhancing construction technologies to reduce damage caused by natural disasters.</p> <p>4. Teaching correct evacuation methods, ensuring adequate protective equipment, drawing up supporting measures for attendance during disasters, and implementing a substitute system.</p> <p>5. Purchasing property insurance related to natural disasters.</p>
An increase in the number of days in hot weather caused by warming. (physical)	1. An increase in construction's rest time and reduction of their work efficiency due to thermal	1. An increase in operating costs. 2. An increase in labor costs.	Low	Adopting smart digital systems to improve project management efficiency.	Moderately reducing operating costs.	Low	<p>1. Adjusting working hours in summer as appropriate to avoid environmental hazards and thermal stress and ensuring personnel's adequate physical strength.</p> <p>2. Launching digital transformation,</p>

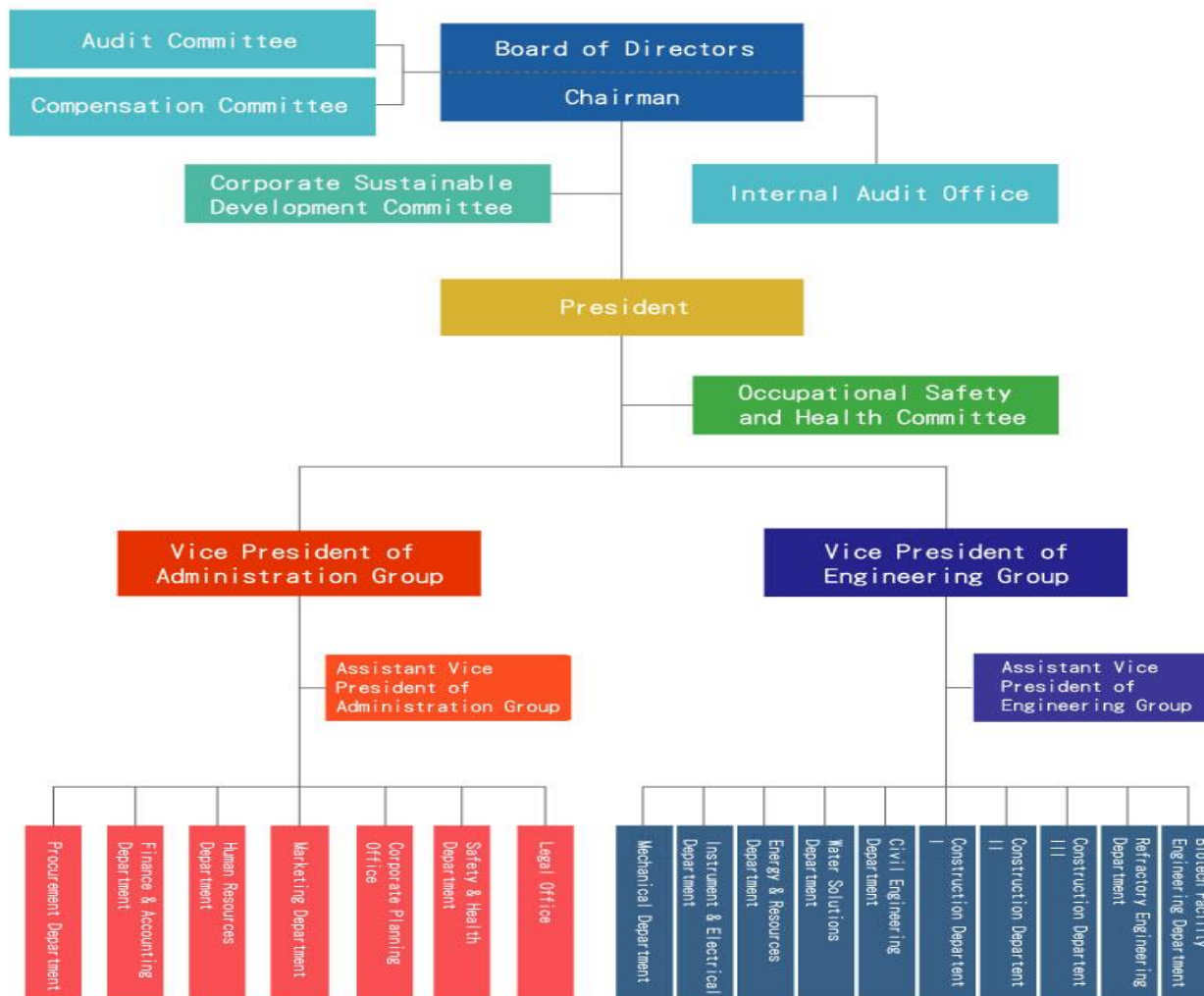
	stress. 2. Inability to work or, at worst, casualties.						planning smart construction sites, and optimizing materials management and decision-making support systems to improve operational efficiency and train key technical skills for the future.
Extreme rainfall or drought. (physical)	1. An increase in the amount of sludge in the water plants operated on behalf of owners and the raw water turbidity caused by extreme rainfall. 2. Delays or shortages in supply and price increases by raw material suppliers	1. An increase in procurement costs. 2. A decrease in revenue. 3. An increase in operating costs.	Low	An increase in opportunities for construction of seawater desalination or reclaimed water plants and wastewater treatment plants; an increase in the output of water treatment plants operated on behalf of owners.	An increase in revenue.	Medium	1. Improving the seawater desalination and water reclaiming technologies and the quality of water treatment products to obtain relevant engineering business opportunities. 2. Specifying the rights and responsibilities of Parties A and B in contracts when the water output is beyond the capacity and the raw water quality is not up to standard, to ensure that the facilities and equipment will not

	<p>due to disasters.</p> <p>3. A decrease in the output of water treatment plants operated on behalf of owners due to shortage of water resources.</p> <p>4. An increase in the use of chemicals by water treatment and industrial wastewater treatment plants operated on behalf of owners due to shortage of water resources.</p>						<p>be damaged by the water quality.</p> <p>3. Establishing standard operating procedures for the deteriorating raw water turbidity to improve the ability to respond to emergencies.</p> <p>4. Adding a subsidy clause in the contract signed with clients for increases in raw material prices and setting a fine mechanism for suppliers with delayed delivery of raw materials.</p> <p>5. Striving to ask owners to add a natural disaster clause when signing a contract as the cost of chemicals will increase to maintain the security of equipment and system during water shortage.</p>
The government	A carbon fee levied on	An increase in procurement	Low	Assisting clients in replacing	An increase in revenue.	Medium	1. Conducting business planning and

launched Taiwan's Pathway to Net-Zero Emissions in 2050 and Strategy, and TWSE-listed companies should reach net-zero goal in accordance with the schedule set by the competent authority (legal)	domestic sources of emissions and imported products with high carbon content.	costs.		process equipment to reduce carbon emissions or establish green energy facilities to use carbon credits.			<p>analysis for the business related to sources of emissions as announced, assisting clients in using carbon credits or reducing carbon emissions, and continue to develop green engineering technologies.</p> <p>2. Completing the carbon inventory and verification ahead of schedule set by the competent authority to achieve the carbon reduction targets early.</p> <p>3. Working with the supply chain, being committed to sustainability and the net-zero goal, assisting suppliers in conducting carbon inventories, and setting carbon reduction targets so as to form a low-carbon supply chain.</p>
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							4. Gradually replacing gasoline/diesel vehicles with electric ones to achieve carbon reduction targets.
Making adjustment in response to clients' needs due to the changes in market customer behavior caused by the carbon neutrality issue. (transition)	An increase in clients' demand for low-carbon processes to achieve carbon neutrality, which will affect China Ecotek's current business model.	A decrease in revenue.	Low	<ol style="list-style-type: none"> 1. Transitioning into green and low-carbon engineering business. 2. An increase in the number of circular economy-oriented construction projects. 3. An increase in the sales of energy-saving and carbon reduction products and clean air products. 	An increase in revenue.	Medium	<ol style="list-style-type: none"> 1. Improving renewable energy, reclaimed water, wastewater treatment, carbon capture, and energy recycling and conversion technologies to help clients meet their needs for carbon reduction. 2. Developing energy-saving, carbon reduction, air-purifying filters, and other clean products to help clients meet their needs for carbon reduction and improve air quality.

3.1.5 Organizational structure of the Company



3.1.6 Board of Directors, Audit Committee, Sustainable Development Committee, and Remuneration Management Committee

I. Board of Directors

The Company nominates candidates for and select board members through a candidate nomination system in compliance with the Articles of Incorporation. In addition to evaluating each candidate's education, experience, and qualifications, we consider stakeholders' opinions and abide by the Rules of Election of Directors and the Corporate Governance Best Practice Principles to ensure the diversity and independence of board members. The directors are elected through voting at the shareholders' meeting. In accordance with Article 203 of the Company Act, the director who won the most ballots representing the most voting rights should serve as the convener to convene the first board meeting of the board, at which all directors should elect a non-independent director to serve as the Chairman. The 11 directors (including three independent directors) on the 10th Board of Directors specialize in business administration, leadership and decision-making, industry knowledge, or risk management. Among them, those with practical experience in engineering management are Chen, Cheng-Chiang, Lee, Chih-Feng, and Yang, Chen. Those who specialize in business administration include Weng, Chao-Tung, Wang, Hsi-Chin, Kuo, Yu-Lun, Chen, Tsan-Jen, and Peng, Tai-Guang; those with expertise in accounting or finance are Liu, Hsiu-Mei and Wang, Po-Han. Those who have professional knowledge in resource engineering are Weng, Chao-Tung and Chen Chia-Jung. The board members are from diverse backgrounds and have provided a great deal of guidance on the Company's business and finance. The directors who are also employees account for 9% of all board members, and the independent directors 27%. The three independent directors have all served for fewer than nine years. Two directors are between 71 and 75 years old; another five between 61 and 70 years old; another two between 51 and 60 years old, and remaining two between 41 and 50 years old.

Job title	Name	Job title	Name
Chairman	Chen, Cheng-Chiang (representative of China Steel Corporation)	Director	Liu, Hsiu-Mei (representative of Hua Eng Wire and Cable Co., Ltd.)

Director	Weng, Chao-Tung (representative of China Steel Corporation)	Director	Kuo, Yu-Lun (representative of SMK Technology Co., Ltd.)
Director	Wang, Shyi-chin (representative of China Steel Corporation)	Director	Chen, Tsan-Jen (representative of Chin Ho Fa Steel & Iron Co., Ltd.)
Director	Yang, Chen (representative of China Steel Corporation)	Independent Director	Chia-Jung Chen
Director	Lee, Chih-Feng (representative of China Steel Corporation)	Independent Director	Po-Han Wang
		Independent Director	Tai-guang Peng

As per the Articles of Incorporation, the Board of Directors meets once every three months. It may notify board members of the convening of a meeting in writing or other appropriate methods at any time if necessary. The board's responsibilities are as follows:

1. Reviewing and approving annual business policies and budgets.
2. Approving the appointment or discharge of the President, Vice Presidents, financial and accounting managers, chief internal auditor, and consultants;
3. Reviewing and approving annual business reports and financial reports.
4. Approving the pledge, sale/purchase, or other disposal methods related to major assets of the Company.
5. Approving investment plans.
6. Approving capital expense above NT\$40 million.
7. Approving exclusive technology, purchase or transfer of patent rights and technology collaboration contracts at an amount above NT\$ 40 million.
8. Approving the establishment and dissolution of branch institutions.
9. Drawing up proposals for amendment to the Articles of Incorporation, change of capital, and Company's dissolution or merger.

10. Drawing up proposals for distribution of earnings or making up losses.
11. Approving the appointment, discharge, or compensation of an attesting certified Public accountant (CPA).
12. Approving internal organizations and authorities of the Company.
13. Reviewing or approving the procedures for material financial actions, such as acquisition or disposal of assets, derivative trading, loans to others, or endorsements or guarantees for others, internal control systems, and other important rules.
14. Approving the offering, issuance, or private placement of any equity-type securities or domestic and foreign corporate bonds.
15. Reviewing and approving other matters with authorities under laws and regulations.

The Company's independent directors only receive fixed remuneration without being entitled to the distribution of director remuneration. The remaining policies and standards for remuneration to directors, the President, and Vice Presidents are clearly specified in Article 32, paragraph 1 of the Articles of Incorporation. The 2022 employee remuneration paid to the President and Vice Presidents is based on the Company's Employee Remuneration Payout Regulations and Evaluation System. The directors' honoraria are determined with reference to the industry standards. In addition, the performance bonuses are paid to the President and Vice Presidents, along with all other employees, according to a certain percentage of the prior year's profit in accordance with the relevant reward regulations. The performance bonuses are directly related to the business performance, and the performance evaluation and the reasonableness of the remuneration should be reviewed by the Remuneration Committee and the Board of Directors.

Processes that avoid or mitigate conflicts of interest:

In accordance with Article 20 of the Company's Rules of the Procedure for Board of Directors Meetings, if a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in the discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

The proposals resolved by the board during 2022, in which directors or the juristic persons they represent were recused from the discussion

and voting due to conflicts of interest, are as follows:

Date of meeting	Content of proposal	Name of director	Reason for recusal
2022/08/02 The 17th meeting of the 10th board	Passed the President's and Vice Presidents' performance evaluation and review results for 2021.	Lee, Chih-Feng	Personal interest was involved.
	Passed the payout of the remuneration to the President and Vice Presidents.	Lee, Chih-Feng	Personal interest was involved.
	Passed the payout of the performance bonuses to the President and Vice Presidents.	Lee, Chih-Feng	Personal interest was involved.
	Passed the salary of the Company's new chairman.	Chen, Cheng-Chiang	Personal interest was involved.
2022/12/19 The 20th meeting of the 10th board	Passed the adjusted salaries of the Company's Chairman, the President, the Vice President of the Management Division, and the Vice President of the Engineering Division.	Chen, Cheng-Chiang and Lee, Chih-Feng	Personal interest was involved.

Directors' positions on other boards of directors:

Job title	Name	Currently serving as a director or supervisor of another company
Chairman	Chen, Cheng-Chiang	None
Director	Weng Chao-Tung	Chairman of China Steel Corporation, director of Dragon Steel Corporation, director of China Steel Chemical Corporation, director of Chung Hung Steel Co., Ltd., director of Infochamp Systems Corporation, director of China Steel Global Trading Corporation, director of Gains Investment Corporation, director of China Prosperity Construction Corporation, director of Taiwan High Speed Rail Corporation, and director of Pro-Ascentek Investment Corporation.
Director	Wang Shyi-Chin	Chairman of Zhongfa Holdings Co., Ltd., chairman of China Steel Power Corporation, director of China Steel Corporation, director of Dragon Steel Corporation, director of China Steel Chemical Corporation, and director of Gains Investment Corporation.
Director	Lee, Chih-Feng	Chairman of CSC Solar Corporation, supervisor of China Steel Machinery Corporation, director of Asia Pacific Energy Development Company Limited, director of Pro-Ascentek Investment Corporation, and director of Eminent III

		Venture Capital Corporation
Director	Yang, Chen	Director of China Steel Machinery Corporation
Director	Liu, Hsiu-Mei	Director of Wafer Works Corporation, director of Co-Tech Development Corp., director of Bionime Corp., and supervisor of Hua Ho Engineering Co., Ltd.
Director	Kuo Yu-Lun	Supervisor of Great Fortune Steel Co., Ltd. and director of Great Grandeul Steel Corporation
Director	Chen Tsan-Jen	Director of CHF Steel Co., Ltd.
Independent Director	Chen Chia-Jung	Independent director of Leatec Fine Ceramics Co., Ltd.
Independent Director	Wang Po-Han	Chairman of Ruisheng Financial Consulting Co., Ltd., independent director of TBI Motion Technology Co., Ltd., independent director of Tongtai Machine & Tool Co., Ltd., supervisor of Jushen Energy Co., Ltd., and director of Zhaowan Consulting Co., Ltd.
Independent Director	Peng Tai-Guang	None

Cross holdings with suppliers or other stakeholders:

Investee	Investment by the Company		Investment in the Company	
	Number of shares	Shareholding	Number of shares	Shareholding
CSC Solar Corporation	34,880,000	20%	725,000	0.59%

Shareholders with control: None.

Groups of stakeholders and relations therewith, transactions, and outstanding balances: As of the end of December 2022:

[Sales]

Unit: NT\$1,000; %

Name of related party	Cumulative sales as of the end of this year	Cumulative sales as a % of this account in this year's consolidated statements
Chung Hung	3,264	0.04
China Steel	5,836,308	65.99
China Steel Machinery	5,850	0.07
Dragonsteel	1,210,868	13.69
Aluminum Corporation of China	4,684	0.05
China Steel Sumikin Vietnam	216,878	2.45
China Steel Structure	1,012	0.01
Formosa Ha Tinh Steel	17,915	0.20
China Steel Express	75	-
HIMAG Magnetic	84	-
Taiwan Secom	12	-
China Steel Chemical	4,041	-
Betacera Inc.	1,880	0.05
United Steel Engineering & Construction	14	0.02
CSC Solar	300,217	-
Hong Po	114	3.39
Infochamp Systems	4,412	-
Singda Marine Structure	84,536	0.05
China Steel Global	54	0.96

Trading		
Chung Mao Metal	252	-
CHC Resources	209	-

[Purchases]

Unit: NT\$ thousand; %

Name of related party	Cumulative purchases as of the end of this year	Cumulative purchases as a % of this account in this year's consolidated statements
China Steel	14,224	0.21
HIMAG Magnetic	212	-
Infochamp Systems	79,267	1.18
Steel Castle Technology	14,891	0.22
Taiwan Secom	34,034	0.51
Betacera Inc.	3,094	0.05
Union Steel Development	4,433	0.07
China Steel Machinery	136,735	2.04
Hua Eng Wire & Cable	4,428	0.07
CHC Resources	5,271	0.08
Taiwan	1,538	0.02

Intelligent Robotics		
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[Receivables]

Unit: NT\$ thousand; %

Name of related party	Cumulative receivables as of the end of this year	as a % of this account in this year's consolidated statements
Chung Hung	-	-
China Steel	305,299	33.76
China Steel Machinery	20	-
Dragonsteel	94,010	10.40
China Steel Structure	318	0.04
Infochamp Systems	-	-
Hong Po	-	-
Aluminum Corporation of China	-	-
China Steel Sumikin Vietnam	172,958	19.13
China Steel Express	-	-
CSC Solar	81,454	9.01
Formosa Ha Tinh Steel	-	-
Honley Auto. Parts Co., Ltd.	-	-
Betacera Inc.	146	0.02
China Steel Chemical	-	-

Singda Marine Structure	3,400	0.38
Chung Mao Metal	-	-
CHC Resources	219	0.02

[Payables]

Unit: NT\$ thousand; %

Name of related party	Cumulative payables as of the end of this year	as a % of this account in this year's consolidated statements
China Steel Machinery	5,251	0.77
China Steel	23	-
Taiwan Secom	82	0.01
Infochamp Systems	1,823	0.27
Steel Castle Technology	5,888	0.86
Betacera Inc.	-	-
Taiwan Intelligent Robotics	132	0.02
HIMAG Magnetic	-	-
Hua Eng Wire & Cable	-	-
United Steel Engineering & Construction	-	-
CHC Resources	-	-
Dragonsteel	1	-
Union Steel Development	816	0.12

Major proposals resolved by the Board of Directors in 2022:

February 23, 2022	<ol style="list-style-type: none"> 1. Ratified the 2021 annual business report and financial statements. 2. Reported on the amounts of 2021 employee remuneration and director remuneration and payout method. 3. Passed the 2021 earnings distribution proposal. 4. Issued the 2021 Statement of the Internal Control System. 5. Passed the partial amendments to the Corporate Social Responsibility Best Practice Principles. 6. Passed the adjustments to the position and salary table of the Salary Management Regulations. 7. Passed the partial amendments to the Salary Management Regulations. 8. Passed the leasing of the first floor area of China Steel's First Administrative Building and Data Center (originally owned by China Steel Structure). 9. Passed the proposal to convene the 2022 shareholders' meeting at the International Convention Center Kaohsiung (No. 5, Zhongshan 2nd Road, Qianzhen District, Kaohsiung City) at 9 a.m. on June 23, 2022 (Thursday).
May 3, 2022	<ol style="list-style-type: none"> 1. Passed the draft of the consolidated financial statements and independent accountant's review report for the first quarter of 2022. 2. Passed the partial amendments to the Company's Articles of Incorporation. 3. Passed the partial amendments to the Procedures for Acquisition and Disposal of Assets. 4. Passed the donation of NT\$150,000 to the China Steel Corporation Education Foundation. 5. Passed the amendments to the important agenda of the 2022 shareholders' meeting. 6. Passed the investment of no more than NT\$117.6 million in energy storage systems. 7. Reported the proposal to promote Hu, Li-Ming, acting Vice President of the Management Division. 8. Reported the proposal to promote Chen, Chien-Chih, acting Vice President of the Engineering Division.
July 18, 2022	<ol style="list-style-type: none"> 1. Elected Mr. Chen, Cheng-Chiang as the Chairman of the Company. 2. Appointed former chairman Chen, Tsung-Te as an unpaid honorary consultant of the Company.
August 2, 2022	<ol style="list-style-type: none"> 1. Passed the draft of the consolidated financial statements and independent accountant's review report for the second quarter of 2022. 2. Pass the amendment to the Employee Remuneration Payout Regulations. 3. Passed the President's and Vice Presidents' performance evaluation and review results for 2021. 4. Passed the payout of the remuneration to the President and Vice Presidents. 5. Passed the payout of the performance bonuses to the President and Vice Presidents. 6. Determined the salary of Hu, Li-Ming, Vice President of the Management Division.

	7. Determined the salary of Chen, Chien-Chih, Vice President of the Engineering Division. 8. Determined the salary of the new chairman.
September 29, 2022	1. Passed the revised business budget for 2022. 2. Passed the partial amendments to the Rules of the Performance Evaluation of the Board of Directors. 3. Passed the partial amendments to the Corporate Governance Best Practice Principles. 4. Passed the Insider Trading Prevention Management Regulations. 5. Passed the annual salary increase, with the salary of employees below job level of the vice president (excluding vice presidents) raised by an average of 4.3%.
November 3, 2022	1. Passed the draft of the consolidated financial statements and independent accountant's review report for the third quarter of 2022. 2. Passed the partial amendments to the Rules of the Procedure for Board of Directors Meetings.
December 19, 2022	1. Passed the Company's 2023 business budget. 2. Passed the Company's 2023 audit plan. 3. Passed the partial amendments to the Remuneration Committee Charter. 4. Passed the partial amendments to the Procedures for Handling Material Inside Information. 5. Passed the proposal to renew the contract for renting an office in the China Steel Headquarters Building. 6. Passed the adjusted salaries of the Company's Chairman, the President, the Vice President of the Management Division, and the Vice President of the Engineering Division.

There are a Remuneration Committee, an Audit Committee, and a Sustainable Development Committee in place under the Board of Directors to enhance the board operations.

II. Audit Committee

The Audit Committee consists of three independent directors, of which one independent director serves as the convener and chair of the committee meetings and at least one of them should have expertise in accounting or finance. It convened five meetings in 2022 to assist the board in fulfilling its responsibility to supervise the Company's implementation of the accounting, auditing, and financial reporting processes and the quality and integrity of financial control. All its tasks have been reported to and approved by the board.

Committee	Member	Main duties	Performance for 2022
Audit Committee	Po-Han Wang	1. Reviewed and evaluated the effectiveness of the internal control system when establishing or amending the internal control system in	Convened five meetings; reinforced corporate governance and the

	<p>Audit Committee</p> <p>Chia-Jung Chen Tai-Guang Peng</p>	<p>accordance with Article 14-1 of the Securities and Exchange Act.</p> <ol style="list-style-type: none"> 2. Assessed the effectiveness of the internal control system. 3. Reviewed the procedures for material financial actions, such as acquisition or disposal of assets, derivative trading, loans to others, or endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act. 4. Reviewed matters with directors' personal interest involved. 5. Reviewed major asset or derivative transactions. 6. Reviewed major loans or endorsements/guarantees for others. 7. Reviewed the offering, issuance, or private placement of any equity-type securities. 8. Reviewed the hiring, discharge, or compensation of an attesting CPA. 9. Reviewed the appointment or discharge of a financial or accounting officer or chief internal auditor. 10. Reviewed annual financial reports signed or stamped by the Chairman, managers, and accounting officer. 	<p>professional competencies of the board.</p>
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III. Sustainable Development Committee

The Company is deeply aware that the combination of social responsibility and business strategy is the new competitiveness in the future. The growth of the Company is closely related to the social environment. Integrating the concept of fulfilling the social responsibility into the business operations will be the key to sustainable operations. The management should report the performance in economy, environment, and people to the board and implement corporate governance measures through internal audits. The Company has a Sustainable Development Committee in place, and it is responsible for discussing and planning topics related to the Company's performance in economy, the environment, and people.

1. Members:

The committee is chaired by the Chairman, who shall be the Chairman, with the deputy chair serviced by the President and a couple of members served by the Vice President of the Management Division, the Vice President of the Engineering Division, and the Assistant

Vice President of each division.

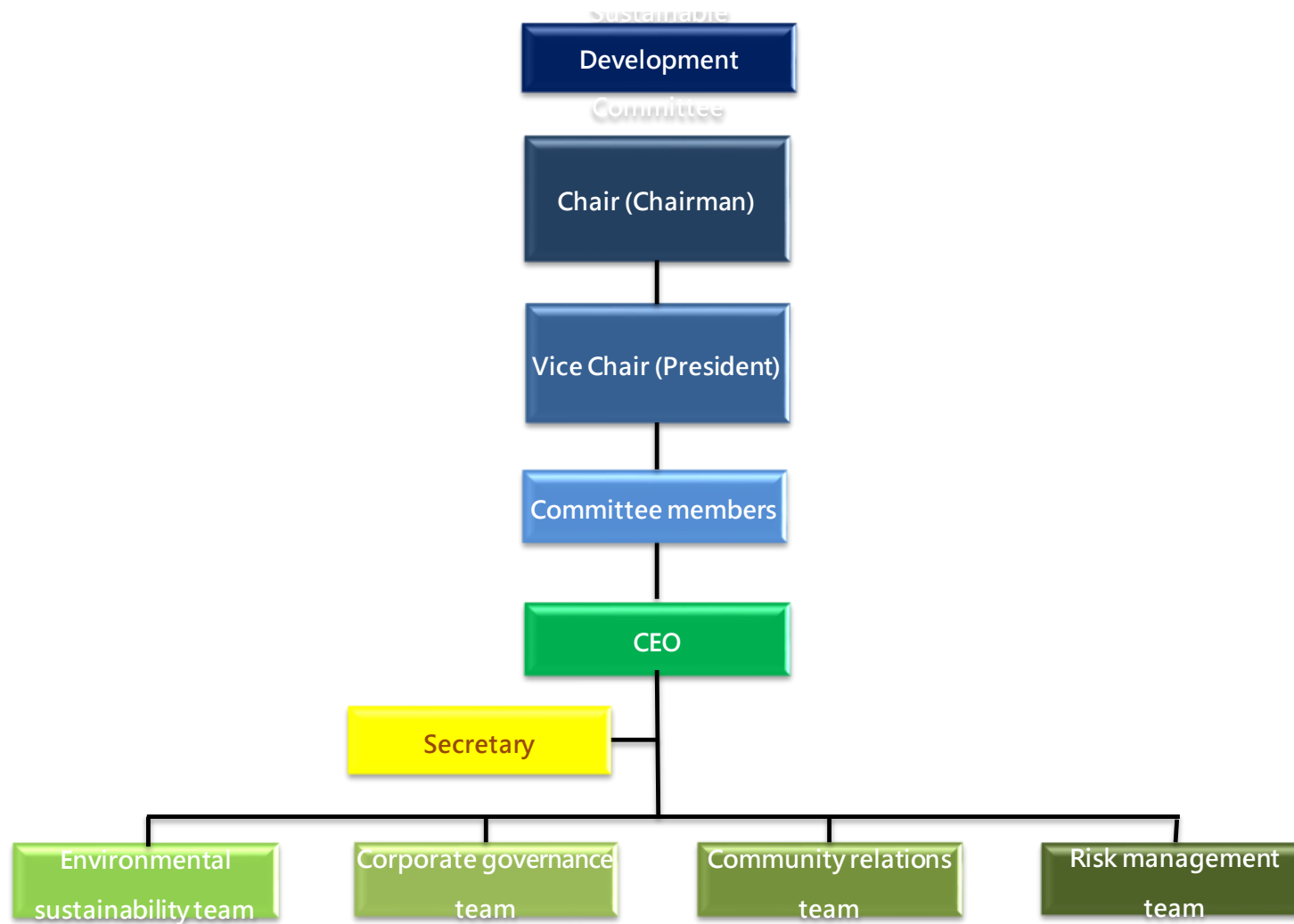
There is an execution center with a CEO, who is served by the Assistant Vice President of the Management Division, under the committee; the corporate governance team and the social relations team are headed by the head of the Enterprise Research Office and the head of the Procurement Division, respectively; the environmental sustainability team and the risk management team are headed by the Safety and Health Division and the head of the Financial and Accounting Division, respectively; there is also a secretary in place who serves as the editor-in-chief of the reporting.

2. Responsibilities:

- (1) Committee: Formulating the vision and outlook for sustainable development; reviewing and approving the committee's annual work plan and budget; reviewing various plans and implementation performance; assisting the board in conducting risk management, and responsible for reviewing the Company's risk management policies and management reports on material risks.
- (2) Chair: Convening the committee meetings; reporting to the board on the projects launched by the committee and implementation results.
- (3) Deputy chair: Assisting the chair in handling matters related to the committee.
- (4) CEO: Planning the committee's annual strategy; setting out its annual work plan and budget; reviewing the alignment of the sustainable development goals with the United Nations Sustainable Development Goals (SDGs); supervising each team's daily tasks; reviewing the contents of the ESG reports.
- (5) Environmental sustainability team: Setting out the direction and targets for environmental protection and occupational safety and health topics; identifying stakeholders related to environmental protection and occupational safety and health topics and communicating with them; collecting indicators and information on environmental protection and occupational safety and health topics; creating contents within this team's business for ESG reports.
- (6) Corporate governance team: Setting out the direction and targets for corporate governance topics; identifying stakeholders, such as employees, clients, investors, and suppliers, and communicating with them; collecting indicators and information on management of

relations with employees, clients, investors, and suppliers; creating contents within this team's business for ESG reports.

- (7) Community relations team: Setting out the direction and targets for topics related to community participation and public welfare events; identifying stakeholders related to the topics of community participation and public welfare events and communicating with them; collecting indicators and information on topics related to community participation and public welfare events; creating contents within this team's business for ESG reports.
- (8) Risk management team: Integrating and coordinating common risk management topics across departments, promoting and communicating important risk management matters, executing and following up on various risk management tasks as resolved by the board or the Corporate Sustainable Development Committee, and submitting risk management reports.



The Company's sustainable development policy:

1. Protecting shareholders' rights and interest and keeping information open and transparent;
2. Enhancing customer service and jointly creating values;
3. Developing technologies on our own and effectively using resources;
4. Strengthening corporate governance and ensuring fairness and justice;
5. Focusing on occupational safety and health and managing and respecting humanity;
6. Abiding by laws and regulations and cooperating with government policies.

IV. Remuneration Committee

The Committee consists of three independent directors, of which one independent director serves as the convener and chair of the committee. It held three meetings in 2022 to discuss the manager performance evaluation system, evaluation results, and salary and remuneration systems, all of which have been reported to and approved by the board.

Committee	Member	Main duties	Performance for 2022
Remuneration Committee	Chia-Jung Chen Audit Committee Po-Han Wang	For the Chairman, the President, and Vice Presidents 1. Formulating policies and systems for performance evaluation and regularly reviewing each personnel's performance. 2. Formulating and regularly reviewing policies, systems, standards, and structures for salary and remuneration (including directors' honoraria).	Convened three meetings; discussed the managers' performance management in 2022; made suggestions based on the resolutions at the meetings, and submitted them to the board.

	Tai-Guang Peng		
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3.1.7 Collective knowledge of the top governance unit

To improve the collective knowledge, skills, and experience of the board (the top governance unit) in sustainable development, the Company has arranged for all directors to receive the following training in 2022:

Job title	Name	Date appointed	Date of training		Organizer	Course title	Training hours
			From	Through			
Representative of corporate director	Chen, Cheng-Chiang	2022/07/13	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3
			2022/08/29	2022/08/29	Taiwan Insurance Institute	International Anti-Corruption and Whistleblower Protection Practices and Discussion on Money Laundering Prevention	3
			2022/09/05	2022/09/05	Taiwan Insurance Institute	Improvement to Board Competencies	3
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Directors and Supervisors' Important Civil Liabilities and Case Study	3
Representative of corporate director	Chao-Tung Weng	2016/01/15	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Directors and Supervisors' Important Civil Liabilities and Case Study	3
Representative of corporate director	Wang Shyi-chin	2019/09/30	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Directors and Supervisors' Important Civil Liabilities and Case Study	3
Representative of corporate director	Lee, Chih-Feng	2020/10/31	2022/07/07	2022/07/07	Taiwan Stock Exchange and Taipei Exchange	Industry-Specific Sustainable Development Roadmap Awareness-Raising Event	2
			2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Directors and Supervisors' Important Civil Liabilities and Case Study	3

Job title	Name	Date appointed	Date of training		Organizer	Course title	Training hours
			From	Through			
Representative of corporate director	Yang, Chen	2021/05/31	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Directors and Supervisors' Important Civil Liabilities and Case Study	3
Representative of corporate director	Kuo, Yu-Lun	2009/5/12	2022/09/16	2022/09/16	Securities and Futures Bureau	Financial Data Most Easily Overlooked by Directors	3
			2022/11/10	2022/11/10	Securities and Futures Bureau	The Structure and Succession of Family Holding Companies from the Perspective of Governance	3
Representative of corporate director	Liu, Hsiu-Mei	2022/02/01	2022/08/05	2022/08/05	Taiwan Investor Relations Institute	ESG - Challenges Faced by Enterprises Under the Sustainable Trend	3
			2022/10/07	2022/10/07	Taiwan Stock Exchange	Release of Guidelines on Performance of Duties by Independent Directors and Directors and Supervisors Awareness-Raising Event	3
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Directors and Supervisors' Important Civil Liabilities and Case Study	3
			2022/11/11	2022/11/11	Taiwan Corporate Governance Association	Legal Issues that Should Be Paid Attention to in Insider Shareholding Management and Share Transactions	3
Representative of corporate director	Chen, Tsan-Jen	2020/06/23	2022/01/14	2022/01/14	Taiwan Corporate Governance Association	Competitiveness vs Survivability; ESG Trends and Strategies	3
			2022/02/22	2022/02/22	Taiwan Corporate Governance Association	ESG-related Legal Issues that Should be Considered by the Board	3
			2022/03/11	2022/03/11	Taiwan Corporate Governance Association	Shareholders' Meetings and Equity Management	3
			2022/09/20	2022/09/20	Taiwan Corporate Governance	Ten Lessons on Corporate Governance	3

Job title	Name	Date appointed	Date of training		Organizer	Course title	Training hours
			From	Through			
					Association		
Independent Director	Wang, Po-Han	2017/06/22	2022/06/10	2022/06/10	Securities and Futures Bureau	Insider Trading Prevention Awareness-Raising Event 2022	3
			2022/06/22	2022/06/22	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Development Workshop	3
			2022/07/06	2022/07/06	Taiwan Investor Relations Institute	Intellectual Property Rights Management -Intellectual Property Lawsuit Practices	3
Independent Director	Chen Chia-Jung	2017/06/22	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Directors and Supervisors' Important Civil Liabilities and Case Study	3
Independent Director	Peng Tai-Guang	2020/06/23	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Sustainability Risks and Opportunities for Businesses	3
			2022/11/08	2022/11/08	Taiwan Investor Relations Institute	Directors and Supervisors' Important Civil Liabilities and Case Study	3

3.1.8 Governance performance evaluation

The board conducts internal board performance evaluation per year as per the evaluation procedures and evaluation indicators under the Rules of the Performance Evaluation of the Board of Directors and appoints an external professional independent agency or a team of external experts and scholars to conduct the evaluation at least once every three years. The internal or external board performance evaluation is completed before the end of the first quarter of the following year.

The Management Division collects information related to board activities and distributes and collects the following questionnaires. The evaluation results report is recorded based on the scoring criteria and submitted to the board for review and improvement.

I. Board of Directors Performance Self-Evaluation Questionnaire: Each director evaluates the overall board performance.

- II. Board Member Performance Self-Evaluation Questionnaire: Each director evaluates their own performance.
- III. Functional Committee Performance Self-Assessment Questionnaire: Functional committee evaluates its committee performance.

There are the following five aspects of evaluation indicators set by the Company for the board performance evaluation:

- I. Degree of involvement in the Company's operations.
- II. Improvement to the quality of the Board of Directors' decision-making.
- III. Composition and structure of the Board of Directors.
- IV. Elections of directors and their continuing education.
- V. Internal control.

There are the following six aspects of evaluation indicators set by the Company for the board members performance evaluation:

- I. Alignment with the Company's goals and mission.
- II. Awareness of responsibilities as a director.
- III. Degree of involvement in the Company's operations.
- IV. Internal relations management and communication.
- V. The directors' professional and continuing education.
- VI. Internal control.

There are the following five aspects of evaluation indicators set by the Company for the functional committee performance evaluation:

- I. Degree of involvement in the Company's operations.
- II. Awareness of responsibilities as a committee member
- III. Improvement to the quality of the functional committee's decision-making
- IV. Composition and selection of functional committee members.
- V. Internal control.

The 2022 internal evaluation results have been submitted to the board on February 21, 2023 and disclosed on the Company's official website.

- I. Board performance self-evaluation results: The total average score of the questionnaire: 95.82 points.
- II. Board member performance self-evaluation results: The total average score of the questionnaire: 97.45 points.
- III. Audit Committee performance self-evaluation results: The total average score of the questionnaire: 100 points.
- IV. Remuneration Committee performance self-evaluation results: The total average score of the questionnaire: 100 points.

We appointed the Taiwan Corporate Governance Association for the 2022 external board performance evaluation for the period from October 1, 2021 through September 30, 2022. We obtained the evaluation report issued by the association on November 21, 2022. We disclosed the evaluation results on the Company's official website and the reported it to the 20th meeting of the 10th board on December 21, 2022.

3.1.9 Ethical management

I. Ethical management

We require board members to abide by the Code of Ethical Conduct for Directors and managers and all employees to abide by the Ethical Corporate Management Best Practice Principles, to establish a corporate culture of ethical management and ensure sound development, as a reference for decent business operations. According to the rules and regulations, to ensure ethical management, the Company shall abide by the business philosophy of integrity, transparency, and responsibility, formulate business policies based on integrity, and establish excellent corporate governance and risk control mechanisms to create a business environment for sustainable development.

II. Recusal from conflicts of interest

As per a director recusal mechanism in the Rules of the Procedure for Board of Directors Meetings, when a director has personal interest involved in a proposal on the agenda of a board meeting shall recuse themselves from discussion and voting and shall not exercise their voting rights on behalf of another director.

III. Fraud prevention

Since the Company was established, we have regarded unethical conduct, such as requesting, making promises for, or accepting improper

benefits and accepting entertainment from stakeholders of suppliers as the most serious negligence. In addition to continuing this great tradition by promoting our corporate culture, we enhanced regulations and control mechanisms and employee training to prevent such conduct, including:

1. Employee conduct

Provided each employee with an "Employee Handbook" so that they can understand all the Company's requirements for conduct and ethics, and formulated the "Ethical Code for Employees" and the "Ethical Code of Conduct". Established general work rules, operating standards, and technical standards for the content and approaches to each position, with detailed principles and descriptions for each task.

2. Risk assessment

The Audit Office conducts risk assessments of each transaction cycle and operation per year in accordance with the FSC's Regulations Governing Establishment of Internal Control Systems by Public Companies, including the risk from the compliance with applicable laws, and draws up an annual audit plan based on the risk assessment results. As per the transaction cycle and operation risk assessment results at all operating sites including the headquarters office, the Pou Chen Technology Center and Office, Pinghe Plant's office, and China Steel's On-site Office at Yu Steel, no material corruption risk was identified.

3. Self-inspection

Heads of each unit and overseas companies prepare self-inspection reports in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies and the review indicators include employee conduct. In addition to being reviewed by the Audit Office, the inspection reports are submitted to the President to learn about of each unit has implemented a self-monitoring mechanism and timely responded to environmental changes by adjusting the design and implementation of the internal control system.

4. Employee training

The training courses for new employees include moral ethics, company regulations, and compliance with rules. We duly implement the corporate culture and practices, including teamwork, enterprise, pragmatism, and innovation, to motivate employees to be cautious in their words and deeds and establish a culture of integrity.

5. Punishments for violations

We will never allow any employee conduct in violation of business ethics. Any employee or manager who violates the ethics in our rules will be punished according to the Company's reward and punishment regulations regardless of length of service, including dismissal, and we will also take appropriate legal action.

IV.Regulations on lobbying and entertainment

To ensure a high-quality corporate culture and maintain the Company's image, we have formulated regulations that require employees not to accept gifts from people who have personal interest in their work; not to participate in banquets and entertainment hosted by people who have personal interest in their work; and require those who are affiliates to follow specific principles.

We drew up a "Lobbying registration form", a "Gifts received at work reporting form", and the "Banquet holding and gift giving for work guidelines" as a basis for employees to cope with gifts received, banquets and entertainment, and lobbying. When they received a gift from person with personal interest in their work, they should reject or return it unless otherwise stated.

We formulated a banquet for work application form. Whenever our employees need to entertain guests for business or form relations, they should not be extravagant.

3.1.10 Internal auditing and correction

I. Purpose of internal audit

The Audit Office is directly governed by the Board of Directors, and the chief internal auditor attends board meetings in a non-voting capacity to report on the audit work. The audit work is to assist the board and the Management Division in checking and reviewing the defects in the internal control system, assessing the effectiveness and efficiency of operations, and providing timely improvement suggestions to ensure the continuous and effective implementation of the internal control system, serving as a basis for reviewing and modifying the internal control system.

II. Correction and operation

1. The 2022 audit work was focused on the operating procedures of the eight major operating cycles, system interactive audit functions, audit tasks required by the FSC, evaluation and on-site audit of subsidiaries' internal control systems, response to complaints, and tasks assigned by superiors.
2. The audit unit draws up an annual audit plan based on the risk assessment results at the end of each year and audits the internal control system according to the plan. In 2022, it completed 27 audit reports and put forth 65 improvement suggestions, and each auditee and subsidiary adopted all suggestions, took appropriate improvement measures, included them under management and control, and continued to follow up on the improvement progress. After each audit project was completed, a report was sent to the independent directors for review in accordance with regulations.
3. The Audit Office reviewed the 2022 self-assessment report on the internal control system of each unit within the Company and each subsidiary and compiled the audit results of each operating cycle into the 2022 "Self-assessment Report on the Internal Control System" as the main basis for evaluating the effectiveness of the Company's overall internal control system and issuing an Statement of the Internal Control System.
4. The Company's internal control system in 2022 could reasonably ensure the achievement of the three major internal control objectives stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies.

III. Mechanisms and processes for making complaints and seeking advice and raising concerns

To maintain the reputation of China Ecotek, protect the safety of property, and prevent corruption, theft, embezzlement, or other unethical and dishonest conduct that undermines the rights and interest of shareholders, employees and partners, we have formulated the Code of Ethical Conduct for Employees, the Work Rules, the Ethics Guidelines for Employees, the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, and the Code of Ethical Conduct for Directors and required our members to abide by, while having reporting channels and processing procedures in place, to optimize corporate governance and ensure whistleblowers and related parties' legitimate rights and interest.

If it is discovered that an employee engages in improper conduct, such as corruption, fraud, waste, abuse of company resources, or violation of company rules, please file a complaint to the Company's Audit Office through the reporting hotline at 886-07-3336138 ext. 31802. The procedure for handling a case reported is as follows:

1. After accepting a complaint, the person in charge of the Audit Office will enter it in the Record Form of Complaints Accepted by the Audit Office.
2. After careful verification by the Audit Office, a responsible unit will handle it properly and compile and sent it to the supervisor for review.
3. A responsible unit should designate a project leader or form an investigation team to conduct an investigation. After the investigation results were reviewed by the head of a given department, it will be sent to the Audit Office for review.
4. The Audit Office regularly compiles cases and reports them to the board.
5. If directors or senior managers are involved in the investigation results, it should be reported to the independent directors.
6. Responsible personnel record the cases reported and handle the relevant materials throughout the process from acceptance, case confirmation, investigation to reporting, including raw data, written documents, audio files, and other forms of data. The relevant case materials will be processed in a confidential manner throughout the entire process and archived for future reference.
7. When handling reports or complaints, whistleblowers and stakeholders' identity should be protected to prevent their rights and interest from being damaged due to whistleblowing. However, it does not include whistleblowing for the purpose of slandering, forging, or framing others.

When the Audit Office receives a complaint, it protects whistleblowers and stakeholders' identity and processes relevant case materials in a confidential manner throughout the entire process and archives it for future reference to prevent their rights and interest from being damaged. After the Audit Office accepts a complaint and fills out the Record Form of Complaints Accepted by the Audit Office, a responsible unit will properly process it and compiles the data for review by the supervisor. The head of the unit should designate a project leader or form an investigation team to conduct an investigation. After the investigation results were reviewed by the head of a given

department, it will be sent to the Audit Office for review. The Audit Office may review the investigation results of the case reported and finalize the rewards and punishments depending on the circumstances and content in accordance with the Company's regulations. The Audit Office regularly compiles the number of cases and reports them to the board. If directors or senior managers are involved in the investigation results, it should be reported to the independent directors. No key major events occurred in the Company during 2022.

3.1.11 Information transparency

China Ecotek regards full information disclosure as an indispensable element of corporate governance. To make the information fully transparent, the Company has established a public information online reporting operating system in accordance with the Guidelines for Online Filing of Public Information by Public Companies promulgated by the Securities and Futures Commission, Ministry of Finance, to disclose company-related information through the Company's website (<http://www.ecotek.com.tw/>), spokespersons, and unit in charge of media contact for stakeholders' reference.

The Company is committed to improving the quality of corporate governance with outstanding results in information disclosure. In the 2022 Corporate Governance Evaluation results announced in 2023, China Ecotek ranked in the top 6% to 20% (level 2) of the domestic TWSE-listed companies. In the future, we will continue to improve information transparency.

	Category	Disclosure
Company website	About China Ecotek	Company history, business philosophy and future outlook, China Ecotek's videos, organization, occupational safety policy, quality policy, information security measures, and human resources
	Area of service	Business scope, main engineering performance, and catalog download
	Shareholder services	Shareholder services, financial information, shareholder Q&A, and investor conferences
	Corporate governance	Board of Directors, functional committees, ethical management, internal audit organization, corporate governance rules, as well as corporate governance unit and operations
	Sustainable business	Most recent ESG Report and past ESG Reports full text downloads, stakeholder surveys, as well as ESG implementation plans and implementation results

	development	
Business operations	A spokesperson system and unit in charge of media contact are in place (TEL: +886-7-3336138 ext. 31003 or 31005).	Publishing material information or making announcements
		News releases in response to contingencies or emergencies

3.2 Stakeholder engagement

3.2.1 Stakeholder identification

The core ESG team of China Ecotek took into account the experience of various departments and China Steel Group, referred to the definitions of stakeholders in the GRI Standards to identify entities or individuals that are reasonably estimated to be significantly affected by the reporting organization's activities, products and services, or whose actions are reasonably estimated to influence the organization's ability to successfully execute strategies and achieve goals. The main stakeholders identified including employees, non-governmental groups, the central or local governments, shareholders or investors, clients, suppliers, and subcontractors.

3.2.2 Topics discussed with stakeholders, identification, and classification

I. Information disclosure and continuous improvement

In addition to regularly disclosing the Company's relevant information on corporate governance, energy, and environmental management, and commitment to social harmony through business reports and the official website, we publish an ESG Report per year to further disclose the information on sustainable development. We launched the E Sustainable Development Zone (http://www.ecotek.com.tw/cec_csr/index.php) in 2013 and created a Facebook fan page on the Company's sustainable development, making it easier for stakeholders and the public to access the information and enhancing the accessibility, transparency, timeliness, completeness, and interaction. We also refer to feedback from society as a basis for continuous improvement and improvement to readers' satisfaction.

II. We have a "Stakeholder survey" area and a "Contact us" area in place.

To increase interaction and real-time communication with stakeholders, we have established two areas on the website:

(1) Stakeholder questionnaire (https://www.ecotek.com.tw/index.php?prog=cec_apply2020)

(2) Contact us (<https://www.ecotek.com.tw/index.php?prog=contact>)

Of them, the stakeholder questionnaire allows stakeholders to check and express their open-ended opinions on topics about which they are concerned. We discuss and respond to the questionnaire results in the soonest Sustainable Development Committee meeting. Furthermore, our responsible personnel respond to questions every day in the “Contact us” area according to the type of questions and actively report the handling situation by email or phone.

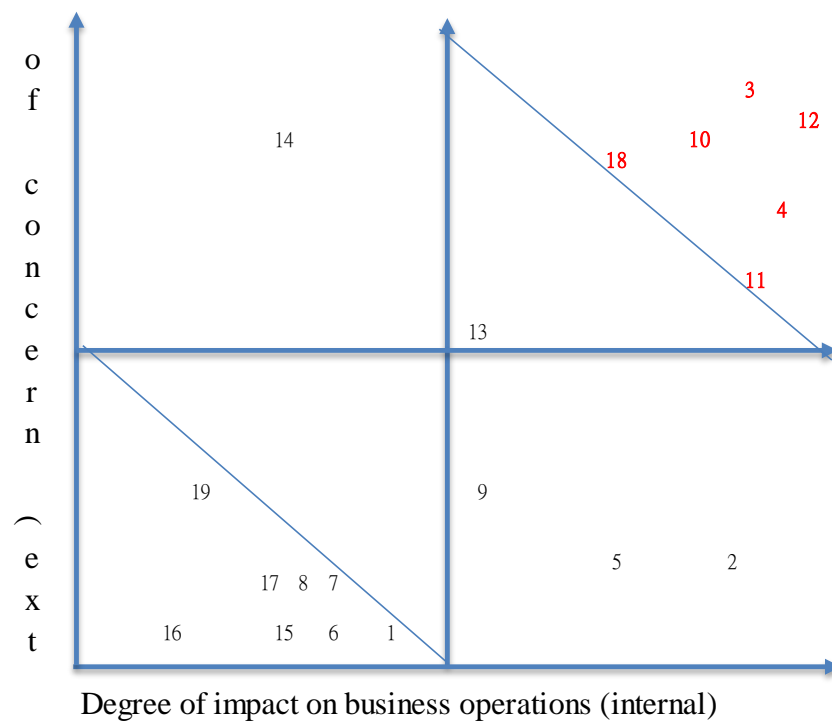
IV. We collect stakeholders' concerns about various topics are through questionnaire surveys through various communication channels mentioned above and the GRI Standards and compile the topics. A total of 140 stakeholders participated this time, including employees, non-governmental groups, shareholders or investors, clients, suppliers, and subcontractors. The core ESG team compiled a total of 19 topics in three major aspects with the definitions based on the GRI Standards.

Aspect	No.	GRI Standards	Topic	Definition	Remarks
Economy aspect	1	2-9	Corporate governance	About the composition and operations of the highest governance body, audit, and structure of directors and supervisors.	No revision
	2	2-22	Business development strategy	Management's responsibilities, strategies, and future targets in the aspects of economy, environment, and people	No revision
	3	405	Employee remuneration policy	Annual total remuneration ratio and salary increase	No revision
	4	201	Economic Performance	Economic information on revenue, expenses, and profits	No revision
	5	202	Market Presence	Ratios of standard entry level wage and government minimum wage and salary of non-managerial employees	No revision
	6	customize	Markets for core technologies and services	Process innovation, R&D, clients, benefits, and contributions	No revision
	7	customize	Client satisfaction survey, service, and management	The content, frequency, and respondents of client (owner) satisfaction surveys, methods to improve client satisfaction, and client service management approaches	No revision
	8	204	Supplier management	Management of upstream suppliers under factors of quality, delivery time, capabilities, and flexibility	No revision
	9	205	Anti-corruption	Anti-corruption, non-disclosure clause, moral/ethical codes of conduct, honesty to the organization, and violation reporting	No revision
People	10	401	Employment	Employee structure, new hire and turnover rates, benefits, unpaid parental leave, and long-term recuperation and care for people with injuries or illnesses.	No revision
	11	402	Labor-management	Collective bargaining agreement, labor disputes, communication channels, and	No

			relations	minimum period for notification of business changes	revision
	12	403	Occupational safety and health	Organization and operation of the occupational safety committee, occupational safety management system, frequency of disabling injuries, incidence of occupational diseases, and number of deaths.	No revision
	13	404	Training and Education	Whether training hours by gender are fair, improvement to employee competencies, as well as provision of transition assistance programs, performance evaluations, and career development reviews for employees who are about to retire or whose employment is terminated	No revision
	14	405	Employee diversity and equal opportunities	Diversity of governance units and employees and ratios of base salaries by gender	No revision
	15	406	Non-discrimination	Discrimination incidents due to race, color, gender, religion, politics, nationality, or social class, or related to stakeholders inside and outside the organization	No revision
	16	customize	Public welfare	The Company's participation in social welfare, types of charity events, and resource investment	No revision
	17	customize	Communication with stakeholders	Methods and contents of communication with various stakeholders and replies and results	No revision
Environmental aspect	18	2-27	Environmental pollution prevention and control	Engineering waste disposal methods and compliance with environmental protection laws and regulations	No revision
	19	302	Energy consumption and management	Internal energy consumption and management	No revision

V. Determination of material topics

We investigated the stakeholder's level of concern about the topics in the method mentioned above and then the core ESG team evaluated the impact of each topic on the Company's operations, analyzed the materiality of the topic accordingly, and drew a materiality matrix as follows:



No.	Material topic	No.	Secondary topic	No.	General topic
3	Employee remuneration policy	5	Market Presence	6	Markets for core technologies and services
4	Economic Performance	2	Business development strategy	15	Non-discrimination
10	Employment	9	Anti-corruption	8	Supplier management
11	Labor-management	13	Training and Education	1	Corporate governance

	relations				
12	Occupational safety and health	14	Employee diversity and equal opportunities	17	Communication with stakeholders
18	Environmental pollution prevention and control			7	Client satisfaction survey, service, and management
				19	Energy consumption and management
				16	Public welfare

As per the above materiality matrix, there are six material topics this year:

Material topic and boundary identification

Material topic	Topic boundary	Stakeholder	Category of topic	Corresponding to specific GRI topic	Corresponding chapter
Economic Performance	<ul style="list-style-type: none"> ● Inside the organization: employees ▲ Outside the organization: shareholders or investors, clients, suppliers, and subcontractors 	4. Investors	Economy	201	4.1
Employee remuneration policy	<ul style="list-style-type: none"> ● Inside the organization: employees 	8. Employees	People	405	8.9.1 8.9.2 8.9.3
Occupational safety and health	<ul style="list-style-type: none"> ● Inside the organization: employees ▲ Outside the organization: central or local governments, clients, and subcontractors 	8. Employees and subcontractors	People	403	8.10

Employment	<ul style="list-style-type: none"> ● Inside the organization: employees ● Outside the organization: central or local governments 	8. Employees	People	401	8.3 8.4 8.5 8.6 8.7
Labor-management relations	<ul style="list-style-type: none"> ● Inside the organization: employees ● Outside the organization: central or local governments 	8. Employees	People	402	8.9 8.9.5 8.9.7 8.9.8
Environmental pollution prevention and control	<ul style="list-style-type: none"> ● Governance ▲ Outside the organization: central or local governments, clients, and shareholders 	4. Investors	Environment	2-27 305	6.

● Direct impact ▲ Business relationships

3.2.3 Material topics

Material topics and elements 2022

Material topic	Significance	Management policies and action plans	Assessment mechanism	Assessment results (corresponding chapter)
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Economic Performance	Information, such as the generation and distribution of economic value, reflects how an organization creates wealth for its stakeholders. Several factors in the economic value generated and distributed reflect the organization's economic situation and help normalize other performance data. Financial performance effectively describes a company's economic value.	To enable shareholders to access more accurate and detailed information about China Ecotek when making investment decisions, after the monthly settlement is created, we disclose the information on the monthly and cumulative revenue to the public in accordance with the information disclosure or information reporting regulations of the Taiwan Stock Exchange and also on the official website (http://www.ecotek.com.tw). In addition to accessing relevant information from the website, shareholders can participate in the annual shareholders' meeting to communicate with the management team face-to-face or learn about the Company's business policies and performance from the annual reports. Moreover, shareholders can ask questions or make suggestions to the spokesperson or acting spokesperson by telephone or email, and all questions will be handled and answered by responsible personnel.	Regulations on business performance and earnings distribution, investees' business performance, sources of funds, and government subsidies, and tax policies	4.1
Employee remuneration policy	The most important factor influencing the company's talent recruitment and retention is also the topic about which employees are most concerned .	We have a complete salary system as well as promotion and evaluation regulations in place for all employees, while conducting performance management. We established salary standards by evaluating the supply and demand of the labor market and the salary level in the market to ensure we provide salaries better than the standard set by the Ministry of Labor. We determine individual salaries based on the position held, education, work experience, and manpower demand in the market, as well as the salary of existing employees or those who hold the same position or with the same length of service. We adjust new employees' salary after	Salary management regulations, promotion review regulations, establishment of a promotion review committee, salary standards for overseas staff, evaluation	8.9.1 8.9.2 8.9.3 8.9.4

		<p>they have worked for three full months as per their evaluation results.</p> <p>Our promotion system is based on a two-pronged approach, featuring "management" and "professionalism". We promote employees based on their characteristics, specialty, competencies, work performance, and potential for being leaders. During promotion, nominations are made by each respective unit, and its responsible supervisor decides to approve the promotion based on their work performance, work experience, moral character and integrity, occupational safety and environmental performance, as well as education and training results.</p>	<p>regulations, employee remuneration payout regulations, job rotation regulations</p>	
Occupational safety and health, employment, and labor-management relations	<p>Employees are the Company's most critical assets.</p> <p>Without occupational safety, there is no business opportunity. Zero accident in the workplace is our goal. Employee work rights, labor conditions, work safety, health protection, and benefits are all in compliance with or better than the requirements under the Labor Standards Act and other</p>	<p>Drawing up and implementing occupational safety and health and plans and achieving targets every year, establishing an Occupational Safety and Health Committee, and regularly holding meetings and subcontractors' health committee meetings. Implementing various safety and health measures, offering education and training, and having regular inspection tours.</p> <p>Ensuring that employees' employment and labor rights are protected.</p> <p>Ensuring that employees' salaries and benefits are better than legal requirements to take care of their lives, thereby attracting, training, and retaining talents.</p> <p>Establishing rules and regulations that are open, fair, just, motivating, and protective.</p> <p>Regularly holding communication mechanisms, such as labor-management meetings, Welfare Committee meetings, and Occupational Safety and Health Committee meetings, and signing a collective bargaining agreement to create a harmonious and inclusive work environment and create win-win outcome for both employer and employees.</p>	<p>Labor inspection, a safety and health policy, Occupational Safety and Health Committee, performance evaluation, a promotion review committee, a labor union, a collective bargaining agreement, labor-management meetings, a Welfare Committee, a Sexual Harassment Complaint</p>	<p>8.2 8.3 8.5 8.6 8.7 8.8 8.9 8.10</p>

	applicable laws and regulations.	Contributing to the labor pensions in accordance with the Labor Standards Act and the Labor Pension Act; established a Stock Ownership Trust Committee in 2006 to facilitate employee participation, increase their awareness that employees are shareholders, allowing them to have a sense of fulfillment in line with the Company's growth with a layer of security for workers' lives after retirement.	Response Committee, a Reward and Punishment Review Committee, and a Supervisory Committee of Labor Retirement Reserve.	
Environmental pollution prevention and control	Environmental pollution prevention and control is an urgent global issue today and is the core technology on which engineering companies rely for survival and their main source of operating revenue.	Engineering companies do not create production or manufacturing pollution, but we still established energy management and environmental protection management targets and energy-saving measures for electricity and water consumption. We are also actively adopting various environmental and energy-saving technologies to discharge or emit engineering waste and making improvements to reduce human errors and improve difficult and complicated problems in a rigorous manner. We also focus on the research and development of technologies for green energy products and launched environmental pollution prevention products in our own brand.	Formulating management regulations and setting targets for carbon reduction and reduction of electricity and water consumption and greenhouse gas emissions. Energy-saving measures, subsidies for MRT, and value adding cost for light rail transit. Legal compliance	6.

3.2.4 Communication with stakeholders

The ESG Committee regularly discusses material issues in governance, people, and the environment, the achievement of each unit's targets, and the setting of future directions, and compiles relevant 2022 achievement data, stakeholder engagement results, and ESG Committee' discussions and suggestions and submits them to the chair for review, while reporting to the board for confirmation per year on December 19, 2022.

Stakeholders	Participation method and frequency	Stakeholder engagement result for 2022 (2022/01/01-2022/12/31)
Employees	<ol style="list-style-type: none"> 1. Regular (monthly) division and departmental communication meetings. 2. Regular (quarterly) Employee Welfare Committee meetings. 3. Regular (quarterly) Occupational Safety and Health Committee meetings. 4. Regular (quarterly) labor-management meetings. 5. Regular (quarterly) Supervisory Committee of Labor Retirement Reserve meetings. 6. Regular (annual) Stock Ownership Trust Committee meetings. 7. Regular collective bargaining agreement meetings (monthly) with the labor unions of China Ecotek and China Steel Group. <p>Chen, Head of Human Resource Division : tjchen@ecotek.com.tw Email of the Director-General of the</p>	<ol style="list-style-type: none"> 1. A total of 167 division and department communication meetings were held, the relevant units were informed of all proposals resolved, and such resolution results were reported to the President for follow-up. 2. The Welfare Committee held a total of four meetings; although the employee teambuilding activities were affected by the pandemic in 2022, we still held eight such activities when the pandemic was slowing down, with more than 1,300 employees and their families participating. There were also large club activities, including a bowling games and pool games held in December. 3. The Occupational Safety and Health Committee held a total of four meetings and was responsible for formulating, planning, implementing, and supervising the occupational safety and health business. 4. We hold labor-management meetings to coordinate labor-management relations and enhance labor-management collaboration. We held a total of five regular meetings and one extraordinary meeting this year, totaling six meetings. 5. We handled the business under the old employee pension scheme. In 2022, a total of four employees under the old pension scheme retired. 6. The Stock Ownership Trust Committee adjusted the number of members participating in the ownership trust a total of four times. 7. We continue to hold monthly collective bargaining agreement meetings with the labor union of China Steel Group and discuss opinions submitted. A total of eight meetings were held this year. 8. We negotiated with the Company's labor union about the amendment to the Work Rules. A total of three meetings were held this year.

	<p>Welfare Committee: dhlin@ecotek.com.tw Occupational Safety and Health Committee email: chanaoc@ecotek.com.tw Labor-management meeting: ylou@ecotek.com.tw Supervisory Committee of Labor Retirement Reserve: yalan@ecotek.com.tw Stock Ownership Trust Committee: mlsong@ecotek.com.tw</p>	
Non-governmental groups	<ol style="list-style-type: none"> 1. Participating in events held by unions, associations, and societies; visiting and engaging in exchanges with them from time to time; proactively publishing press releases. 2. Seminars, research plans, and unscheduled visits and exchanges. <p>Guo, Head of Business Division: wykuo@ecotek.com.tw</p>	<ol style="list-style-type: none"> 1. Participating in events held by six unions, two associations, and four societies 2. Each unit sends personnel to participate in various exchange events from time to time.
Central or local governments	<ol style="list-style-type: none"> 1. Regular regulatory audits. 2. Filing of various tax returns. <p>Yang, Deputy Head of Financial and Accounting Division: ymyang@ecotek.com.tw</p>	<ol style="list-style-type: none"> 1. Participated in investor conferences held by Deloitte & Touche, Taiwan Stock Exchange, and Securities and Futures Bureau, with a total of 26 participants. 2. Regularly filing house tax, fuel tax, license tax, tariff, and commodity tax returns, and regularly filing business tax and stamp duty returns every two months, paying a total of NT\$133,072 thousand.
Shareholders or investor	<ol style="list-style-type: none"> 1. Holding an annual shareholders' meeting per year. 2. Announcing material information 	<ol style="list-style-type: none"> 1. Held an annual shareholders' meeting on June 23, 2022. Please refer to the Company's website for the meeting handbook, annual report, and meeting minutes. 2. Please refer to the Market Observation Post System for material information in Chinese

s	<p>in both Chinese and English in accordance with the competent authority's regulations.</p> <p>3. Announcing annual financial statements and those for the first, second, and third quarters in accordance with the competent authority's regulations.</p> <p>4. Announcing information on monthly revenue and related party transactions.</p> <p>5. Holding investor conferences twice a year.</p> <p>6. Setting up a website for investors to ask questions and designating personnel to accept and answer questions.</p> <p>Hong, Professional Administrator of Financial and Accounting Division: cyhung@ecotek.com.tw</p>	<p>and English, financial statements, and revenue announced.</p> <p>3. Held investor conferences on May 25, 2022 and December 21, 2022, with presentation materials in Chinese and English placed on the Company's website.</p>
Supplier s	<p>Informing suppliers from time to time, with various applicable rules clearly stated in purchase orders.</p> <p>Lin , Head of Procurement Division: hwlin@ecotek.com.tw</p>	<p>1. Clearly specifying the content and specifications of orders with suppliers in detail during price inquiries, requiring on-time delivery to the designated location, and emphasizing the performance of responsibilities and the following key requirements:</p> <p>(1) If the seller has any doubts about the content of a price inquiry, it should immediately ask the person in charge of the purchase. Without inquiry, it will be deemed that the seller has clearly understood the content of the inquiry. If there is a difference between the seller's quotation and the buyer's procurement specification, the difference should be noted in the specification difference form (no objection should also be indicated), and the quotation will be valid only after the buyer signs on the form.</p> <p>(2) Except for the buyer's inquiry form, specifications, and their accompanying</p>

		<p>documents, the buyer does not recognize the validity of other documents unless they are agreed and signed by the buyer.</p> <p>(3) The seller should deliver the goods at the location designated by the buyer and be responsible for the freight and unloading expenses. If the buyer seeks relevant unloading equipment on the seller's behalf, the equipment costs (without a receipt) will be withheld from the payment, and the seller should not make an objection. If otherwise agreed, the buyer is responsible for freight or unloading expenses.</p> <p>(4) The buyer reserves the right to award bids on a case-by-case basis. When the seller offers a quote, it should fill in the unit price and total price together without including business tax.</p> <p>(5) The validity period of the seller's quote should not be shorter than 30 days, and the quote should not be withdrawn within the validity period. Once the seller's quote is accepted by the buyer, the inquiry can be regarded as part of a contract or purchase order, and the latter will send the purchase order to the former. When the purchase order is delivered to the seller, the sales contract will be finalized immediately.</p> <p>(6) The seller should make a careful evaluation during quotation to ensure that all information provided is accurate, true, and valid, and be responsible for it. After a quote is offered, the seller may cancel or withdraw it for any reason. Any untrue quote or inability to perform a contract after an order is placed is forbidden. Any violation will be regarded as a major breach of contract and punished in accordance with the Company's Regulations on Responding to Suppliers with Violation of the Principle of Good Faith, and the Company should be compensated for all damages and losses suffered as a result of the violation (including but not limited to price differences for additional purchases, labor costs, fines by owners, and exchange rate differences).</p> <p>(7) Rules of fines for order placing: ① If the seller delays delivery by no more than 30 days, it will be fined two thousandths of the price of the late delivery per calendar day. Starting from the 31st day, 0.5% of the price of the late delivery will be fined per calendar day. ② If the seller fails to deliver the goods before the deadline, the buyer may cancel or terminate all or part of the contract at any time without issuing a legal attest letter and may request the seller to pay for the part that is canceled or terminated as a fine for a breach of contract. If the seller's delivery of the part of the contract that has not been canceled or terminated is past due but has been accepted by</p>
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		<p>the buyer after the acceptance process, the buyer may still claim an overdue fine or damages.</p> <p>(8) If the buyer and the seller sign a sales contract, and both parties work exclusively on the basis of mutual benefit, both parties agree that the buyer is the only contact point for the seller to contact and transact with the owner of a project. Without the buyer's written consent, the seller, including its branches, subsidiaries, affiliates, or any sales distributors, should not offer quotes or make sales to the owner in any other way. In the case of any violation, the seller should compensate for the buyer for the relevant damages and losses incurred as a result.</p> <p>2. Suppliers should pay attention to issues related to human rights and environmental protection in the supply chain, and we specify two clauses in the supplier contract:</p> <p>(1) The seller's operating activities should be in compliance with the applicable laws and regulations of the Republic of China. Child labor is strictly prohibited. The seller must not violate laws and regulations on human rights and engage in forced or compulsory labor.</p> <p>(2) When the purchase contract is finalized, the buyer and the seller shall abide by both parties' sustainable development policy. If the supplier violates the policy with a material impact on the environment and people in the community from which the source of supply is, the contract may be terminated or cancelled at any time.</p> <p>3. We urge suppliers to protect the environment, save energy and reduce carbon emissions, support green energy industry promotion strategies, and improve safety and health, while emphasizing human rights, jointly maintaining sustainable business development, and having risk management and business continuity plans in place.</p> <p>4. We adopt the TIPS verification system for procurement, add "confidentiality" and encrypted pattern to the price inquiry form to distinguish the confidentiality level, and require suppliers to abide by the Integrity and Cleanliness Clause and the non-disclosure agreement.</p> <p>5. Completed orders in 2022: We accepted 1,696 orders and completed 1,627; the completion rate reached 96%.</p> <p>Quality assessment after the completion of delivery acceptance: 1824 orders were delivered and accepted, of which 1822 were not defective; the delivery quality and completeness reached 99%; one order was delayed, and we notified the supplier of</p>
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		improvement; one product was defective and has been rejected without payment made.
Subcontractors	<ol style="list-style-type: none"> 1. Regularly (monthly) subcontractor safety and health committee meetings at Dragonsteel and China Steel's plants. 2. Clarification of subcontractor contract regulations 3. Risk notification. 4. Requirements for engineering insurance 5. Discussion on communication methods and frequency with subcontractors 6. Supplier evaluation and project completion performance evaluation <p>Chou, Head of Safety and Health Division: fschou@ecotek.com.tw Lin, Head of Procurement Division: hwlin@ecotek.com.tw</p>	<ol style="list-style-type: none"> 1. Due to the impact of the pandemic, the subcontractors' safety and health committees still held a meeting despite the anti-pandemic measures, to formulate, plan, launch, promote, and supervise each plant's occupational safety and health business. 2. Clarification of doubts about contract specifications: A project unit will participate in bid opening on-site. If suppliers have any doubts about the specifications, they can request clarifications from the unit before bidding and the official bid opening, to have all subcontractors to bid on an equal footing and achieve fairness and openness. 3. Notification of subcontractors of contracting risks: We inform subcontractors of the commercial terms of the project contract (including deadline, payment method, an overdue fine, performance guarantee, engineering warranty, and engineering insurance), and urge them to hold a work safety meeting before starting construction to inform workers of the environmental and construction hazards and other risks and require them to abide by all safe construction procedures. 4. Engineering insurance (employer's accident liability insurance, employer's compensation insurance, and employer's personal injury insurance) <ol style="list-style-type: none"> (1) We require each subcontractor to purchase engineering insurance when being contracted, including employer's accident liability insurance of at least NT\$6 million, employer's compensation insurance of at least NT\$5 million, and Party B's person-in-charge personal injury insurance of at least NT\$5 million. Notification of contracting risks: We inform subcontractors of the commercial terms of the project contract (including deadline, payment method, an overdue fine, performance guarantee, engineering warranty, and engineering insurance), and urge them to hold a work safety meeting before starting construction to inform workers of the environmental and construction hazards and other risks and require them to abide by all safe construction procedures. (2) Engineering insurance (employer's accident liability insurance, employer's compensation insurance, and employer's personal injury insurance): We require each subcontractor to purchase engineering insurance when being contracted, including employer's accident liability insurance of at least NT\$6 million, employer's compensation insurance of at least NT\$5 million, and Party B's person-in-charge

		<p>personal injury insurance of at least NT\$5 million.</p> <p>5. Visits to suppliers and plants from time to time; We hold an annual occupational safety banquet every year, at which we commend those with excellent performance based on the evaluation results. Biennial long-term contract maintenance promotion to raise awareness of the following matters:</p> <p>(1) Party B or its subcontractors shall not gamble, drink alcohol, fight, store prohibited items or take in suspects in any area inside or outside a construction site. If this undermines Party A's personal safety, property, or reputation or its employees as a result, Party B shall be liable for compensation. Party A may give Party B a period to make improvements or terminate the contract with Party B without issuing a legal attest letter.</p> <p>(2) Party B or its subcontractors shall not employ child workers or illegal foreign workers or violate any human rights laws and shall not bear forced or compulsory labor risks or engage in activities that undermine employees' freedom of association or mutual agreement. Once found, Party A may terminate the contract.</p> <p>(3) Insurance: ① Due to the inability to immediately resolve labor disputes caused by accidents caused by subcontractors during construction, we included the Employer's Compensation Contract Liability Insurance of NT\$5 million in the engineering insurance in the domestic engineering contracts of China Ecotek and the long-term maintenance contracts of China Steel and Dragonsteel, without additional requirement for the group injury insurance as required before. ② The employer should purchase personal accident insurance or group injury insurance with a coverage of NT\$5 million. ③ Party B shall submit the Bureau of Labor Insurance's List of Insured Persons, List of Labor Pensions, and National Health Insurance Administration's Insured Unit Premium Statement to Party A for review on a monthly basis when requesting a payment, otherwise it will be deemed as an incomplete payment request procedure, and Party A will not process the payment until Party B submits all documents. Also, Party B shall submit payment receipts of Labor Pension, Bureau of Labor Insurance's Labor Insurance Premium, and National Health Insurance</p>
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		<p>Administration's National Health Insurance Premium on a monthly basis to Party A for review when requesting a payment. If Party B is found to have failed to make such a payment before a deadline, it shall be fined in accordance with General Penalty Rule M1080 of China Steel's Common Terms, and we will negotiate with Party B for improvement as appropriate. If the situation is serious, we may terminate the contract.</p> <p>6. Evaluation of subcontractors: We completed the evaluation of a total of 393 subcontractors out of 394, with 15 level 1 subcontractors, 139 level 2, and 241 level 3. The supplier evaluation completion rate was 99.7%. Evaluation of subcontractors' performance with completed projects: In 2022, we completed the evaluation of a total of 110 completed projects (excluding maintenance) by subcontractors out of 110, with a completion rate of 100%. Among them, there were a total of 98 general projects rated as qualified (70 points or above) and zero rated as unqualified (lower than 70 points); there were 12 technical service projects rated as qualified (70 points or above) and zero rated as unqualified (lower than 70 points).</p>
Clients	<ol style="list-style-type: none"> 1. Interviews with sales personnel from time to time. 2. Regular update of the company website with the latest information on products and services. 3. Regular client satisfaction surveys (twice per year). 4. Visits to senior managers from time to time. 5. Participation in forums and seminars organized by 	<ol style="list-style-type: none"> 1. Actively visiting major clients and potential clients, continuing to following up and seizing business opportunities, assisting departments in charge of projects, and providing professional advice. 2. Revised the Company's official website in 2022 in response to digital transformation, with a new e-commerce platform added and the web content continuously updated to improve client relations management. 3. A questionnaire survey on projects (each worth at least NT\$10 million). As of October, 31, 2022, the questionnaire survey results are as follows: (1) We distributed 36 copies of a project completion satisfaction questionnaire, 31 of which were returned, with a score of 91.1 points; (2) We distributed 44 copies of a client satisfaction questionnaire at the end of the

	<p>clients/potential clients from time to time to learn about industry information.</p> <p>Guo, Head of Business Division: wykuo@ecotek.com.tw</p>	<p>warranty period, 41 of which were returned, with a score of 93.2 points;</p> <p>(3) We distributed seven copies of a client satisfaction questionnaire for operations on their behalf, all of which were returned, with a score of 93.9 points;</p> <p>(4) We distributed eight copies of a client satisfaction questionnaire for water treatment chemicals, all of which were returned, with a score of 94.8 points.</p> <p>The scores were all higher than 90 points, indicating that clients were very satisfied with our quality, and we met the quality target.</p> <p>4. Keeping abreast of business information related to potential clients in the public and private sectors and visiting clients from time to time to strive for business opportunities.</p> <p>5. Participating in seminars held by various associations and government agencies to collect information on industry development and business.</p>
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3.3 Quality and environment, safety, and health management system

3.3.1 ISO 9001

The Company applied for ISO 9001 certification in 1999 and experienced revisions in 2000 and 2008. We passed the external verification of the 2015 version in July 2017 and are striving for continuous improvement and comprehensive quality management.

Business philosophy and quality policy

1. Business philosophy: The management team and all employees of the Company adhere to the business philosophy based on the four core values of excellence, technology, integrity, and quality, and we have developed a three-pronged growth strategy of engineering, operations and maintenance, and circular economy, to create values with clients and become their trustworthy partners.
2. Quality policy: The President, based on the Company's business philosophy and clients' needs and expectations, has clearly defined the Company's quality policy as: providing quality clients are satisfied using excellent technology and honest service.
3. The management is committed to continuously and effectively improving the quality management system and raising employees' awareness of the Company's quality policy through meetings, announcements, or electronic communications, to enable them to understand and implement it.
4. The quality policy should be reviewed for continuous suitability in the Management Review Meetings and amended and adjusted in a timely manner.

3.3.2 ISO 14001

In respect of environmental management, the Company takes the responsibility for environmental protection, implements various environmental management measures, and abides by the environmental protection laws and regulations and international conventions, while striving to establish an excellent living environment. In August 2006, we passed the ISO 14001 environmental management system assessment and were awarded a certificate. To maintain quality, we have appointed SGS Taiwan Limited to conduct annual external audits and reviews per year since we passed the verification, showing our emphasis on environmental management.

Environmental policy

- I. Complying with applicable government environmental laws and regulations and other requirements; striving to implement water treatment projects and construction projects on behalf of owners in compliance with the environmental management system.
- II. Offering environmental education and training to employees to duly implement the environmental protection work; continuing to adopt environmental engineering technologies, and recycling resources.
- III. Auditing and reviewing the environmental management system; making continuous improvements to enhance environmental quality.
- IV. Conveying China Ecotek's environmental policies to stakeholders, maintaining communication with them, and working together to protect the environment, maintain the environment, save energy and reduce carbon emissions, and become green enterprises.
- V. Working with the group to promote the green lifestyles to China Ecotek and employees.
- VI. Passed the ISO 14064-1 greenhouse gas emission inventory and ISO 14067 product carbon footprint third-party verification in November 2022 and obtained assurance statements in line with the requirements of the FSC and China Steel Group.

3.3.3 ISO 45001

In terms of occupational safety and health management, we improve employees' awareness and literacy of occupational safety and health through education, training, and management, with the ultimate goal of ensuring zero disaster in occupational safety.

In March 2001, we passed the OHSAS (Occupational Health and Safety Assessment Series) 18001 assessment and was awarded a certificate. Also, in response to the revocation of the OHSAS18001 system and regulatory requirement for a safety and health management system based on the scale and nature of the company, we conducted a review of the revised ISO45001 system in February 2020 and passed the ISO45001 occupational safety and health management system verification in March 2020.

To meet the requirements for a management system and comply with the Article 1-1 of the Regulations Governing the Occupational Safety and Health Management, we have appointed SGS Taiwan Limited to conduct annual external audits and reviews per year since we passed the verification. We passed the most recent certificate renewal (once every three years) review in March 2022, showing our emphasis on occupational safety and health management and laws and regulations.

Occupational safety and health policy

- I. Eliminating hazards, such as falls, electric shocks, collapses, poisoning, bruises, or illness that may occur during engineering operations.
- II. Enhancing the safety and health equipment in the work environment, preventing the occurrence of injuries or illness, conducting labor health management and holding health promotion activities, carrying out various protective safety and health tasks, and continuing to improve safety and health management and performance.
- III. Abiding by occupational safety and health laws and regulations and the reasonable requirements from owners and other stakeholders, and continuing to implement the “zero disaster” measures to prevent disasters.
- IV. Conveying policies and laws to each employee through education and training, awareness-raising, safety observations, safety participation, and consultation and communication and continuing to raise subcontractors’ awareness of occupational safety and health policies and concepts.
- V. Publicly raising people’s awareness of our occupational safety and health policies, measures, and safety and health management performance, to gain the trust of employees, clients, owners, social groups, government agencies, and stakeholders.

4. Investors

4.1 Finance

To enable shareholders to access more accurate and detailed information about China Ecotek when making investment decisions, after the monthly settlement is created, we disclose the information on the monthly and cumulative revenue to the public in accordance with the information disclosure or information reporting regulations of the Taiwan Stock Exchange and also on the official website (<http://www.ecotek.com.tw>). In addition to accessing relevant information from the website, shareholders can participate in the annual shareholders' meeting to communicate with the management team face-to-face or learn about the Company's business policies and performance from the annual reports. Moreover, shareholders can ask questions or make suggestions to the spokesperson or acting spokesperson by telephone or email, and all questions will be handled and answered by responsible personnel.

4.1.1 Operating performance and earnings distribution

Please refer to the Company's 2022 annual report on https://www.ecotek.com.tw/?prog=shareholders_meeting for more information on the Company's operating performance, financial position, and operating revenue.

I. Operating revenue

The 2022 operating revenue reached NT\$8.844 billion, an increase of 4.24% compared with 2021. The gross margin will increased by 14.96% compared with 2021 and the pre-tax income reached NT\$612 million, an increase of 26.73% compared with 2021.

Unit: NT\$ thousand

Item	2021	2022	Increase or decrease (amount)	Increase or decrease (%)
Sales revenue	84,797	113,166	28,369	33%

Engineering revenue	8,105,978	8,433,235	327,257	4%
Revenue from technical services	293,838	297,652	3,814	1%
Total operating revenue	8,484,613	8,844,053	359,440	4%

II. Operating cost

Unit: NT\$ thousand

Item	2021	2022	Increase or decrease (amount)	Increase or decrease (%)
Cost of sales	59,953	86,363	26,410	44%
Engineering cost	7,456,390	7,694,046	237,656	3%
Cost of technical services	247,782	250,781	2,999	1%
Total operating cost	7,764,125	8,031,190	267,065	3%

Note: Financial statements have been prepared based on the IFRS since 2013.

III. Non-operating income and expenses

Unit: NT\$ thousand

Item	2021	2022	Increase or decrease (amount)	Increase or decrease (%)
Interest income	49,252	59,209	9,957	20%
Other income	28,989	22,686	-6,303	-22%
Other gains and losses	18,886	86,304	67,418	357%
Financial costs	-1,528	-815	713	-47%

Share of profits and losses of associates recognized using the equity method	144,935	111,885	-33,050	-23%
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Note: Financial statements have been prepared based on the IFRS since 2013.

IV. Earnings distribution

The 2022 earnings available for distribution were NT\$919 million, and the 2022 cash dividends to shareholders for 2022 were NT\$3 per share. The earnings per share after tax for the past three years are as follows:

Year	Operating revenue	Net income after tax	Earnings per share after tax
2020	NT\$8.836 billion	NT\$197 million	NT\$1.60
2021	NT\$8.485 billion	NT\$404 million	NT\$3.26
2022	NT\$8.844 billion	NT\$521 million	NT\$4.21

The cash dividend yields for the past three years are as follows:

Year	Price-earnings ratio	Price-dividend ratio	Cash dividend yield
2020	20.37	24.14	4.14
2021	11.71	14.68	6.81
2022	9.99	14.02	7.13

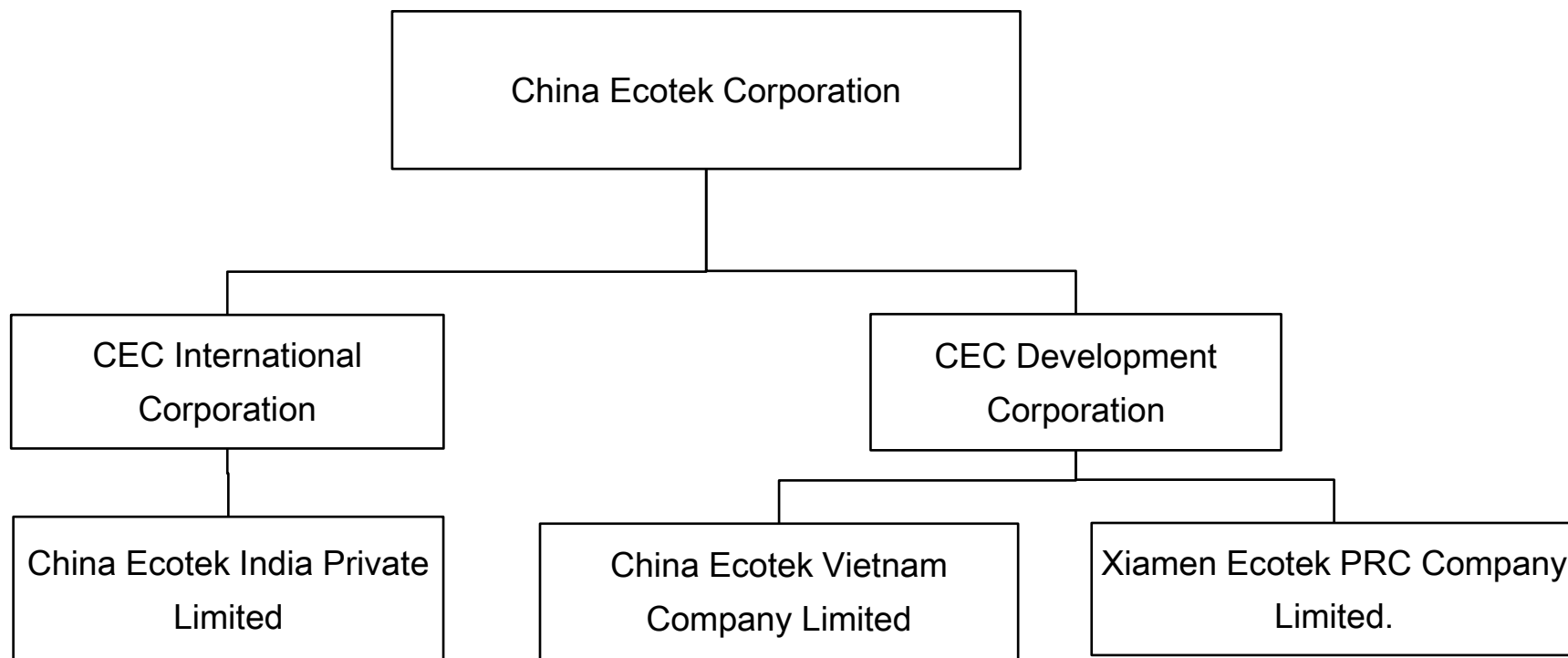
As per the Articles of Incorporation, where the Company has a profit for a fiscal year, no less than 0.1 percent of such profit shall be appropriated as the employee remuneration and no higher than 1% of such profit shall be appropriated as director remuneration by a resolution of the board. The recipients entitled to the issuance of the employees' remuneration include employees of affiliates satisfying certain criteria, provided that where there is an accumulated loss, the Company shall reserve amount to compensate such loss first, followed by setting aside for the employee remuneration and the director remuneration according to the aforementioned ratio.

The proposal for the distribution of employee remuneration and director remuneration should be submitted to the board for a resolution and reported to the shareholders' meeting. In the case of any earnings at the end of a year, the order for distribution is as follows:

1. Compensate losses of previous years;
2. Providing 10% as a legal reserve unless the total amount has reached the total capital of the Company;
3. Where there are still distributable earnings, the board of directors shall then submit an earnings distribution proposal to the shareholders' meeting for resolution on the distribution thereof.

4.1.2 Investees

To expand overseas engineering business, we have established subsidiaries in Vietnam, China, and India, covering the business in engineering construction, industrial materials, and financial investment.



Each subsidiary's operating performance in 2022 is as follows:

- I. Vietnam: China Ecotek Vietnam Company Limited's earnings after tax amounted to NT\$27,227 thousand.
- II. China: Xiamen Ecotek PRC Company Limited's earnings after tax amounted to NT\$3,249 thousand.

III. India: China Ecotek India Private Limited's earnings after tax amounted to NT\$591 thousand.

4.1.3 Sources of funding and government subsidies

The Company's shareholder structure is as follows: (data as of the latest book closure date)

Shareholder structure	Shareholding
Government (public) organizations	-
Investment by domestic financial institutions	-
Investment in domestic securities trust funds	-
Investment by domestic natural persons and other juridical persons	99.12%
Overseas ethnic-Chinese juridical persons, natural persons, trust funds, and investments	0.88%
Total	100%

4.1.4 Tax policies

I. Tax strategy

We seek to improve tax risk management and are committed to information transparency and legal compliance, while supporting the government's preferential tax policy and promotion of local economic development and industry innovation, to consolidate the foundation

for sustainable development.

II. Tax risk management

1. We ensure that assessments of taxes related to decisions to be made are conducted along with a team of professional in-house tax experts and external experts with adequate qualifications and experience.
2. We include all the Company's major decisions in the tax assessment and raise the approval level to the Company's top managers.
3. Enhancing the transparency of tax reporting enables the disclosures of taxes to be handled in accordance with applicable regulations and standards.
4. Transactions between affiliates are in line with the internationally recognized pricing principles published by the Organisation for Economic Co-operation and Development (OECD) and the Base Erosion and Profit Shifting (BEPS), so that affiliates' pricing policies are in line with the convention.
5. To respond to the relevant major regulatory requirements in the global anti-tax avoidance trend, we avoid a tax plan based on tax havens or low-tax countries for improper tax avoidance.
6. Based on the three major aspects of mutual trust, information transparency, and legal compliance, we interact with tax authorities in an honest, respectful and fair manner and offer to mention important tax topics so that both tax authorities and the Company can focus on the effective use of resources.

III. Sustainable development business philosophy

We support the government's preferential tax policy to promote local economic development and industry innovation, achieve sustainable development goals, and increase shareholders' return on investment, so as to achieve sustainable development.

The Company applied for a five-year tax-free investment credits in accordance with the Statute for Upgrading Industry and selected the tax-free period for exemption of the profit-seeking enterprise income tax for five consecutive years starting from January 2007. In addition, the Legislative Yuan of the Republic of China passed the Statute for Industrial Innovation in April 2010, and Article 10 requires that a company may have no greater than 15% of its investment in research and development expense as a credit to deduct its profit-seeking

enterprise income tax payable for the year, which shall not exceed 30% of the profit-seeking enterprise income tax payable by the company for the year. As per the Statute for Industrial Innovation, China Ecotek can have an investment credit from the investment in research and development to deduct the profit-seeking enterprise income tax payable. The overview of the tax credits from the investment in research and development over the past three years is as follows:

Unit: NT\$1,000

Year	2020	2021	2022
Amount of tax credit for the year	255	0	875

4.2 Research innovation

The Vice President of the Engineering Division leads the technical and the project units to form a research and development team. The 2022 R&D expenses totaled NT\$14,793 thousand.

Overview of technical level and research and development of business operated:

Development of new water treatment chemicals	Filter cleaning agents: Oily wastewater from steel plants contains a great deal of suspended solids, grease, and organisms. The surface of filter materials may easily clot due to long-term oil sludge, resulting in fluid short circuiting. Therefore, we developed this product to maintain the smooth operation of the water system.
Air pollution prevention technology	<ol style="list-style-type: none">1. We developed harmful substance (SO_x) (fixed source) emission technology, to move from wet desulfurization technology to semi-dry and dry desulfurization one, so as to provide diverse process design services in the future.2. We developed harmful substance (NO_x) (fixed source) emission technology, evaluated the application of SCR denitrification system in China Steel's new coke furnace, selected the most appropriate emission reduction plan, and developed the SCR ammonia injection system, so as to develop toward ammonia pyrolysis technology to increase the applicability in more fields.3. We combined the dust emission (fixed source) technology with our numerical simulation (CFD) skills to apply it to China Steel's new wet dust collection system and have it verified at FAT.

4.2.1 Environmental and green energy product and technology development

I. Solar power facility construction

The Company responds to the government's alternative energy policy in line with China Steel Group's policy and assists China Steel Group's plants in developing rooftop solar power facilities, while selling the electricity generated by solar equipment to Taipower through the government's various power purchase subsidy measures. We also worked with major domestic equipment and construction businesses to increase the circular economic value of the industry chain, enhance the group's image, make profits from engineering, and create mutual benefits.

We have assisted the group in building a cumulative installed capacity of 92 MWp by the end of 2022 since 2017 and achieving the group's

commitment to completing it before the deadline set by the government for a given stage, while realizing the benefit of green energy and circular economy and enhancing the group's image and saving energy and reducing carbon emissions. In addition to fulfilling our corporate responsibility in executing this project, we have facilitated the collaboration between relevant businesses in the domestic industry chains, indirectly created more job opportunities, and set a good example for promotion of domestic green energy.

In 2021 and 2022, the group responded to the government's Renewable Energy Development Act, which requires that energy-heavy businesses should set a certain percentage of installed capacity. The group examined in advance the gap in each subsidiary's mandatory installed capacity, and China Ecotek is responsible for planning and building the installed capacity in stages, and we plan to complete it in two years, so as to facilitate the group's gradual energy transition, diversify energy sources, improve independent supply, and achieve the vision of environmental sustainable development.

In the future, in addition to stably installing China Steel Group's solar power facilities, we will wait for opportunities to enter the energy storage field in line with the promotion of the national renewable energy policy. Through the SWOT analysis, we will examine the best development pathways one by one and expand our business to enterprises related to the steel industry chain, so as to establish a large operations system with solar power and energy storage integrated.

II. Biological nutrients for organic wastewater

As coking wastewater mainly contains organic pollutants, biological treatment is generally adopted as the core process for wastewater treatment. In biological treatment, microorganisms are used to decompose organic pollutants in water as nutrients, and such microorganisms, like other biomass, need nutrients to facilitate metabolism, growth, and reproduction. When the wastewater environment is unusual (such as influx of toxic substances, environmental or climate change, power outages, hardware failure, or system operating conditions) or lacks sufficient nutrients, cell metabolism will be inhibited, causing a decrease in the activity and number of microorganisms and eventually problems in the operation of the sewage treatment system, such as sludge loss, increased foam, poor sedimentation performance, inability to effectively remove pollutants, excessive sludge, or low BOD or COD removal rate. To this, we worked with the R&D department of China Steel to develop and produce biological nutrients for organic wastewater treatment microorganisms, to enhance

the activity and productivity of microorganisms, increase their decomposition of pollutants, and resolve the problem of unstable wastewater biological treatment efficiency, so as to meet standards for water quality.

5. Clients

5.1 Value and positioning

China Ecotek has adhered to the four major business values and concepts of excellence, integrity, technology, and quality since the Company was established and established complete policies and systems in the spirit of "occupational safety, enthusiasm, dedication, teamwork, and tidiness". We continue to innovate and train talents and have accumulated a wealth of experience and knowledge and become a business with excellent corporate culture and core values. We can provide owners with one-stop services from system design, procurement, construction to trial operations. We mainly engage in turnkey projects of environmental facilities, mechanical and electrical systems, public facilities, transportation equipment, air pollution or water treatment, solar power, and biotechnology. We strive to move toward the development and sales of green energy and carbon reduction products.

5.2 Engineering services

In 2022, the domestic market operating revenue totaled NT\$8.844 billion, and the overseas market operating revenue NT\$340 million. The main clients include China Steel, Dragonsteel, CSC Solar, and Formosa Ha Tinh Steel.

Proportion of main services in 2022

Item	Proportion of service (%)
Environmental engineering	15.65
Mechanical and electrical engineering	48.26
Mechanical and electrical maintenance engineering, operations on behalf of owners, and others	36.09
Total	100.00

Overseas markets/regions in 2022

Region	Percentage (%)
Vietnam	3.80
Other countries	0.04

5.3 Client privacy protection

We are committed to providing the best services to clients and the best confidentiality protection for the information they provide to ensure their privacy. There was no complaint from clients about information leakage, theft, or loss of data in 2022. We also provide message services on our official website with the information on the telephone number, email, and fax disclosed to make it easier for clients to contact the Company.

Our approaches to protecting clients' privacy and information include:

- I. Electronic data and system access rights control are in place, and authorization reviewed regularly.
- II. Anti-virus software is installed in all computers to prevent computer viruses from spreading through e-commerce.
- III. All data taken into and out of the office will be recorded;
- IV. Confidential documents and information sent between the Company and clients are destroyed regularly once or twice per year (at the end of June and December).

5.4 Client satisfaction survey

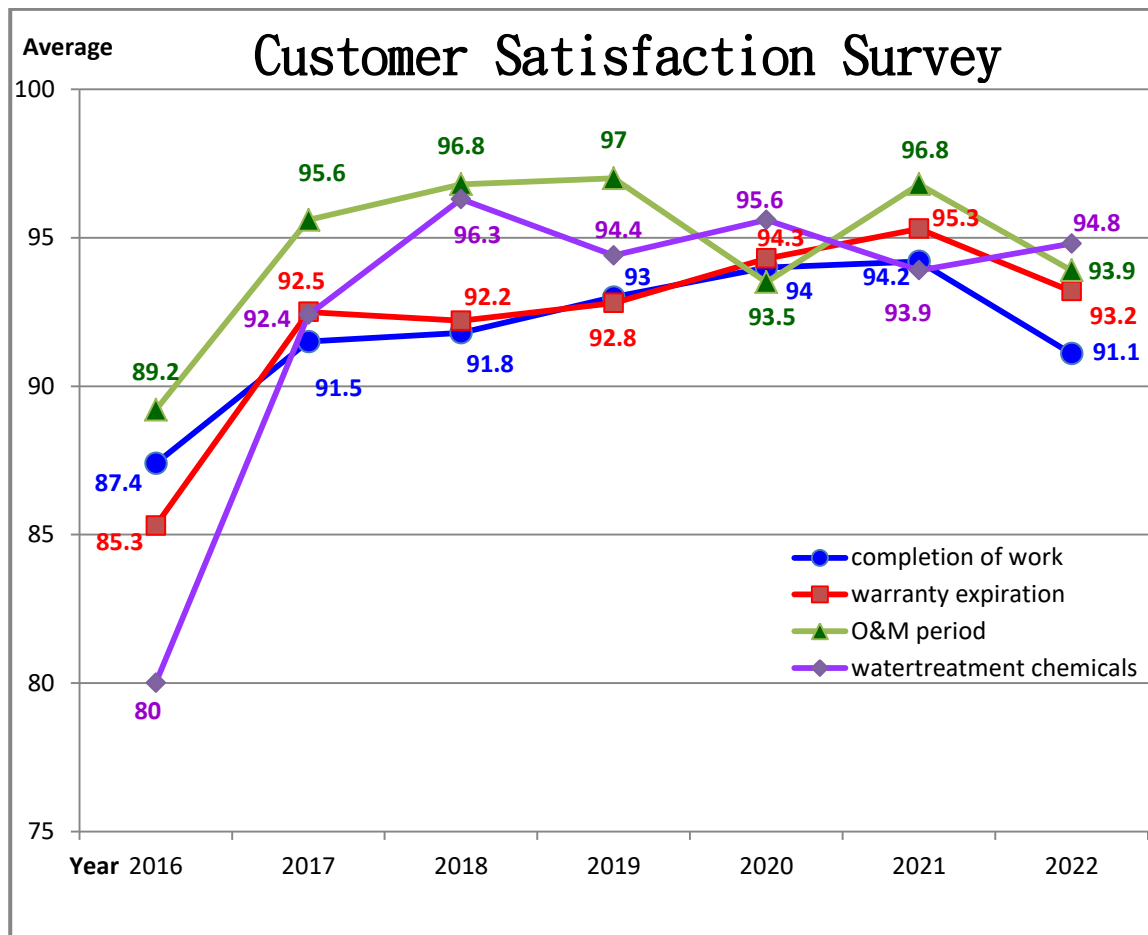
We conduct the client satisfaction survey in June and December per year. Through statistical analysis, we review and improve the issues to which clients attach great importance as a reference for formulating business policies. Based on the four indicators: construction completion, end of warranty period, period of operations on behalf of owners, and water treatment chemicals, we ask the responsible units to formulate a corrective action plan based on the three lowest indicators and the complaints received and implement it as appropriate, state the implementation status in the Client Satisfaction Review Form, and fill in the Client Suggestion Reply Form to reply to clients. It We also discuss it in management meetings to follow up on the progress and results. This measure conveys our emphasis and respect for our clients, eliminates their doubts, and reinforces consensus and mutual trust between both parties.

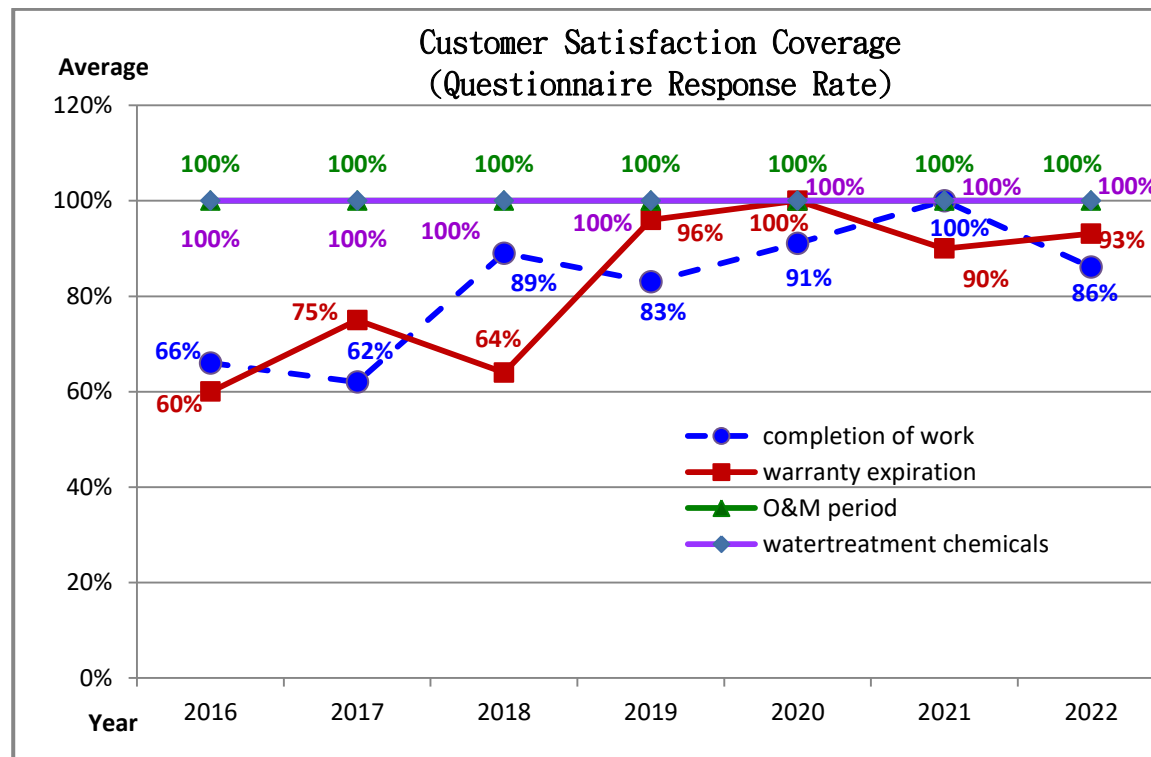
Item	Quality target 2022	Achieving status in 2022
Client satisfaction	90 points or above	Construction completion: 91.1 points End of warranty period: 93.2 points Period of operations on behalf of owners: 93.9 points Water treatment chemicals: 94.8 points

The sub-indicators of the client satisfaction survey are as follows:

Construction completion	Ten sub-indicators: "Construction quality", "conforming to functions", "Construction progress", "Construction cooperation", "safety and health", "On-site management", "Service efficiency", "Service attitude", "Professional skills", and "Communication and coordination".
End of warranty period	Ten sub-indicators: "Construction quality", "Maintenance quality", "Professional skills", "Service efficiency", "Service attitude", "Ability to answer technical questions", "Correctness of services", "Problem response speed", "Communication and coordination", and "Overall service quality".

Period of operations on behalf of owners	Ten sub-indicators: "Quality of operations", "Operational efficiency", "On-site security", "On-site management", "Personnel's professional skills", "Personnel's coordination skills", "Cooperation with clients", "Service efficiency", "Service attitude", and "Overall service"
Water treatment chemicals	"Product quality", "Product efficiency", "On-site safety and health", "On-site management", "Personnel's professional skills", "Personnel's coordination skill", "Cooperation with clients", "Service efficiency", "Service attitude", and "Overall service".





6. Environment

6.1 Energy

6.1.1 Energy consumption within the organization

The Company expanded the inspection scope in line with the revised 2021 GRI Standards, including the offices of the four important operating sites. The Pou Chen Technology Center and Office's power consumption carbon emission indicator has dropped by 12.09% compared with 2021 [Note: $(0.281-0.247)/0.281*100\%=12.09\%$]; water carbon emission indicator decreased by 16.32% compared with 2021 [Note: $(0.778-0.651)/0.778*100\%=16.32\%$]. We take the year of 2022 as the base year for inspection of the remaining three offices (headquarters office, Pinghe Plant's office, and China Steel's On-site Office at Yu Steel) to facilitate the future planning of targets for energy consumption reduction.

Electricity consumption indicators and carbon emissions over the past three years

Headquarters office			
Year	Total electricity consumed	Electricity consumption indicator	Remarks
	Unit: 1,000 kWh	Unit: 1,000 kWh/ping	
2020	-	-	
2021	-	-	
2022	407.75	0.5	Began taking inventory
Pou Chen Technology Center and Office			
Year	Total electricity consumed	Electricity consumption indicator	Remarks

	Unit: 1,000 kWh	Unit: 1,000 kWh/ping	
2020	323.744	0.69	
2021	265.379	0.59	
2022	224.370	0.49	
Pinghe Plant's office			
Year	Total electricity consumed	Electricity consumption indicator	Remarks
	Unit: 1,000 kWh	Unit: 1,000 kWh/ping	
2020	-	-	
2021	-	-	
2022	95.80	0.12	Began taking inventory
China Steel's On-site Office at Yu Steel			
Year	Total electricity consumed	Electricity consumption indicator	0 Remarks
	Unit: 1,000 kWh	Unit: 1,000 kWh/ping	
2020	-	-	
2021	-	-	
2022	359.31	0.57	Began taking inventory

Note 1: Year 2020 was selected as the base year.

Water consumption indicator over the past three years

Headquarters office			
Year	Total water consumed	Water consumption indicator	Remarks
	Unit: ton	Unit: ton/ping	
2020	-	-	
2021	-	-	
2022	41.9	51.577	Began taking inventory
Pou Chen Technology Center and Office			
Year	Total water consumed	Water consumption indicator	Remarks
	Unit: ton	Unit: ton/ping	
2020	3.09	6.607	
2021	2.393	5.121	
2022	1.867	4.044	
Pinghe Plant's office			
Year	Total water consumed	Water consumption indicator	Remarks
	Unit: ton	Unit: ton/ping	
2020	-	-	
2021	-	-	
2022	1.04	1.3	Began taking inventory
China Steel's On-site Office at Yu Steel			
Year	Total water	Water	Remarks

	consumed	consumption indicator	
	Unit: ton	Unit: ton/ping	
2020	-	-	
2021	-	-	
2022	3.35	5.35	Began taking inventory

Note 1: Year 2022 was selected as the base year.

6.2 Greenhouse gas emissions

6.2.1 Direct greenhouse gas emissions (Scope 1)

The annual consumption of fuels, diesel, and electricity was calculated based on the 2022 gasoline, diesel, electricity, and general water cost table for all offices and then converted into the total amount of greenhouse gas emissions based on greenhouse gas emission factor. The total amount of direct and indirect greenhouse gas emissions in 2022 is 643.158 tons of CO₂e.

Greenhouse gas data

Year	Gasoline/diesel consumption by company vehicles (liters)	Direct greenhouse gas emissions (tCO ₂ e/kWh)	Remarks
2020	59,263 / 5,440	148.296	Pou Chen Technology Center and Office
2021	52,997 / 4,896	132.696	Pou Chen Technology Center and Office
2022	33,006 / 5,780	89.758	Began taking inventory at the four major offices.

Note 1: Year 2022 was selected as the base year. The four major offices: headquarters office, Pinghe Plant's office, and China Steel's On-site Office at Yu Steel formed the boundaries.)

Note 2: Gasoline emission factor is 2.2631kg CO₂e/L, diesel emission factor is 2.606 kg CO₂e/L.

6.2.2 Energy indirect greenhouse gas emissions (Scope 2)

Greenhouse gas data

Year	Electricity consumption (MWh)	Indirect greenhouse gas emissions (tCO ₂ e/kWh)	Remarks
2020	323.744	162.519	Pou Chen Technology Center and Office

2021	265.379	133.221	Pou Chen Technology Center and Office
2022	1,084.774	553.4	Began taking inventory at the four major offices.

Note 1: The greenhouse gas emission factors of electricity for 2020, 2021, and 2022 were 0.502, 0.502, and 0.509kg CO₂e/kWh, respectively.

6.2.3 Other indirect greenhouse gas emissions (Scope 3)

The Company is mainly based in an office building without a fixed source of pollution as in a production plant. Emissions from air-conditioners and refrigerators in the headquarters office, use of and emissions from fire extinguishers, emissions from high-voltage electrical insulators and septic tanks did not contain controlled substances that would otherwise deplete the ozone layer, and no substances that would deplete the ozone layer were emitted. As we do not produce products that would cause the emission of nitrogen oxides (NO_x), sulfides (SO_x), or other harmful gases, there is no emission of substances that would deplete the ozone layer.

6.2.4 Reduction of greenhouse gas emissions

Regarding reduction of greenhouse gas emissions, we completed the requirements for greenhouse gas management and met the requirements for reduction of greenhouse gas emissions in compliance with the national standards of the Republic of China (CNS14064-1 and CNS14064-2). We have also formulated the following action plans:

- I. Digital transformation improves efficiency and reduces energy consumption in offices: Promoting smart energy management and establishing energy management systems. The main action plan is to facilitate the paperless operations through the Company's internal ERP and sign-off systems for procurement, outsourcing, accounting, and reimbursement reports. We also publish China Ecotek annual e-magazine and replaced all old lamps with LED panel ones. Replacement of old lamps with LED panel ones can reduce electricity bills by NT\$303,718/year (approximately 106.725 KW/year) (calculated based on the emission factor, 0.5090, announced by the EPA as in the greenhouse gas emission factor management

table 6.0.4) and can reduce 54.3230 metric tons/CO₂e per year.

- II. Tree planting and green energy supply maximize energy efficiency: We plan tree planting at plants and combine green energy to develop a low-carbon industry. The action plan is to digitize construction daily logs, construction records, on-site inspection records, and other forms (paperless), install solar energy facilities on the rooftop of the Linyuan Plant to provide the power required for partial operations, and plant green trees at the plant to offset carbon emissions.
- III. Comprehensive use of green energy for transportation of materials: Adopting green and low-carbon transportation vehicles to enhance shared environmental benefits. The action plan is to replace all forklifts used in the plants with electric models and all company vehicles with electric ones. It is scheduled that company vehicles will be replaced with hybrid ones year by year starting from 2025. Each hybrid vehicle can save about 46% of gasoline consumed. Based on the 2022 annual gasoline consumption of 33,006 liters, 15,840 liters of gasoline will be reduced. If it is calculated based on the greenhouse gas emission factor management table 6.0.4, greenhouse gas emissions can be reduced by 37.392 metric tons/CO₂e.

6.3 Water and effluents

The Pinghe Plant's office is located in Xiaogang District, Kaohsiung City and mainly produces special chemicals for water treatment and sells them for industrial processes, such as boiler water, cooling water, and wastewater systems. The water used in the plant is tap water, and it mainly supplies water for production processes (manufacturing of special chemicals for water treatment and chemical laboratories) and uses domestic water. The information on the plant's water resources between 2020 and 2022 is as the table below.

To treat the wastewater generated in the plants, they are equipped with relevant biological treatment procedures and facilities. After the process wastewater is mixed with domestic sewage, it will be sent to the catch basin, adjustment basin, aeration basin, and final sedimentation basin in order. After the treatment process, the water quality will be analyzed and confirmed by the water quality laboratory. If it is in line with the discharge water standards announced by the EPA, that is COD <100 mg/L and S.S. < 30 mg/ L, then we will discharge it to the designated port of discharge.

Information on plants' water resources between 2020 and 2022 (Unit: million liters)

Year	2020	2021	2022
Total water withdrawal ¹	1.247	1.25	1.326
Total water consumption ²	0.877	0.975	1.02
Total water discharge	0.37	0.275	0.36

Note 1: The total water withdrawal and total discharge are based on the values recorded in the water meter.

Note 2: Total water consumption = Total water withdrawal - Total water discharge.

6.4 Waste

The two main sources of waste generated during the Company's operations are generated during the Company's operations and during construction. The waste generated from the Company's operations is mainly paper, lunch boxes, and general daily necessity, which are properly disposed of by the property management company or cleaning company; and the waste generated from various engineering operations is identified in accordance with the government's laws and regulations, sorted by type and nature, and recycled. Non-recyclable waste is handled by a legal company with a good reputation and without bad records, with its engineering waste disposal means considered. General, business, construction, or special hazardous business waste are all handled by a legal professional company to avoid illegal activities. The most critical potential impact of waste disposal is illegal disposal or failure to adopt legal treatment and disposal procedures by the disposal company. As such, we only appoint a longstanding disposal company with a complete resume and excellent performance. During the selection stage, we will first investigate whether any illegal or controversial incidents occurred to it in the past and then finalize a contract to ensure the Company's rights and interest, to avoid damage to the Company's goodwill. In the stage of execution, we follow up on the carbonless receipts to ensure that the waste disposal process is legal and properly handled and inspect it from time to time to confirm that the overall treatment and disposal process is correct.

The waste generated by the headquarters office Pou Chen Technology Center and Office belongs is general domestic waste and will be handled by the office building management committee or the building management company in accordance with legal procedures. The waste is transferred to and disposed of by a legal waste disposal company.

As the Company is not a manufacturer, the wastewater from offices and construction offices is discharged to the wastewater discharge system of the building or owner without recycling it. The wastewater is then discharged to a wastewater collection system or sewers for proper treatment and disposal.

As mentioned above, we did not experience any significant impact related to waste.

6.5 Suppliers' environmental assessment

The Company does not produce products, and our suppliers' production and manufacturing sites are all in the government's industrial or science parks for legal manufacturing. All manufacturers comply with the government's applicable environmental laws and regulations, so our suppliers did not cause negative environmental impacts. We still aim to achieve the net-zero goal and adopt renewable energy. We also began to plan a green energy supplier evaluation system and prepare to establish a green energy supplier database to give priority to green energy suppliers for price inquiry and comparison.

7. Supply chain

7.1 Fair, transparent, and honest collaboration models on the basis of mutual benefit

I. Strict requirements for qualifications

The Company is a comprehensive engineering company in the engineering service industry. We provide integrated one-stop shopping services tailored to clients' needs. For the engineering projects, we need to put together many suppliers and subcontractors. Suppliers are located in China, Japan, Europe, the United States, Southeast Asia, and mainland China. We need to control supplier's equipment quality and delivery time; and subcontractors' construction skills and quality will directly affect clients' satisfaction.

To manage subcontractors and suppliers, we pay on-site visits or conduct quality inspections from time to time to learn if they meet quality requirements, evaluate their quality and subcontractors' performance of contracts, and include the results as a reference for supplier selection when outsourcing construction projects next time.

When evaluating new suppliers, we will conduct on-site inspections and fill out supplier evaluation forms, and require them to provide relevant certification documents to prove that they are legally registered with the government, have sound financial position, and have no tax arrears records, while confirming that they comply with the Labor Standards Act in respect of human rights and labor conditions and purchase labor insurance and health insurance for employees and employer accident liability insurance in accordance with law.

We have regarded suppliers as our partners and are committed to guiding suppliers for long-term collaboration, to jointly establish a sustainable supply chain for the engineering industry with stable development. In addition to taking into account the quality, delivery time, and prices of suppliers' products, we urge them to protect the environment, improve safety and health, and value human rights, to jointly fulfill our corporate social responsibility and duly implement risk management and a business continuity plan.

II. Clear social responsibility regulations

To promote suppliers' sustainable development, we include the clause, "Party B or its subcontractors shall not employ child workers or illegal

foreign workers or violate any human rights laws and shall not bear forced or compulsory labor risks or engage in activities that undermine employees' freedom of association or mutual agreement. Once found, Party A may terminate the contract” in contracts with subcontractors. We require suppliers to comply with applicable laws and regulations on labor rights and conflict minerals. Suppliers should comply with the laws on no child labor, working hours, wages and benefits, humane treatment, and non-discrimination to protect labor rights and conditions, while requiring them to comply with the government’s environmental laws and regulations, particularly the local government's applicable environmental laws and regulations on air pollution prevention, water pollution prevention, as well as waste and resource management. We also disclose information through the media to supervise suppliers or subcontractors for any major violations of human rights or regulations on labor, environment, safety, and health. If so, we will require them to propose corresponding improvement plans and make improvements before a deadline to meet the expectations of the public and fulfill their corporate social responsibility.

III. Emphasis on environmental management

To duly implement environmental management measures, we have established four environmental and energy management concepts: compliance with environmental laws and regulations, protection of earth resources, improved ecological protection, and fulfillment of social responsibility. We hope that China Ecotek can achieve accurate planning and effective integration and implement management and control measures in environmental management. Also, as for activities open to the public, we motivate employees to participate in social charity events, such as mountain cleanup, and invite their families to participate, so as to integrate social charity, employees, social and environmental education, and our business characteristics. Either internal business administration or connection with external environmental protection movements, we aim to become an eco-friendly and sustainable enterprise. We hope that the concept of environmental protection and energy conservation, through a two-pronged approach: organizational operations and performance management, will be in the DNA of our corporate culture, and we will gradually become an international eco-friendly and sustainably growing company in line with international trends. We work with suppliers to reduce the impact on the environment and resources and pollutants from products, to comprehensively reduce the impact of our products on the environment.

IV. Mutual benefit to create a win-win outcome

To assist suppliers with financial management, we have established a supplier price inquiry and payment system, including sending emails to notify payment amounts and schedules in advance. It also allows them to check the invoice or payment progress online after applying for a user ID. All payments will be received as scheduled after the sign-off process is completed.

We have long been treating all suppliers and subcontractors as partners based on integrity and fairness. We work closely with them, helps each other, and share prosperity, so that qualified suppliers and subcontractors can provide products or services in line with the quality requirements to the designated location at an appropriate time and price and in the correct quantity, while ensuring that clients, China Ecotek, and suppliers and subcontractors can create multiple wins.

V. Partnership with suppliers

Due to the accelerated pace of internationalization today, we source in the global context. In the past, procurement personnel and suppliers used to compete against each other in a zero-sum manner and were on guard against each other. Thus, it was not easy to establish a partnership of mutual trust. However, to integrate and share resources, they need to establish strategic alliances to become partners to enhance a company's competitive advantage.

7.2 Supplier management policy

China Ecotek's suppliers supply raw materials, equipment, or services needed for large construction projects, including environmental projects (water treatment, air pollution control, or incinerator projects), mechanical and electrical integration projects, cogeneration power plants, solar power projects, conveyor system projects, biotechnology projects, equipment maintenance projects, and smart maintenance monitoring systems. Due to the wide variety and different characteristics of projects, we need to purchase different items for each project. To ensure that all types of equipment and raw materials can be stably supplied, we need to select and evaluate suppliers, pay visits as appropriate, and evaluate their contract performance capabilities, so that they can provide products or services in line with the quality requirements to the designated locations.

I. Complete and strict supplier selection criteria

We are committed to establishing a supply chain, paying attention to the global environmental protection topics, and urging supply chain suppliers to follow up through our influence; we continue to promote green procurement by purchasing low-pollution, energy-saving, recyclable, and low-social-cost items. To select suppliers, we require responsible procurement personnel to visit them and observe whether they have the ability to perform a contract; whether they have financial difficulties and their quality system is complete; whether their organization and management are appropriate; and whether their manpower is stable. The one-site evaluation indicators, including professional skills (production equipment manufacturing skills as well as products and technical standards), sales skills (product quote competitiveness and product performance), product status (applicability, quality, and quality control), service attitude (handling and processing speed, delivery cooperation, and after-sales service), plant's environment, safety, and health records, corporate image, and financial position, are listed as the key selection criteria. We spare no effort to promote green lifestyles and have repeatedly advocated for the policy that "everyone protects the environment and lives a low-carbon and happy life" at multiple meetings. We should educate children and then expand the influence, to enable Taiwan to become a low-carbon society and a sustainable country.

We continue to attach great importance to green procurement and corporate sustainability in the hope of passing on the concept and attitude of

sustainable development to our suppliers through meetings with them, thereby allowing all partners to integrate the ESG concept into business operations and move toward green procurement to save energy, reduce carbon emissions, and cherish the earth.

We pay attention to the environmental and social impact on the communities from which the sources of our supplies are and work with suppliers to jointly promote sustainable development. We began to include in the price inquiry form at the end of 2021 a note, stating "When this purchase contract is finalized, the buyer and the seller shall abide by both parties' sustainable development policy. In the case of violation the policy with a significant impact on the environment and the communities from which the sources of our supplies are, the Company may terminate or cancel the contract at any time," so as to regulate suppliers and prevent a negative impact of the supply chain on the environment.

II. Fair operations management

We have formulated the regulations on suppliers who violated the principle of good faith and announced them on the Company's integrated ERP platform resource based on the principle of good faith. We strictly prohibit suppliers from offering bribes, gifts, commissions, rewards, benefits, or other illegitimate benefits to the Company's managers, employees, part-time personnel, their spouses, immediate family members, consultants, or design and planning providers. In the case of violation of this rule, they will be punished as per the government's laws and regulations, the Company will also blacklist them. We will punish employees involved in such a case for violating the Company's work rules.

III. Joint promotion of green procurement by supply chain suppliers

In response to the government's environmental protection policy to save energy, reduce carbon emissions, and cherish the earth, we have begun to use products with energy, water, environmental labels or green building materials since 2012. We used energy-saving lamps for new offices and plants and work with the owners and downstream subcontractors to select materials. We also give priority to green and eco-friendly products to respond to the government's environmental protection policy to save energy, reduce carbon emissions, and cherish the earth. We promote the use of office equipment and supplies and computers and peripherals with environmental labels, recycled paper towels and eco-friendly cleaning products.

We spare no effort to promote green lifestyles and have repeatedly advocated for the policy that "everyone protects the environment and lives a

low-carbon and happy life" at multiple meetings. We should educate children and then expand the influence, to enable Taiwan to become a low-carbon society and a sustainable country.

We continue to attach great importance to green procurement and corporate sustainability in the hope of passing on the concept and attitude of sustainable development to our suppliers through meetings with them, thereby allowing all partners to integrate the ESG concept into business operations and move toward green procurement to save energy, reduce carbon emissions, and cherish the earth. We also implement the green lifestyles movement at all times to promote environmental protection and energy conservation at all offices of the Company (we formulated open long-term contracts on various eco-friendly materials, use eco-friendly recycled paper and energy-saving lamps and building materials or electronic equipment with green labels). To supply LED energy-saving lamps to China Steel Group, China Ecotek have signed a five-year letter of intent with a supplier in 2017, and the sales amounted to NT\$300 million so far.

7.3 Stable and high-quality suppliers

To shorten the inquiry time and maximize the group's synergy, we have signed a long-term supply contract with the group's subsidiaries; we also work with suppliers with long-term supply contracts on hardware materials and protective equipment for on-site maintenance units. Establishment of a sustainable supply chain is a win-win strategy as it not only improves suppliers' protection of the safety of their employees and property but also indirectly reinforces the Company's competitiveness. We will continue to strive to reduce supply chain risks and continue to make contributions to clients, investors, and society. At present, there are 35 suppliers who have signed long-term supply contracts with the Company and all located in the domestic country (100% of them are domestic suppliers).

Suppliers with a breach of contract in 2022

Region	Number of suppliers	Reason for contract suspension
Taiwan	-	-

7.4 Main supply chain analysis

We do not have fixed standard products, and our main sources of purchases are labor expenses and input of machinery and equipment, and the period of each engineering project is on a case-by-case basis and may span multiple years.

Procurement expense proportion in 2022

Region	Number of suppliers	Ratio of number of suppliers to all	Ratio of procurement to all
Taiwan	478	96.18%	66.70%
China	10	2.01%	25.16%
Japan	2	0.40%	0.66%
Czech Republic	1	0.20%	0.26%
The Netherlands	1	0.20%	0.50%
Germany	3	0.60%	0.58%
Hongkong	1	0.20%	6.13%
Vietnam	1	0.20%	-

7.5 Subcontractors

Based on the concept of partnership, we actively propose strategies to improve subcontractors' manpower structure and labor conditions, support them to build mutual trust, provide them with stable contracts as well as guidance and training, and implement an evaluation system. Personnel assigned by subcontractors to work in owners' plants should be insured in accordance with the government's regulations, wear a uniform and protective equipment, and abide by various safety and health work rules set by the owners. They will be punished for any violation in accordance with the regulations. We conduct assessments in accordance with the Subcontractors Management Regulations, suspend contracts with suppliers who violated regulations, provide necessary guidance and assistance to them during coordination with on-site units.

We have maintained long-term business partnerships with our subcontractors and signed long-term maintenance contracts/engineering contracts with them to reduce the cost of training long-term mechanical and electrical maintenance personnel so as to reduce our labor costs. Each subcontractor can also leverage its respective professional skills and train talents with various professional skills on a long-term basis. The collaboration between China Ecotek and subcontractors have long been supported and recognized by owners.

We have established stable partnerships with subcontractors in the following models:

I. Rigorous screening

A subcontractor should pass the construction performance or the environment, safety, and health verification, or its products should meet the national standards, its financial position, credibility, or performance evaluation results are up to standard, and it should complete the subcontractor registration process, to become a qualified bidder for the Company's projects.

II. Clear and rigorous regulations on breach of contract

A breach of contract occurs during the performance of a contract is handled in accordance with the following principles:

1. A delay in a construction project is or an environment, safety, and health fine will be deducted from the payment in accordance with the contract.

2. A serious breach of contract is handled in accordance with the following procedures depending on the severity :

- (1) Suspending the contract for one year. (As per the China Ecotek's Subcontractor Performance Evaluation Regulations)
- (2) Blacklisting a given subcontractor. (As per the China Ecotek's Subcontractor Performance Evaluation Regulations)
- (3) Terminate the contract. (As per the Contract Termination clause in the contract)

Subcontractors with a breach of contract in 2022

Region	Number of suppliers	Reason for contract suspension
Taiwan	1	Occupational accident

III. A Fair scoring and supervision mechanism

We score each subcontractor's construction in terms of engineering control, construction quality, operations quality, and occupational safety and health of each project:

1. At the conclusion of each project contract, we require each project manager to conduct a subcontractor performance evaluation, and we determine whether to suspend or terminate the partnership based on the result.
2. If the score is lower than 70 points, we allow the subcontractor to make a complaint, and the Procurement Division will also count its evaluation scores within three years and determine whether to suspend or terminate the partnership based on the score. The counting method is the sum of the scores within three years [(single project) subcontractor performance evaluation score * contract amount of the project] / (total monetary amount of all completed projects contracted by the subcontractor within three years). (If the score is 50-59, the contract will be suspended for one year; if the score is 60-69, the contract will be suspended for six months; and if the score is 49 or lower, the subcontractor will be blacklisted).

IV. Multiple communication channels for contract performance disputes

If any disputes arise during the process of bid opening, bid awarding, contract signing, or contract performance, a subcontractor can communicate

effectively with the Company based on the following principles:

1. Bid opening stage: The commercial terms before a price bid opening in the bidding instructions and rule re-clarification procedures should require the organizer to make a clear clarification before bid opening and record it in the project agreement before proceeding to open a bid.
2. Bid awarding stage: The bid winner pays a performance bond in accordance with the Company's bidding instructions. If a subcontractor fails to pay the bond, the management unit will notify the organizer to discuss and handle it.
3. Contract performance stage: A subcontractor may adopt the following solutions available when encountering a dispute, if any:
 - (1) Disputes unrelated to prices: It should contact the project manager of the organizer for discussion and assistance.
 - (2) Disputes over prices: It should first make a verbal clarification with the organizer according to the above procedures. Without consensus to be reached, it should then submit a written statement. The organizer should submit the most suitable plan to the responsible unit before replying to the subcontractor.
 - (3) Although each contract specifies a litigation clause, the Company will not directly resort to it to resolve serious disputes unless a subcontractor has a vicious bankruptcy and fails to perform the contract, with its person in charge not appearing to address based on the long-term partnerships with our subcontractors.

V. All employees insured with the employer's accident liability insurance and group insurance

To avoid property losses caused by occupational accidents in engineering projects, involving our employees or subcontractors' workers, we not only purchase engineering employer accident liability insurance per year for our employees and subcontractors' workers and third-party accident liability insurance for visitors but compulsorily require in every contract subcontractors to purchase the engineering accident liability insurance and the employer's compensation insurance for their workers.

VI. Transparent and proactive assistance with financial management

We have maintained positive partnerships with our subcontractors and assist them with financial management. We take the initiative to notify them of payment information by email and provide a website access for them to log in to check historical payments. If they have a need for

funding, we can make a payment (less necessary costs) early after a project is accepted to help them control the movement of funds.

VII. Subcontractor occupational safety performance evaluation

We have a strict evaluation system for subcontractors in place. In terms of occupational safety, we conduct frequent inspections and impose heavy fines for violations and evaluate their occupational safety performance in each construction site per month, while awarding bonuses per quarter to reward excellent subcontractors in the occupational safety evaluation. Each construction site also offers monthly proper rewards to workers with excellent performance well in occupational safety.

In the 2022 year-end occupational safety evaluation, the annual general safety management performance is: China Ecotek + subcontractors' FR = 0.14, which met the group's highest level (FR < 0.3). The Company and subcontractors will continue to cooperate with the group's policy. This year, we commended 14 subcontractors with excellent performance in occupational safety management as usual and awarded them bonuses, certificates of merit, and medals. Also, we awarded bonuses to 44 subcontractors (with more than 5,000 person-days throughout the year) for no disabling injuries occurring.

We have supported and recognized Taiwanese subcontractors' technologies and skills manufacturers in the engineering field over the years. All domestic projects are outsourced to Taiwanese subcontractors. For our overseas business, there are 132 Vietnamese subcontractors, 40.9% of which are Taiwanese ones. We also formulated the Intellectual Property Rights clause to protect our R&D, designs, and works and China Ecotek Contract Insurance and Safety and Health General Clause to as subcontractors' work safety requirements during construction.

Due to the wide variety and scale of projects contracted, we need to classify and divide them into levels. We select qualified subcontractors through the subcontractor evaluation, to meet our needs for outsourcing and ensure the project quality and progress. The subcontractor evaluation is divided into:

1. Various professional subcontractors within China Steel Group
2. Various professional subcontractors outside China Steel Group

Subcontractors are classified by expertise, such as technical services (design), civil construction and engineering, instrument and electrical

engineering, steel structure fabrication engineering, mechanical fabrication engineering, piping engineering, thermal and cold insulation engineering, fire protection engineering, cold welding, environmental engineering, pickling and painting, steam turbine repair and maintenance, storage tower/tank manufacturing, refractory material installation, erection engineering, air conditioning engineering, biotechnology plants, and others. The evaluation is based on indicators, such as capital, quality management system, business administration, manufacturing equipment, technical skills, equipment and skills, and environment, safety, and health management. The evaluation results are divided into three levels: Level 3: 70 to 80 points; Level 2: 80 to 90 points ; Level 1: 90 points or above. Those with a score below 70 points will not be included in the qualified subcontractors. With a higher the score in the evaluation result, subcontractors will be prioritized for price negotiation.

VIII. Good faith clause

China Ecotek and subcontractors have agreed on the good faith clause. In the case of any of the following circumstances, they will be permanently blacklisted:

1. A subcontractor's breach of contract resulted in significant damage to rights and interest.
2. A person made a false accusation to a civil servant to have China Ecotek's employees or the Company to receive criminal or administrative penalties.
3. Party B committed illegal acts, such as manipulation of bidding or collusive bidding, which is found to be true.
4. Party B offers bribes, gifts, commissions, rewards, benefits, or other illegitimate benefits to Party A's managers, employees, part-time personnel, their spouses, immediate family members, consultants, or design and planning providers, which is found to be true.
5. Party B must not violate any human rights laws and shall not bear forced or compulsory labor risks or engage in activities that undermine employees' freedom of association or mutual agreement. Once found, Party A may terminate the contract.

IX. Contract management

To reduce the risk from contract performance, we negotiate with owners to sign agreements to regulate all subcontractors' rights and obligations until the completion of a contract.

1. Analyzing contracts to reduce risk from contract performance
2. Ensuring that the contract performance progress and performance meet the contract requirements
3. Supervising contract performance personnel in performance in accordance with the contract
4. Assisting in resolving problems occurring during the contract performance process
5. Retaining facts, evidence, and documents related to the contract performance process.

Purposes:

1. Analyzing and keeping abreast of risks to reduce the possibility of risks.
2. Following up on the project progress, inspecting the status, and reporting irregularity.
3. Ensuring that the services provided by owners, the Company's personnel, subcontractors, and suppliers are in line with the contracts.

7.6 Membership associations

The associations in which the Company participates are mainly related to the Company's business and strategic needs. Through exchanges with and learning from other members, we can enhance our relevant knowledge and skills and expand the network of contacts. The associations in which the Company participates are as follows:

Category	Name	Position	Reasons for participation
Societies	Taiwan Energy/Engineering Service Company Association	Member	Acquiring new energy skills and industry knowledge to help clients improve energy efficiency.
	Water Affairs Organization · Taiwan	Member	Enhancing information exchange and collaboration in the water industry.
	Chinese Institute of Engineers	Member	Strengthening exchanges and collaboration with engineers and adopting new engineering technologies.
Industry associations	Taiwan Electrical Contractors Association	Member	Legal requirement
	Taiwan Plumbing Engineering Industry Association	Member	Legal requirement
	Kaohsiung Chamber of Industry	Member	Legal requirement
	Kaohsiung Professional Environmental Engineers Association	Member	Legal requirement
	PVGSA	Member	Increasing communication and interaction with other competitors in the region to enhance professional skills and experience
	Taiwan Environmental Engineering Association	Member	Legal requirement

8. Employees

8.1 Talent selection, cultivation, and retention

To select, educate and retain talents, we are aware of and meet our employees' needs with a complete system and sincerity. We have taken the following measures:

- I. Implementing a performance management system as the basis for rewards, pay rise, and promotions;
- II. Actively implementing a mentoring system to allow new employees to pick up engineering skills and understand our corporate culture, while shorten their personal learning curve with senior employees as their mentors;
- III. Implementing a work rotation mechanism, paying attention to employees' career development paths and self-realization, and providing assistance when they apply for job transfer due to personal reasons. A total of 17 employees had job rotations and participated in the training program during 2022.

The employee turnover rate has stabilized in recent years, which is conducive to our talent training and sustainable development.

8.2 Human rights policy

To maintain sustainable development and protect all employees, clients, and stakeholders' basic human rights, we abide by the principles stated in the Universal Declaration of Human Rights and international human rights conventions published by the International Labor Organization, observe internationally recognized basic human rights, including freedom of association, care for vulnerable groups, eliminate all forms of forced labor, get rid of employment discrimination, and comply with labor-related laws and regulations in the country where the Company is located. The Company complies with all provisions of the Labor Standards Act and has never employed child workers. Since the Company was established, we have never employed child workers under the age of 16 nor engaged in forced labor.

Considering equal employment opportunities as one of the basic human rights of all citizens, we hire employees solely on the basis of their professional skills and experience and never consider their race, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, marital status, appearance, physical or mental disability, or former union membership. We did not have human rights violations or discrimination incidents occurring to our employees hired in 2022.

8.3 Structure of employees

By the end of 2022, the Company has 1,182 full-time permanent employees, including 1,178 Taiwanese employees and four foreign ones. As for the structure of employees, we have eight indigenous employees (accounting for 0.68% of the total) and 19 people with physical and mental disabilities (accounting for 1.61%); the average age is 42.72 years and the average length of service is 12.61 years. We did and do not hire temporary employees, employees without guaranteed working hours, and part-time workers. We appoint employment agencies to recruit temp workers to meet business needs. By the end of 2022, we recruited 18 temp workers (14 males and four females) to perform tasks, including chauffeurs for senior managers, administrative management, engineering sales, engineering design, engineering manufacturing supervision, as well as operations and maintenance. As the Company is in the engineering service industry, we have more male employees than female ones; thus, there is a gap in the ratio of male employees to female ones. .

Analysis of gender of full-time permanent employees in Taiwan

Year	Category Gender	Managerial position		Professional position		Entry-level position		Subtotal		Total
		Female	Male	Female	Male	Female	Male	Female	Male	
2020		11	130	60	346	83	559	154	1,035	1,189
2021		11	131	62	343	85	548	158	1,022	1,180
2022		12	133	61	343	91	542	164	1,018	1,182

Analysis of non-employee workers (temp workers) in Taiwan

Year	Male	Female	Total
2022	14	4	18

Analysis of age of full-time employees in 2022

Age	Managerial position				Professional position				Entry-level position				Subtotal				Total
	Female	Percentage	Male	Percentage	Female	Percentage	Male	Percentage	Female	Percentage	Male	Percentage	Female	Percentage	Male	Percentage	
21-25	0	0.0%	0	0.0%	1	0.2%	1	0.2%	1	0.2%	12	1.9%	2	0.2%	13	1.1%	15
26-30	0	0.0%	1	0.7%	5	1.2%	15	3.7%	10	1.6%	33	5.2%	15	1.3%	49	4.1%	64
31-35	0	0.0%	0	0.0%	11	2.7%	26	6.4%	22	3.5%	65	10.3%	33	2.8%	91	7.7%	124
36-40	3	2.1%	13	9.0%	14	3.5%	77	19.1%	22	3.5%	142	22.4%	39	3.3%	232	19.6%	271
41-45	2	1.4%	28	19.3%	14	3.5%	88	21.8%	19	3.0%	147	23.2%	35	3.0%	263	22.3%	298
46-50	4	2.8%	30	20.7%	4	1.0%	59	14.6%	11	1.7%	96	15.2%	19	1.6%	185	15.7%	204
51-55	2	1.4%	43	29.7%	7	1.7%	41	10.1%	4	0.6%	30	4.7%	13	1.1%	114	9.6%	127
56-60	1	0.7%	11	7.6%	3	0.7%	28	6.9%	2	0.3%	15	2.4%	6	0.5%	54	4.6%	60
≥61	0	0.0%	7	4.8%	2	0.5%	8	2.0%	0	0.0%	2	0.3%	2	0.2%	17	1.4%	19
Total	12	8.3%	133	91.7%	61	15.1%	343	84.9%	91	14.4%	542	85.6%	164	13.9%	1,018	86.1%	1,182

8.4 Turnover

Position changes, resignations, and discharge are handled in accordance with the Company's regulations. Full-time employees may retire at the age of 65 in accordance with the Labor Standards Act or voluntarily retire early in accordance with the law. The regulations on position changes, resignations, and discharge are as follows:

- I. Position changes: One should negotiate with the immediate supervisor about a position change in advance to gain the latter's approval before proceeding with the change and making an announcement. Transfers are handled in accordance with the five principles of transfers under the Labor Standards Act. If one encounters difficulty when doing work, they may terminate the labor contract as per the resignation regulations or file a complaint, and the matter is handled in accordance with the Act for Settlement of Labor-Management Disputes .
- II. Retirement: There are regulations on retirement, survivors benefits, occupational accident compensation, and severance in place. The retirement or severance is handled in accordance with the law, and the pension and occupational accident compensation standards are better than legal requirements.

We have established the Supervisory Committee of Labor Retirement Reserve in accordance with the law. Based on the actuary's actuarial results, we contribute an exact amount to the labor retirement reserve fund account under the old scheme on a monthly basis. The current percentage for contribution is 5.98% of the total salary of employees under the old scheme. As for employees under the new pension scheme, we make a monthly contribution, equal to 6% of their insured salaries, to their individual account of the Bureau of Labor Insurance. Employees can also voluntarily make a corresponding contribution.

- III. We notify in advance (in accordance with the law according to the notification time period specified in the law) or pay compensation to employees who are to be laid off and file a report in accordance with the law. In addition to a severance package, we will assist them in applying for the government's involuntary separation and unemployment benefits.
- IV. Number of employees who resigned: A total of 23 employees resigned in 2022. The turnover (number of employees resigning/number of

in-service employees at the end of the year) is 1.9%. Also, four employees retired, another one passed away in service, another three were on unpaid leave, and remaining two were transferred to investees.

- V. Number of new employees: A total of 32 new employees were hired in 2022. Another four were reinstated from unpaid leave, and remaining one was a manager seconded from the parent company, China Steel.

Analysis of resigned personnel in Taiwan in 2022

Resigned personnel		2022	
		Number of people	As a % of total employees
Distribution by gender	Male	22	1.86%
	Female	1	0.08%
Distribution by age	>50	1	0.08%
	30~50	15	1.27%
	<30	7	0.59%

Note: The total number of in-service employees at the end of 2022 was 1,182.

Analysis of new employees in Taiwan in 2022

New employees		2022	
		Number of people	As a % of total employees
Distribution by gender	Male	24	2.03%
	Female	8	0.68%
Distribution by age	>50	1	0.08%
	30~50	16	1.35%
	<30	15	1.27%

Note: The total number of in-service employees at the end of 2022 was 1,182.

8.5 Employee benefits

The Company provides favorable working conditions and are committed to meeting employees' needs for benefits. In addition to a welfare committee in place to handle employee benefits, we provide benefits to full-time employees, including:

- I. In addition to labor and health insurance, we purchase group insurance for our employees (including life insurance, medical insurance, accident insurance, and cancer insurance), and employees' spouses and children can purchase such insurance at preferential rates at their own expense to alleviate employees' family responsibilities and life risks.
- II. When an employee passed away in service (not due to work), we will assist with their funeral arrangements. If an employee is under the old pension scheme and passed away due to illness or an accident while in service, the pension payment standard under the old pension scheme will apply, and we will offer survivors benefits to their dependents and if the given employee has served for fewer than five years, it will still be counted as five years. However, for those who are under the new pension scheme, the pensions contributed by the Company will be deducted from the income earned based on their years of service. When an employees is under the old pension scheme and passed away due to illness or an accident while in service, it will be handled in accordance with the new pension scheme. Also, we will provide suitable job vacancies to their family members, if any.
- III. To support employees' life after retirement or resignation, we formulated the Employee Stock Ownership Subscription Guidelines in 1998 and established a Stock Ownership Trust Committee in 2006 to facilitate employee participation, increase their awareness that employees are shareholders, allowing them to have a sense of fulfillment in line with the Company's growth with a layer of security for workers' lives after retirement or resignation.
- IV. We actively work with group insurance companies to provide retirees with a right to renew their insurance policies to ensure preferential insurance premiums for them.
- V. To develop sustainably, implement the energy-saving and carbon reduction policy, and improve employees' safe commuting, we continue to

promote and motivate employees to take public transportation, ride YouBike or Gokube e-bike, or drive electric vehicles (scooters), and subsidize employees to apply for the China Steel Card (the stored-value card costs NT\$1,350 per month, and we subsidize NT\$350), allowing them to take the Kaohsiung MRT or light rail transit as many times as they like. In 2022, we subsidized a total of 311 people.

VI. The China Ecotek Employee Welfare Committee handles employee benefits as follows:

1. The Welfare Committee holds teambuilding activities and ball games per year; although the employee teambuilding activities were affected by the pandemic in 2022, we still held eight such activities when the pandemic was slowing down, with more than 1,300 employees and their families participating. There were also large club activities, including a bowling games and pool games held in December. Other activities were suspended due to a tight time schedule.
2. We encourage employees to form clubs and participate in club activities to improve their physical and psychological health and balance. We cover the organization cost when a new club is formed and subsidize club activities per year; we also support the human and financial resources when clubs hold large activities. By the end of 2022, there are a total of 19 clubs: multimedia, hiking, softball, basketball, batting, biking, coffee, scooter, and jogging, indoor sports, camping and barbecue, bowling, badminton, signing, charity, e-sports, board games, pool, and tea ceremony.
3. Benefits provided by the Welfare Committee:

Applying for consumer loans on behalf of employees
Cash gifts for four major holidays and birthday
Marriage allowance, emergency condolence money and assistance, funeral condolence money, and childbirth subsidy
Arts and cultural events
Teambuilding activities
Designated stores
New year and holiday gifts
Club activities

8.6 Employees on unpaid parental leave

Family is an crucial source of motivation for employees to work. We encourage and support employees to apply for unpaid parental leave if necessary, so that they can take care of their families. For those who have been employed for six full months, they can be on unpaid parental leave before each of their children turns three. For those who are taking care of two or more children at the same time, their parental leave period is counted together, and the longest period is two years for the youngest child.

Item	2021			2022		
	Female	Male	Total	Female	Male	Total
Number of people who are qualified to apply for unpaid parental leave for the year (A)	101	19	120	27	128	155
Number of people who applied for unpaid parental leave in the year (B)	2	-	2	7	2	9
Number of people who should be reinstated after unpaid parental leave in the year (C)	2	1	3	6	1	7
Number of people who should be reinstated after unpaid parental leave and were reinstated in the year (D)	2	1	3	6	1	7
Reinstatement rate (D/C) x100	100%	100%	100%	100%	1	100%
Number of people who were reinstated after unpaid parental leave in the prior year (E)	4	1	5	2	1	3
Number of people who were still employed 12 months after reinstatement from unpaid parental leave (F)	1	-	1	2	1	3
Retention rate (F/E) x100	25%	-	20%	100%	100%	100%

Note: (A): Number of employees who took maternity leave and paternity leave during the year.

(E): Number of employees who were still employed 12 months after reinstatement from unpaid parental leave (F)

Reinstatement rate = (Total number of employees who were reinstated after unpaid parental leave /Total number of employees who should be reinstated after unpaid parental leave) x100

Retention

rate=

(Total number of employees still working 12 months after reinstatement from unpaid parental leave/
Total number of employees reinstated from unpaid parental leave during the previous reporting period) x100

8.7 Long-term recuperation and care for employee with injuries or illnesses

When an employee suffers from an injury or illness, the total number of days of regular sick leave (no hospitalization) exceeds 30 in one year, such a number (including hospitalization) exceeds one year in two years, or such a number (including both no hospitalization and hospitalization) exceeds one year in two years, and if they have not yet recovered even after the all personal leave or paid leave has been used, they may apply for unpaid leave for no more than one year. There were seven male and two female employees applying for unpaid leave due to illness in 2022.

There are 15 days of paid regular sick leave per year. If an employees still needs to continue to take sick leave after using paid leave may apply for special regular sick leave in accordance with the regulations below:

- I. Those who need to be hospitalized or recuperate at home due to a non-serious injury or illnesses may apply for special sick leave with half pay for the first six months and no pay for the remaining six months or apply for unpaid special regular sick leave for one year. There were three male and one female employees applying for special sick leave with half pay or no pay in 2022.
- II. Those who need to be hospitalization or long-term recuperation due to a serious injury or illnesses may apply for special regular sick leave with full pay for the first six months and half pay for the remaining six months. There were a total of four male and one female employees applying for special sick leave with full pay in 2022 .

8.8 Employee education and training

Employees are an enterprise's most crucial asset for sustainable development. The Human Resource Division under the Management Division is responsible for drawing up and executing training plans and budgets. To train the talents needed for the Company's business development, it reviews business conditions per year and offers training accordingly, while motivating employees to engage in self-directed learning to enhance their professional knowledge and relevant skills.

Talent cultivation and development strategy						
Company strategy	Goals	Developing six core engineering fields; moving outside the group and toward the global stage Enhancing the competitiveness of EPC projects and creating a sustainable enterprise where employees work happily				
Organizational analysis	Each department's strategic plan	Each unit's action plan		Organizational restructuring		
Manpower examination	Future manpower needs analysis	Current manpower analysis		Manpower needs plans		
Human resources activities	Salary performance management	Career development program	Training and development	Attendance and performance management	Recruitment and selection	Others

- I. New employee training: China Ecotek attaches great importance to personnel training. After new employees are hired, we immediately offer two-day training on their rights, internal rules and regulations (including the anti-corruption policy and procedure), the Occupational Safety and Health Act, and the Labor Standards Act, as well as other training on human rights. In the process of developing talents, we are also constantly exploring organizational and personal needs, reviewing business conditions and skills needed for positions at any time, planning a training and development system and regulations, while gradually carrying out various necessary training projects, along with physical and online courses and a mentoring mechanism, to enhance the knowledge and skills required for personal career development.

II. Education and training: We actively implement occupational safety education and training programs within the score of the Company in compliance with applicable laws and regulations, to ensure employees' safety and health. We also offer various professional training to employees. Due to the gradual relaxation of anti-pandemic regulations in 2022, we gradually offered physical courses again and purchased digital learning courses at an expense of NT\$2.8 million. The average training hours per person in the Company was 11.41 (including in-company training, digital courses, and training outside the Company) .

Education and training in 2022

2022	Number of trainees	Total hours of training	Total number of employees	Average hours per person
Female	127	1,174	164	7.16
Male	756	12,317	1,018	12.1
Managerial positions	119	1,804	145	12.5
Professional positions	320	4,875	404	12
Entry-level positions	444	6,813	633	10.8
Total	883	13,492	1,182	11.41

III. A successor training program and mentoring mechanism: It is to maintain the organization's core competitiveness, create a culture of sharing to pass on skills, stimulate personal enthusiasm for learning, and enliven the organizational atmosphere.

We have developed a complete training system based on our talent development strategy. During the year-end performance evaluation, we review all employees' performance and assess their job plan. Through an e-training management system, we establish individual learning maps, carefully assess training courses, and develop diverse learning means to allow employees to continue to grow through learning. In line with the Company's development strategy toward internationalization, we also launched an international language training program to broaden employees' international horizon. To improve engineering design skills, we actively purchase various 3D software products, hold 3D design seminars and training camps,

establish 3D design modules, and adopt 4D (time factor included) construction procedures. We continue to cultivate better and more international talents as the Company's core strategy and necessary long-term investment. We spare no effort to optimize learning resources to improve the our training quality so as to become an internationalized company.

8.9 Employee rights

The Company abides by labor and human rights laws and regulations at home and abroad and treats all employees in an equal and respectful manner, including:

- I. We set working conditions in accordance with the government's labor laws and regulations;
- II. We provide equal job opportunities to all job seekers in accordance with the Employment Service Act;
- III. We provide employees with a grievance channel when their legitimate rights are infringed or they are mistreated and cannot reasonably resolve it;
- IV. When an employee receives a major reward or punishment from the Company, the responsible unit should submit a report for review, and the Guidelines on the Establishment of a Reward and Punishment Evaluation Committee are in place;
- V. To provide employees and job seekers with a work environment free from sexual harassment and prevent sexual harassment from happening in the workplace, we have the Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace in place.
- VI. We have clear rules and complete systems for employees' salary, evaluation, promotion, rewards and punishments, and bonuses in place, and have published them in the internal rules on the intranet for employees to check at any time.
- VII. We have formulated work rules in accordance with the Labor Standards Act and the Act of Gender Equality in Employment. We comply with the laws and regulations on all employees' labor contracts, wages, working hours, break, vacations, leave, and retirement. Our occupational accident compensation and death in service compensation policies are also better than legal requirements.
- VIII. We select and send labor representatives in accordance with the law to participate in labor-management meetings, collective bargaining agreement meetings, Employee Welfare Committee meetings, Occupational Safety And Health Committee meetings, Reward and Punishment Review Committee meetings, Supervisory Committee of Labor Retirement Reserve meetings, and Sexual Harassment Prevention Committee meetings, to protect workers' rights and benefits.

- IX. Employee health examination: We hold physical health examinations and occupational illness prevention health examinations for each employee per year, better than the interval and examination items specified by laws and regulations. We are committed to taking care of employees' health and paying attention to their physical conditions at work at all times, so that they can work without worries and their families can rest assured.

8.9.1 A complete salary management system

We have a complete salary system and promotion and evaluation regulations for all employees, and conduct performance management. The total employee salary (including bonuses and remuneration) in 2022 amounted to NT\$1.443 billion, an increase of NT\$103 million compared to 2021, with an average salary increase 6%. In addition to purchasing labor and health insurance for our employees, and we contribute to the pension accounts in accordance with the Labor Standards Act and the Labor Pension Act. We insist on the following principles:

- I. We determined salaries for new hires with reference to market conditions as well as their education and relevant work experience regardless of race, class, language, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, physical or mental disabilities, zodiac signs, blood type, or former union membership.
- II. The minimum starting salary for new hires in 2022 is 1.07 times the minimum wage required by law. The average monthly salary for entry-level positions in 2022 was 1.23 times the minimum wage required by law, of which 1.60 times for males and 1.47 times for females.
- III. The ratio of women's average monthly minimum wage to men's at China Ecotek, Taiwan, in 2022 is 1 to 1.3; the ratio of female employees' average salary to males' is 1 to 1.08. As China Ecotek is an engineering company, most female employees handle administrative tasks in the office, while male counterparts mostly work on-site or at overseas construction sites so they receive additional allowances and subsidies; also, their construction project bonuses are higher than those for administrative tasks. Thus, men's total salary and remuneration are higher than that of women. Moreover, as personnel are transferred flexibly due to engineering projects, it is unable to analyze the ratios of women's salary and remuneration to men's in various categories of employee based on important operating sites. (The total number of female and male employees at

each location changes greatly, so we can only analyze such ratios based on the total number of women and men in various positions in the entire company.)

Analysis of the ratio of women's monthly minimum wage to men's

2022	Managerial position		Professional position		Entry-level position		Subtotal	
	Female	Male	Female	Male	Female	Male	Female	Male
Ratio of women's average monthly minimum wage to men's in 2022	1	1.06	1	1.09	1	1.09	1	1.13
Ratio of women's average annual salary to men's in 2022	1	0.98	1	1.09	1	1.09	1	1.08

- IV. One should apply for paid leave during the year in which the leave is granted. The number of unused days of the leave can be converted to pay at the end of the year or one can choose to retain it for the following year but it should be ten days or fewer, and the total number of days of the annual paid leave should not exceed 30 days. For unused hours of leave converted from working overtime, overtime pay will be paid.
- V. We have annual bonuses for not taking days off and earnings performance bonuses in place that are better than the requirements under the Labor Standards Act and have the employee remuneration payout regulations in place in accordance with the Company Act.
- VI. The ratio of the annual total remuneration of the Company's highest-paid individual to the median annual total remuneration of all other employees (excluding the highest-paid individual) is 5.1 to one.
- VII. The ratio of the median annual total remuneration increase (%) of the Company's highest paid individual to the median annual total remuneration increase percentage (%) of all other employees (excluding the highest paid individual) is 1.34 to one.
- VIII. Information on non-managerial full-time employees:

Item	2021(A)	2022(B)	Difference(B-A)
Number of non-managerial full-time employees	1,165 people	1,169 people	4

Average annual benefit expenses for non-managerial full-time employees	NT\$9,685/person/year	NT\$9,231/person/year	- 454
Average salary of non-managerial full-time employees	NT\$1,024,569/person/year	NT\$1,112,466/person/year	87,897
Median salary of non-managerial full-time employees	NT\$935,277/person/year	NT\$1,009,811/person/year	74,534

Note: Non-managerial full-time employees refer to persons other than the Chairman, the President, the Vice President of the Management Division, the Vice President of the Engineering Division, and the chief accounting officer.

Note: The decrease in the benefit expense is a result of the suspension of all group activities due to the pandemic.

IX. China Ecotek hires residents of Kaohsiung City where the Company is located as senior managers, who accounted for 0.34% of all full-time employees.

8.9.2 Salary of new hires

We established salary standards by evaluating the supply and demand of the labor market and the salary level in the market to ensure we provide salaries better than the standard set by the Ministry of Labor. We determine individual salaries based on the position held, education, work experience, and manpower demand in the market, as well as the salary of existing employees or those who hold the same position or with the same length of service. The starting salary for entry-level employees is NT\$25,250 to NT\$27,500 per month, and the starting salary for professional-level employees is NT\$33,500 to NT\$34,500 per month. We adjust new employees' salary after they have worked for three full months as per their evaluation results.

8.9.3 Performance evaluation, pay raise, and promotion system

The Company's performance evaluation system is based on the business policy and business strategy and we launch various action plans accordingly:

I. We conduct mid-year evaluation, year-end evaluation, and promotion review once per year;

- II. The evaluation is divided into six levels: Excellent, A+, A-, B, C, and D. The levels are linked to the salary and influence pay raise and earnings performance bonuses. Those whose are rated as D will be laid off. Those whose are rated as B will not have a pay raise, but if there is a company-wide annual pay raise, they may be given a pay raise; and their supervisors should have a meeting with them and provide them with a performance improvement plan.
- III. According to Article 3 of China Ecotek's Evaluation Regulations, the year-end evaluation period begins from January 1 to December 31 per year and is conducted in December of the same year. The results take effect in January of the following year as the main basis for pay raise and bonus distribution. During the evaluation period, those who are in service, those who worked for a period and are on unpaid parental leave, those who were on personal, sick, or special sick leave, or transferred to an investee (on unpaid leave) for fewer than 180 days, and new employees have served for three full months by June 30 or November 30 and passed the probation period can be evaluated.

Year-end evaluation analysis in 2022

	Managerial position		Professional position		Entry-level position		Subtotal		Total
	Female	Male	Female	Male	Female	Male	Female	Male	
Total number of employees at the end of 2022	12	133	61	343	91	542	164	1018	1182
Number of employees evaluated at the end of 2022	12	132	62	345	90	538	164	1015	1179
Number of people evaluated at the end of the year as a % of total number of employees in 2022	100.0%	99.2%	101.6%	100.6%	98.9%	99.3%	100.0%	99.7%	99.7%

Note 1: The number of women evaluated >100% means that the employees worked for a period and were then on unpaid parental leave during the evaluation period.

Note 2: The number of people evaluated at the end of the year > the number of people at the end of the year is because of the fact that the employees were no longer employed after the evaluation, so they were not included in the number of people as of December 31.

Note 3: The number of people evaluated at the end of the year < the number of people at the end of the year is because of the fact that new employees are not yet qualified for the evaluation.

Our promotion system is based on a two-pronged approach, featuring "management" and "professionalism". We promote employees based on

their characteristics, specialty, competencies, work performance, and potential for being leaders. During promotion, nominations are made by each respective unit, and its responsible supervisor decides to approve the promotion based on their work performance, work experience, moral character and integrity, occupational safety and environmental performance, as well as education and training results.

8.9.4 Employee development

We believe that "people" are the Company's most precious asset. Thus, we attach great importance to employee development with different development and growth measures in place to enable employees to continue to grow:

- I. Enhancing employees' self-understanding: We analyze the professional skills of each position and bridge the gaps in competencies through internal and external training; as such, everyone can continue to unleash their potential, enhance self-growth in a team, and develop core knowledge and skills to develop our competitive advantages.
- II. Rewarding those who acquired professional skills certificates: To duly train talents, we coach employees to acquire skills and certificates, so that they will have diverse skill sets and multiple certificates. If they can effectively apply such skills to their work, we will offer rewards or pay raise to link the training results with performance. It also serve as a proof of their professional skills if they resign or retire, helping them to get better pay.
- III. Encouraging job rotation and providing growth opportunities: We diversify the jobs to motivate everyone to enhance experience and meet challenges, expand their work horizons, and unleash their potential. Before any job rotation, we will seek the supervisor's opinions and gain employees' agreement first.

8.9.5 Harmonious and pleasant labor-management relations

The Company has emphasized employee treatment and benefits and actively trains talents. We treat employees with integrity and respect to create

a harmonious and pleasant work environment. There are various communication channels between employees and the Company (see the table below) to ensure adequate communication and effective problem-solving. There have been no serious labor disputes occurring since the Company was established, and we established a labor-management meeting in 2013 to discuss labor-management issues. There was no complaint about human rights violations or gender discrimination in 2022.

Item	Communication channel	Issue reflected
1	Administrative system (i.e.: unit directors, Assistant Vice Presidents, Vice Presidents, the President, and the Chairman)	Any individual or unit with an attempt to express its opinions should first report it to their immediate supervisor through the administrative system. Supervisors at all levels should assist it in being a liaison with other relevant units to handle it. If an individual or unit believes that the issue has not been properly handled, it can seek solutions through the channels, such as the Employee Welfare Committee, Occupational Safety and Health Committee, or a department consultation and communication meeting.
2	Employee Welfare Committee	Regarding employees' benefits and rights.
3	Occupational Safety and Health Committee	Regarding safety, health, and environmental protection issues.
4	Supervisory Committee of Labor Retirement Reserve	Regarding retirement reserve saving, use, and management.
5	Unit meetings	Regarding each unit's business reports and work safety awareness raising.
6	Email	Regarding incidents with immediate supervisors involved or sexual harassment, for such complaints can be

Item	Communication channel	Issue reflected
		made directly to the given supervisor or the responsible unit through the Company's email with the name indicated and evidence attached.
7	Email for sexual harassment complaints	help@ecotek.com.tw
8	Labor-management meeting	Regarding labor-management issues
9	Union	<ol style="list-style-type: none"> 1. Facilitating the formulation and revision of policies and work rules related to China Ecotek's workers' rights. 2. Responding to China Ecotek's major labor disputes and supporting relevant tasks. 3. Promoting member benefits, services, and teambuilding activities or launching savings projects. 4. Promoting matters related to improving working conditions. 5. Finalizing, amending, or revoking China Ecotek's collective bargaining agreements. 6. Conducting surveys and research on members and other labor issues. 7. Raising suggestions about the formulation of, amendment to, and revocation of labor rules and regulations. 8. Putting China Ecotek's workers

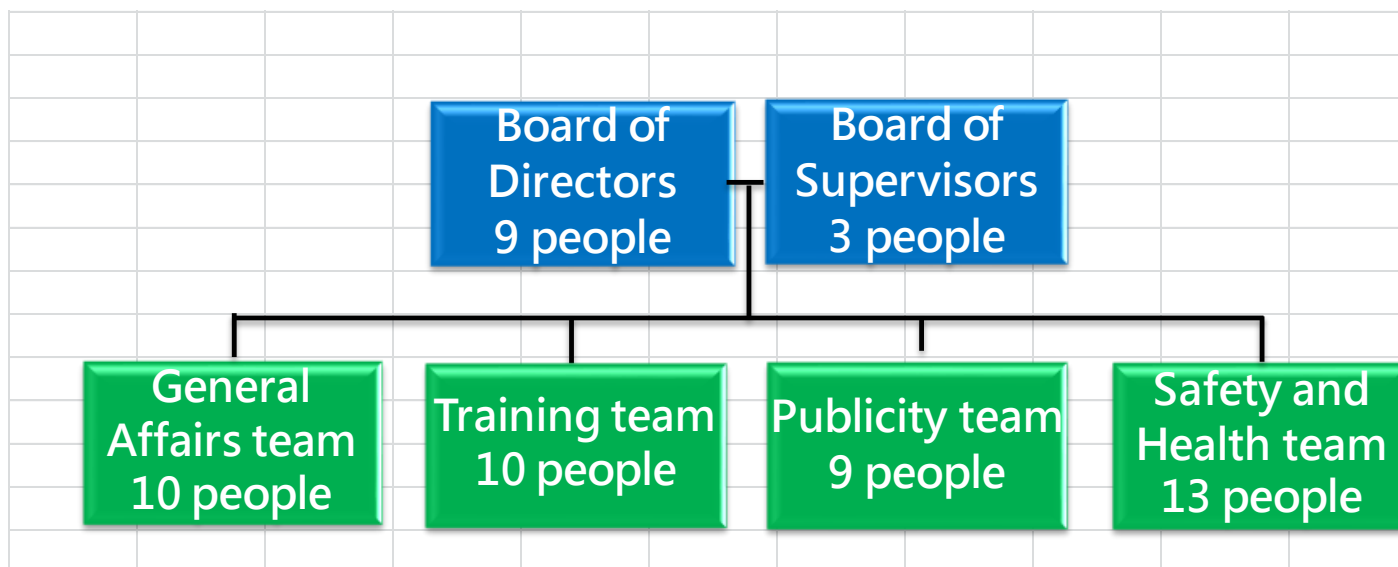
Item	Communication channel	Issue reflected
		together to protect members' rights and improve their working conditions and lives.

8.9.6 Subcontractors' benefits and protection

We regard our subcontractors as part of our organization and require them to abide by applicable labor laws and regulations, such as salary not being lower than the legal requirement, annual employee health examinations, and working hours not exceeding the legal requirement. In addition to purchasing labor and health insurance and contributing to the pension fund, we require them to purchase group accident and employer accident liability insurance. We will regularly check their conformance with the requirements once per year and hold an Outstanding Occupational Safety Subcontractors Commendation Ceremony at the end of each year.

8.9.7 Enterprise union

China Ecotek's union was established in July 2015 based on the principles of selflessness, integrity, and unity. All employees at all our operating sites can join the union at will. By the end of 2022, there are 855 members and 37 sponsoring members in the union, totaling 892 people, and members accounted for 73% of all members, an increase of 30 people from the prior year. The union elected 30 member representatives through voting by all members with a board of directors, a board of supervisors, a general affairs team, a publicity team, a training team, and a safety and health team in place. It regularly holds board meetings and meetings of each team and sends labor representatives to participate in labor-management meetings, collective bargaining agreement meetings, Employee Welfare Committee meetings, Occupational Safety And Health Committee meetings, Reward and Punishment Review Committee meetings, Supervisory Committee of Labor Retirement Reserve meetings, Sexual Harassment Prevention Committee meetings, and Stock Ownership Trust Committee meetings in accordance with the law.



The union aims to formulate and amend policies and work rules related to the Company's labor rights, respond to major labor disputes and support tasks; promote member benefits, services, and teambuilding activities or launch savings projects, promote matters related to improving working conditions, finalize, amend, or revoke China Ecotek's collective bargaining agreements, conduct surveys and research on members and other labor issues, raise suggestions about the formulation of, amendment to, and revocation of labor rules and regulations, as well as put workers together to protect members' rights and improve their working conditions and lives.

In addition to the regular meetings held by each team to discuss team affairs and labor rights issues related to members in real time, the union communicates with other unions and competent authorities from time to time to seek suggestions, while offering training or sending members to other training sessions to enhance member representatives and leaders' relevant professional knowledge. It hires an attorney to attend its meetings regularly to provide members with consultation service (the consultation dates are available in the ERP announcement). Also, the Company's 2022 group insurance provider sent personnel to the meetings to provide consulting services on the afternoon of the third Friday per month. In the future, it will

also plan to organize teambuilding activities for members to promote exchanges between members.

To commend outstanding workers, we have held model employee selections per year since 2017 and entrusted the union to assist with the selection process. In addition to commending the selected employees, we provide overseas self-enhancement subsidy of NT\$22,000 per person. Since the beginning of 2020, the union provides an additional overseas self-enhancement subsidy to each member who is elected as a model employee in the amount of with NT\$5,000.

Also, to commend the senior employees' long-term contributions the union holds senior employee commendation ceremony per year starting from 2021. Those who have served at the Company for 25 years and have joined the union for three years will be awarded a long-term commendation souvenir worth about NT\$5,000. We also organize two retirement banquets per year to commend retirees' endeavors and give them a retirement souvenir worth about NT\$5,000.

8.9.8 Collective bargaining agreements

China Ecotek and the enterprise union held the first collective bargaining agreement meeting on November 3, 2017. After nearly three years, we held a total of 31 bargaining meetings, and both parties finally agreed on all 75 articles in the collective bargaining agreement and finalized the agreement at the 31st meeting on September 22, 2020.

Although the structure of this agreement is based on parent company China Steel's collective bargaining agreement, the natures of the Company's industry and China Steel's are different, and some contents of the China Steel's agreement cannot meet the Company's needs for working conditions. Therefore, the Company and representatives of the union tailor-made the Company's labor-management relations and working conditions based on its characteristics. During the negotiation period, the Labor Standards Act was amended several times, and both employer and employees promptly amended the contents of the agreement in compliance with the act, indicating the Company's down-to-earth spirit.

During the negotiation period, the Company's bargaining representatives patiently responded to the questions and opinions raised by the union

about the freedom of association, right to collective bargaining, and right to dispute in the meetings. They also actively coordinated and resolved the issues raised by the union. The union is also willing to give the employer space to address issues involving management rights and management, showing the employees and employer's respect for each other. The negotiation of the collective bargaining agreement further improved labor-management relations and the exchanges between both two parties and led to more defined working conditions.

The agreement was submitted to and was approved by the 3rd meeting of the 10th Board of Directors on September 29, 2020. The union held the 2nd extraordinary member representative meeting on October 7, 2020 in accordance with Article 9 of the Collective Agreement Act and voted for the agreement, which applies to the union's all members and sponsoring members. On October 21, 2020, the Company and the union held the first collective bargaining agreement signing ceremony in the conference room of the China Steel's headquarters office and received a subsidy of NT\$200,000 from the Ministry of Labor.

Regarding the collective bargaining agreement currently in effect, the union has not yet made a request for exclusion, so the agreement applies to both union members and non-members. The collective bargaining agreement covered 100% of all employees in 2022.

8.10 Occupational safety and health

8.10.1 Safety and health statement

The occupational safety and health statement that all employees of China Ecotek abides by is:

Respecting the values of workers' lives and fulfilling corporate social responsibility;

Developing a high-quality safety and health culture and pursuing zero disaster.

To achieve "zero disaster", we are committed to:

- I. Engineering hazard prevention: Eliminating hazards, such as falls, electric shocks, collapses, poisoning, bruises, or illness that may occur during engineering operations;
- II. Safety and health management: Enhancing the safety and health equipment in the work environment, preventing the occurrence of injuries or illness, conducting labor health management and holding health promotion activities, carrying out various protective safety and health tasks, and continuing to improve safety and health management and performance;
- III. Zero disaster promotion: Abiding by occupational safety and health laws and regulations and the reasonable requirements from owners and other stakeholders, and continuing to implement the “zero disaster” measures to prevent disasters;
- IV. Promotion through various channels: Conveying policies and laws to each employee through education and training, awareness-raising, safety observations, safety participation, and consultation and communication and continuing to raise subcontractors' awareness of occupational safety and health policies and concepts;
- V. Explanation to related parties: Publicly raising people's awareness of our occupational safety and health policies, measures, and safety and health management performance, to gain the trust of employees, clients, owners, social groups, government agencies, and stakeholders.

8.10.2 Safety and health policies, targets, and plans

To enhance the awareness of safety and health management, the Safety and Health Division (consisting of ten people, responsible for operating the management system) sets different targets per year and quantifies them in accordance with the Company's safety and health policy. To be aligned with Article 3-2 of the Regulations Governing the Occupational Safety and Health Management, the quantitative data covers subcontractors' implementation in respect of workers, activities, and workplaces, and separate analysis is conducted. The 2022 goal is to duly implement occupational safety to ensure health and safety (i.e., reducing occupational safety violations, the frequency of disabling injuries, the number of disabling injuries in traffic accidents, and inspections at all management levels, which is included in the execution plan in the hope that the Company's overall (active) performance indicators reach 90 points or more). Then, the person in charge of the plan at each department names the project in line with the goal and the Occupational Safety and Health Committee meeting reviews the achievement rate per quarter. We put up posters about the targets and plans approved by the President at all major plants and offices to remind all employees of the importance of employee safety. The focus of the 2022 occupational safety and health targets and plan implementation is as follows:



	Occupational safety and health goal and plan management procedures	No.:	Page No.: 1/1
	Management goal and plan for 2022	Initial draft date: December 25, 2015	
		Last modification date:	
<div>Goal</div> <div>Implementing safety measures to eliminate disaster risks</div> <div>Plan</div>			
Unit	Title of plan	Unit	Title of plan

E0	Traveling happily and coming home safely	E5	Great safety and no accident at construction sites
E1	Improved subcontractor safety awareness and reduced occupational safety violations	E6	Safety and health for all employees
E2	Enhanced occupational safety culture, increased care for occupational safety, and reduced violations	E7	Perseverance for active inspections and reduction of the incidence of occupational accidents
E3	Increased awareness of hazard identification reduction of the of occupational safety violations	E8	Implementation of occupational safety management to halve the number of violations
E4	Enhanced defensive driving and strengthened supervision	E9	Implementation of occupational safety with the target of reducing the number of violations to fewer than eight and accidents with minor injuries to zero

Performance indicators

1. Number of occupational accidents (25 points). [Five points will be deducted per major occupational accidents; two points will be deducted per severe injury (disabled for at least 30 days); one point will be deducted per moderate injury (disabled for four to 29 days); 0.2 points will be deducted per moderate-to-minor injury (disabled for one to three days); 0.2 points will be deducted per minor injury (no disability); 0.2 points will be deducted per traffic accident (with disability); 0.1 points will be deducted per traffic accident (no disability); 0.2 points will be deducted per equipment loss (no disability); 0.1 points (no higher than five points) will be added per false alarm report.]
2. Number of fines imposed by owners (25 points). [0.1 points will be deducted each time. Owner's rewards (one point will added for the first place in the departmental occupational safety competition, 0.5 points added for the second place, and 0.3 points added for the third place; 0.2 points added per award issued by the plant or

- bonus awarded (no higher than five points)); 0.5 points will be added 0.05 points per fine imposed by itself (no higher than five points)].
3. Violation tickets issued by the labor inspection unit (ten points). [One point will be deducted per suspension of work or fine; 0.2 points will be deducted per defect; 0.3 points will be added if the labor inspection unit issues a no-defect record (including suggestions) each time (no higher than five points).
 4. Consultation and communication (ten points). [Zero-point-one points will be deducted for missing a session. Each first-level unit meets at least once per quarter and keeps a records accordingly].
 5. Number of on-site inspections by supervisor (ten points). [Zero-point-one points will be deducted for missing a session. The person in charge of each construction site should inspect the site at least once per week and keep records].
 6. Education and training (ten points) [Zero-point-zero-five points will be deducted per participant not attending. Each employee should receive education and training and record it before each construction work begins].
 7. Management plans (five points). [Zero-point-five points will be deducted if the management plan implementation rate fails to reach 90%].
 8. Internal auditing (five points). [Zero-point-five points will be deducted per minor defect; 0.05 points will be deducted per issue under observation].

I. Occupational disaster investigation

Most of China Ecotek's daily operations are carried out in the China Steel's and Dragonsteel's plants. In addition to responding to the group's parent company and different owners' different needs for occupational disaster investigation measures, we conduct internal investigations in accordance with the occupational accident investigation procedures of China Ecotek's ISO 45001 safety and health management system.

Relevant personnel engage in the investigation of different types of occupational accidents as planned, and it is summarized in the table below:

Type of accident	Participants
False alarm	On-site supervisor or safety and health personnel call in the parties involved.
Medical records, minor injury, or	The department's second level supervisor, union representatives, and given safety and health personnel form an investigation team.

equipment damage	
Disabling accident	The department's first level supervisor, Safety and Health Division, union representatives, and given safety and health personnel form an investigation team.
Major occupational accident	The Vice President, Assistant Vice President, first level supervisor, union representative, Safety and Health Division, and given safety and health personnel form an investigation team.

II. Occupational accident analysis

Our employees did not suffer occupational illness and no work-related deaths occurred in 2022. A total of one occupational accident occurred (minor injury), excluding commute to and from work. The number of accident in the hazard category:

One object fell from the height. All our employees worked for a total of 2,357,262 hours in 2022 and did not suffer from occupational injuries or illness due to jobs or positions with high risks or high risks of specific diseases.

Incidence of occupational accidents of all employees

Year	Disabling injury frequency rate (F.R.)	Disabling injury severity rate (S.R.)
2020	0	0
2021	0	0
2022	0	0

Note: F.R. = Number of disabling injuries/total working hours x 1 million working hours
Total number of days with disabling injuries/total working hours x 1 million working hours

III. Also, our subcontractors did not have employees with occupational illness and no work-related deaths occurred to them in 2022. A total of one disabling injury and two minor injuries occurred. Three accidents in the hazard category are one person falling down from the height, one object breaking, and one object falling from the height, with the F.R. of 0.22. Our subcontractors' employees worked for a total of 4,475,664 hours in 2022 and did not suffer from occupational injuries or illness due to jobs or positions with high risks or high risks of specific diseases.

IV. Reduction of the incidence of occupational safety violations and occupational accidents

To reduce the incidence of occupational accidents and occupational safety violations year by year, we set nine control values (as shown in the table below) per year. The Safety and Health Division sets occupational safety and health targets and each department draws up plans to work together to achieve the targets. The 2022 incidence of occupational safety violations, subcontractors' and the Company's general accidents, and the Company's traffic accidents (commute to and from work) (which fall under the Labor Standards Act and are not occupational accidents under the Occupational Safety and Health Act, so they were not included in the data of F.R. and S.R.; the traffic part is deleted from the table below) did not meet the targets except for the F.R. and S.R. of the Company's general accidents. Thus, the Company will continue to require all units to formulate annual plans for 2023 and set control values to reduce in fines by owners, subcontractors' and the Company's occupational accidents and traffic accidents based on the past records, while planning to establish contact points for the safety and health management unit's various projects to directly participate to take measures, such as "Improving the safety and health management performance of construction projects" in the hope of reducing the frequency and severity of accidents and injuries through various awareness-raising and control measures. China Ecotek does not engage in work with a high incidence of specific illness.

Incidence of occupational safety violations and occupational accidents in 2022

Category	Item	Actual value 2021	Target value 2022	Actual value 2022
Occupational safety violations	Incidence of occupational safety violations	0.23	0.18	0.16
Subcontractors' general accidents	F.R.	0.22	0.43	0.22
	Frequency of minor injuries	0.43	0.65	0.22
China Ecotek's general accidents	F.R.	-	-	-
	S.R.	-	-	-
	Frequency of minor injuries	0.4	-	0.40

China Ecotek's traffic accidents	F.R.	0.4	-	1.60
	Severity of injuries	9.57	-	102
	Frequency of minor injuries	0.8	-	0.40

Note: Incidence of occupational safety violations = Number of violations fined by owners x 1000/number of days with workers sent by subcontractors

V. Accident data record and reporting system

The Safety and Health Division is responsible for recording all occupational safety accidents in the Company. All accidents, including deaths, disabling injuries, minor injuries, or medical treatments (minor injuries are excluded from the calculation of the injury rate (IR)), all are recorded in detail in the annual occupational accident list. It is also regularly reported to and reviewed at the Company's Occupational Safety and Health Committee meetings, manager-level meetings, and management review meetings to control the progress.

At the end of the year, we will also review and analyze the data, formulate preventive measures for the following year, and draw up plans and projects for improvement. As for the reporting process of all accidents, the person who discovers the accident directly reports it to their supervisor and the Safety and Health Division, and then the supervisor reports to the one at the next level.

The above accident data record and reporting system is directly regulated by the ISO 9001 quality management system and the ISO 45001 safety and health management system (the management review procedures, the emergency preparedness and response management procedures, and the occupational accident investigation procedures).

We continue to be committed to providing workers with a safe and comfortable work environment by establishing safety and health regulations, analyze the causes of all occupational accidents, develop and implement improvement plans, and regularly analyze various indicators of occupational accidents while reporting the results in all safety and health meetings to require departments with indicators above the control values to continue to improve. When disabling injuries occur in a construction project of the Company or to an employee of another company, we will raise all personnel's (including subcontractors') awareness of occupational safety at various meetings or zero-disaster campaigns, to prevent

similar accidents from happening again and minimize disabling injuries.

8.10.3 Workers' participation in occupational safety to improve hazard identification skills

- I. To reduce the frequency of accidents caused by (temporary) changes in construction techniques during operations, we continued to enhance the review of construction techniques in high-risk lifting and hoisting operations in 2022. The safety and health management units (or any on-site supervisor or operator), accompanied by project personnel, conducted on-site inspections of all projects for conformance with plans and regulatory requirements from time to time. The contents reviewed by all safety and health management units were also compiled and sent to the top management for sign-off, and a total of 154 inspections were conducted in the year (851 items conformed to the standards; 47 items were with suggestions, and 12 items were defective). If an operation failed to meet the requirements and was likely to lead to a major accident, all personnel of the above-mentioned projects could log in to the occupational safety inspection system to inform the relevant supervisors and immediately stop the work for improvement and could require the workers to conduct hazard identification and risk assessment and review again.
- II. In 2022, we offered 11 on-the-job training sessions at China Steel's plant, with a total of 342 participants. In addition to responding to various operational requirements in the plant, we aimed to establish the safety concepts of the workers of the Company and subcontractors.

8.10.4 Health care and health promotion

To be in line with the requirements of occupational safety and health regulations, we formulated the company-level anthropogenic hazard prevention program and the maternal health implementation program in 2015; amended the heavy workload-induced disease prevention program in 2016 and continued to implement it in 2022, to achieve the ultimate goal of balancing employees' physical and psychological health and achieving family happiness through systematic management. In 2022, we also continued to hold health seminars to increase employees' knowledge of disease prevention, invited professionals to convey correct concepts of health and enhance employees' understanding of health, and provided consultation

service for related health topics.

I. Promotion of abnormal workload-induced disease prevention program:

In 2022, we were implementing an abnormal workload-induced disease prevention program and selected 35 employees in the high-risk health group to fill out the overwork and risk factor survey questionnaire. If there were rated as high to medium risk, medical staff would have a health interview to understand their disease control situation and workload, provide correct health knowledge, inform their supervisors, and follow up on their health. We would adjust their workload when necessary.

II. Implementation of anthropogenic hazard prevention program:

In 2022, we requested the personnel of the refractory engineering departments of China Steel and Dragonsteel to fill out a musculoskeletal injury questionnaire to screen out people with potential musculoskeletal hazards and educate them on correct working postures, and encourage them to stretch more before work and during breaks and develop regular exercise habits to reinforce their muscle strength.

III. Implementation of maternal health implementation program:

We conducted a questionnaire survey on female employees after pregnancy and within one year after giving birth in 2022, totaling three people. We assessed if there were any harmful substances in the workplace that might cause harm to maternal health and provided health protection measures, such as health guidance, hazard notification, and work adjustments if necessary, to ensure their physical and psychological health during the pregnancy, postpartum, and breastfeeding periods to achieve the purpose of maternal health protection.

IV. Annual health examination:

We provide general health examinations and special occupational health examinations to employees per year and their family members can also take the general health examinations. We manage the general and special health examination results at different levels based on the annual health examination analysis results, compile and provide the data with abnormal results to their immediate supervisors as a reference for assigning tasks, and provide them with personal health guidance. In addition, we put the health examination materials in an envelope and give it to employees for

review, while inputting the data into the ERP system to establish a personal health profile so that they can check their own health examination information at any time, keep abreast of their own health data trends, and manage and control health on their own.

V. Various health services by full-time nursing staff:

In accordance with the Labor Health Protection Rules, full-time nursing staff should conduct health management and provide on-site health services, take occupational and general injury prevention and treatment measures, as well as analyze, evaluate, manage, and keep labor health records. In 2022, we appointed occupational health specialists to provide on-site services 12 times and offer 24 first-aid training sessions, to enhance employees' health and first aid knowledge and skills and invited professionals to convey correct concepts of healthcare about employees' health issues, allowing them to live a healthy life. Also, we provide guidance to employees who have three-hypers as per the health examination results, give them a health follow-up form per month, and ask their supervisors to urge them to control their health.

VI. Subcontractors' health management:

We regard subcontractors as our partners and attach great importance to their personnel's health conditions. When they apply for a license for our construction projects, our full-time nursing staff will check their health examination reports and compile a list of personnel who have reached the care level and our medical staff provide them with health care and guidance, and the person in charge of each of our construction sites requires their persons in charge to duly take up the responsibility and regularly follow up on their treatment and examination results per month. Before their health conditions are stable, they should not be assigned to do work that is not suitable according to the Labor Health Protection Rules.

VII. Management of workers with high incidence of occupational illness and high occupational risks:

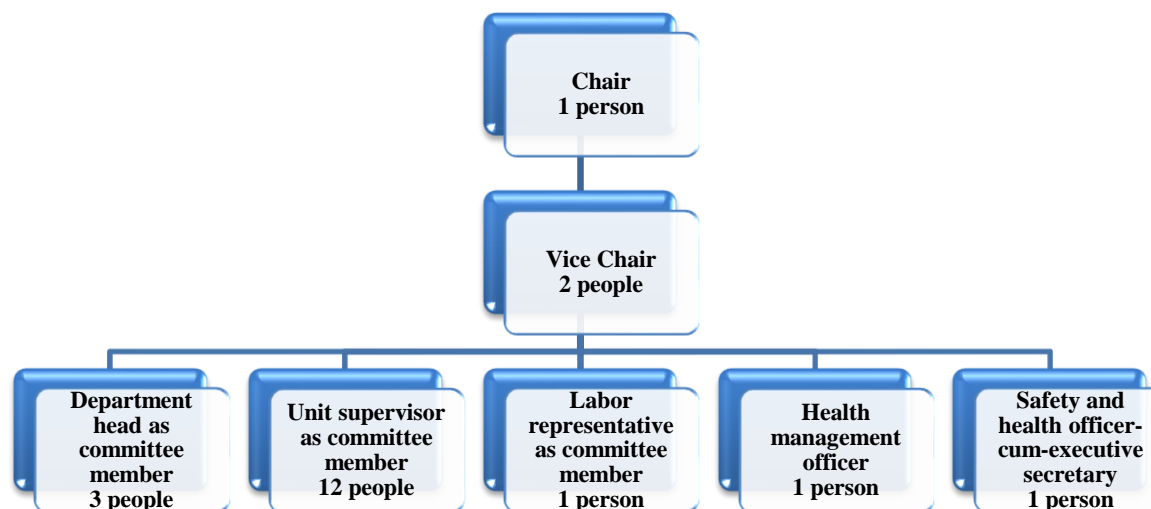
As for the Company's workers with high incidence of occupational illness and high occupational risks, their work and workplace are well-controlled by our owners. To cooperate with our owners, our employees undergo occupational illness prevention health examinations as required per year before engaging in operations that are particularly hazardous to health, and their health is managed at different levels.

Employees whose health is rated level 2 are provided with personal health guidance; we also ask occupational health specialists to follow up on the health of those at level 3, conduct on-site assessments of suspected occupational illness if necessary, adopt hazard control and relevant management measures, and establish a health management database.

8.10.5 Workers' participation, consultation, and communication

- I. The Occupational Safety and Health Committee holds a meeting every three months and can hold extraordinary meetings when necessary. The committee consists of 32 members, of which 12 are labor representatives (37.5%). The President serves as the chair and the safety and health officer concurrently serves as the executive secretary, responsible for formulating, planning, implementing, and supervising the occupational safety and health business.

Organizational structure of Health Committee





Occupational Safety and Health Committee meetings (convened by video conference)

II. We hold subcontractor safety and health committee meetings per month by region. We hold subcontractor safety and health committee meetings per month in central and southern Taiwan, respectively, to coordinate and communicate the safety and health issued to be noted with subcontractors. We also commend outstanding personnel who took the initiative to report false alarms, role models in occupational safety, excellent personnel who proposed safety and health improvement measures, and award-winning subcontractors in occupational safety competitions at the meetings and reward them with appropriate bonuses from an occupational safety fine account.

(Due to the pandemic and cooperation with the government's policy this year, we did not hold physical meeting in the first 11 months. However, we made and put meeting materials in the cloud for subcontractors to download and held a meeting at the end of the year when the pandemic slowed down.)



Subcontractor safety and health committee meetings

III. We hold occupational safety personnel education and training and seminar regularly per month. We discussed the safety and health management methods and the improvement to defects at the monthly seminar with each construction site, and inform them of the latest requirements and practices under the Occupational Safety and Health Act, thereby increasing on-site occupational safety personnel's professional knowledge and safety and health management skills. We designate participants in advance and have them take turn giving presentations on stage and answer questions from all participants to train their ability to set topics and lecture. (Due to the pandemic and cooperation with the government's policy this year, we did not hold physical meeting in the first 11 months. However, we made and put meeting materials in the cloud for subcontractors to download and held a meeting at the end of the year when the pandemic slowed down.)



Occupational safety personnel education and training and seminar

IV. On-site safety and health joint inspections: We conduct on-site safety and health joint inspections regularly per month in central and southern Taiwan. The Safety and Health Division designates construction sites for inspection, and each unit's second-level supervisor participates in the audit throughout the process as well. In addition to increasing the inspection skills and experience of each unit's safety and health personnel and second-level supervisor, they can refer to other units' safety and health management approaches during the audit process in the joint inspections, thereby correcting and improving each construction site's safety and health management work. The Safety and Health Division will also bring up the advantages, disadvantages, or suggestions in the inspections at the subcontractor safety and health committee meetings for review.



On-site safety and health joint inspections:

V. Other communication channels are as follows:

1. We hold a first-level supervisor meeting per month, at which the Safety and Health Division discusses occupational safety reports, reviews, and suggestions.
2. Each construction site should hold a negotiation organization meeting with subcontractors per month.
3. The department head (first-level unit) holds an internal affairs meeting per month and invites the persons in charge of the relevant projects and labor representatives to participate in the meeting to put forth safety and health suggestions and opinions and keep meeting minutes. If a response from the Safety and Health Division is required, it should be sent to the division first and submitted to the President for approval.
4. The Employee Welfare Committee holds a meeting per quarter, at which members can submit proposals to discuss opinions on occupational safety and health issues.
5. We hold a labor-management meeting per quarter, at which labor representatives can submit proposals to discuss opinions on occupational safety and health issues.
6. The Knowledge Management Committee holds a meeting every six months, at which members can submit proposals to discuss occupational safety and health needs.
7. We hold a management review meeting every six months to discuss occupational safety and health proposals.
8. We hold an ESG Management Committee meeting per year to discuss occupational safety and health proposals.

8.10.6 Safety and health management and education and training for subcontractors

- I. Hazard identification and risk notification before a construction project is launched: We hold a work safety meeting before each project/work is launched to inform the environment and construction hazards and other risks and require compliance with various safe construction procedures. We also establish an negotiation organization meeting and require all subcontractors to join. We regularly hold a monthly negotiation organization meetings to discuss on-site occupational safety and health management issues and improvement measures for non-conformance.
- II. Daily hazard notification: Before starting work every day, each construction site and subcontractors conduct zero-disaster activity to observe, visually check, or ask construction workers about their vitality, check if they wear protective equipment, remind them of potential hazards in the work environment, and inform them of the safety operation standard (SJP) for the day's work, to improve their ability to predict dangers. We also work to avoid unsafe acts and potential hazards in the unsafe environment through safety observation and interviews, to prevent disasters from happening.



Daily zero-disaster campaign to raise awareness of occupational safety

- III. Alcohol breath test control: To ensure no alcohol at work and no work after drinking alcohol, we have a breathalyzer in place at each site to test workers' alcohol concentration at any time. If it shows an reaction with alcohol, a worker is not allowed to enter the construction site to work on that day.



Alcohol breath test control



Blood pressure measurement

- IV. Blood pressure measurement: We provide blood pressure monitors for our own personnel and subcontractors' employees to use, which helps them prevent and control the harm caused by high blood pressure and reminds those with high blood pressure to take blood pressure medications regularly to avoid potential accidents caused by elevated blood pressure. The tasks per day are assigned as appropriate based on their blood pressure measurement results. For example, those with high blood pressure should not work at height to care for and promote their health.
- V. On-the-job training on safety and health: We regularly offer on-the-job training on safety and health for all in-service employees per year to enhance their ability to identify hazards and predict dangers, so as to meet the regulatory requirements for education and training. The trainees include our own personnel and subcontractors' employees as well. The training focuses on occupational safety and health laws and regulations, SJP, occupational accident case study, and promotion of traffic safety and health management.



On-the-job training on safety and health:

- VI. Occupational safety certificate acquisition through external training and refresher training: Every year, employees can file online applications depending on the needs of their units and construction projects from time to time. After approval, they can proceed to receive training (or take exams after training) and acquire certificates or proofs for effectiveness evaluation after training. If training is offered during the day, only an application is required, and additional subsidies for missed meals and transportation costs (NT\$60 per hour) will be provided at our discretion for training offered at night. The training costs will be fully covered by the Company. We sent 527 people to training in 2022.

8.11 Legal compliance

8.11.1 Environmental laws and regulations

China Ecotek is in the professional technical service industry, and we pay attention to relevant waste discharge or spills during construction. We also actively adopt various environmental and energy-saving technologies to reduce human negligence and address problems.

Year	2020	2021	2022
Type of pollution	None	None	Construction of China Ecotek's Linyuan Plant
Unit punished	None	None	Environmental Protection Bureau of Kaohsiung City Government
Number of fine and amount	0/NT\$0	0/NT\$0	2/NT\$12,000

Note: The Linyuan Plant violated Article 31, paragraph 1, subparagraph 1 of the Waste Disposal Act because we began the demolition work without submitting a business waste cleanup plan.

The Linyuan Plant violated Article 31, paragraph 1, subparagraph 2 of the Waste Disposal Act because we began the demolition work without filing a waste flow proposal online.

8.11.2 Labor laws and regulations

Our operations were in line with various rules and regulations in 2022 without violating national laws, government regulations, and the Company's policies.

8.11.3 Safety and health laws and regulations

I. Law and regulation identification

The ISO 45001 management system requires organizations to be committed to complying with applicable laws and regulations and identify relevant applicable laws and regulations and other requirements. The Safety and Health Division conducts identification in accordance with applicable laws and regulations and sends the applicable safety and health regulations announced by the government to all relevant responsible units for implementation and cooperation. In 2022, we identified a total of six safety and health laws or regulations for enforcement.

II. Legal compliance

We had zero fine imposed by a labor inspection agency in 2022. Our violations of occupational safety and health laws and regulations over the past three years are as shown in the table below:

Year	2020	2021	2022
Unit	Labor Bureau of Kaohsiung City, Taichung-Changhua-Nantou Regional Branch of Workforce Development Agency, Ministry of Labor	None	None
Number of fine/total amount	One fine each, totaling 2/NT\$120,000	None	None

Note: In the follow-up, in addition to submitting carbon dioxide monitoring records, enhancing our on-site safety and health facilities, we immediately made improvements and replied to the labor inspection agency about these two defects. As for the carbon dioxide monitoring case, the senior management requested the labor safety unit to comprehensively review the data and put them under management as well as monitor it on a regular basis. In addition, as for the fall prevention, we reviewed it at the Occupational Safety and Health Committee meetings, first-level supervisor meetings, and group-level president meetings, while implementing improvement measures at the same time to prevent similar accidents from occurring again.

III. Procurement in line with CNS standards:

It is our responsibility to provide equipment, devices, and protective equipment in line with the safety and health standards for employees to use. In particular, as the Company is more focused on the business of outsourcing construction projects and mechanical and electrical maintenance and operations, we do not have control over many tasks and sites; as such, we have the responsibility to strive to prevent and mitigate negative safety

and health impacts directly related to such operations or services with the influence from our organization and business relationships. To be in compliance with Articles 7, 8, and 9 of the Occupational Safety and Health Act, we have designed corresponding links in the requisition, procurement, delivery, and acceptance system on the ERP intranet. If a procurement project fails to meet the CNS national standards, the system has been designed to automatically reject such a project, to achieve the ultimate goal of safety and health management.

9. People

9.1 Concept and scope

- I. Taking the initiative to take the responsibility: We take our and subcontractors' employees' safety, health, and health care as our duty and actively fulfill our corporate responsibility in the aspects of remuneration, benefits, equality, and training to employees and subcontractors' personnel.
- II. Diverse dedication: We focus on shareholders, employees, subcontractors, and local people's rights, insist on legal operations, and maintain fair play, while contributing our share to national public policies and international affairs.

9.2 Principles of participation in public affairs

It is a long-standing tradition for our employees not to get involved in politics in their official capacity, nor does the Company make political donations. Our major principles of participation in public affairs are as follows:

- I. Diversity and tolerance: Taking into account our stakeholders' views and our social responsibility.
- II. Professional statement: Expressing opinions based on international and domestic professional information.
- III. Fairness and justice: Adhering to the principle of fair play in line with social justice.

9.3 Social participation events

Regarding social participation in 2022, we did it mainly through the Management Division. The main events we participated are as follows:

Category of work	Focus of work
Human rights and human development	Sharing reasonable work environment policy and knowledge with subcontractors
Safety and health	Preventing accidents and occupational illness caused by enterprises, infectious diseases defined in law, and epidemic diseases
Central and local public affairs	Participating in domestic and overseas exchanges, maintaining harmony with the community, caring for people, and participating in emergency rescue work
Care for people	Maintaining positive interaction with elected representatives, administrative agencies, and the media, participating in emergency relief and rescue work, taking care of the vulnerable, and protecting the ecological environment

9.4 Social responsibility expense

Adhering to the principle of "giving what we have taken from society back to society", we take actions to care for the disadvantaged and participate in social charity events. To fulfill our corporate social responsibility, we made donations to the China Steel Corporation Education Foundation, the Down Syndrome Caring Association R.O.C., the Kaohsiung Autism Foundation, and the Kaohsiung Cih-Huei Garden, while sponsoring the field restoration for Fuxing Elementary School's Youth baseball team, buying air purifiers for Yuan's General Hospital, adopting elephant Ali at Shou Shan Zoo, as well as sponsoring Chin-Ai Music's events, China Steel Truth, Goodness, and Beauty Choir's events, Kaohsiung City Government's cultural events, and the General Association of Chinese Culture's Japan-Taiwan socializing event in 2022.

The main donations in social participation in 2022 are as follows:

Item	Details	Amount
Made donations to societies or associations	Sponsored seminars and symposiums organized by societies or associations	NT\$240,000
Made donations to China Steel Corporation Education Foundation	Sponsored cultural and educational activities, promoted education and talent cultivation in engineering-related fields	NT\$150,000
Made donations to social charity groups	Made donations to the Down Syndrome Caring Association R.O.C., the Kaohsiung Autism Foundation, the Kaohsiung Cih-Huei Garden, Life Care Department of Shou Shan Zoo, and Fuxing Elementary School's Youth baseball team	NT\$350,000
Made donations to Kaohsiung City Government's cultural events	"Taiwan Design-Design Taiwan" activities	NT\$500,000
Made donations to the General Association of Chinese Culture	Japan-Taiwan socializing event	NT\$100,000
Made donations to and promoted cultural events	Sponsored Chin-Ai Music's events, bought air purifiers for Yuan's General Hospital, and sponsored China Steel Truth, Goodness, and Beauty Choir's events	NT\$250,000
Total		NT\$1.59 million

Appendix 1: GRI Standards Table

The following indicators disclosed have been verified by an external entity, as detailed in the external verification statement.

General disclosures

GRI Standards	Item		Chapter	Topic	Page No.	Remarks
GRI 2 General disclosures 2021	1. The organization and its reporting practices					
	2-1	Organizational details	2.2	About China Ecotek	11	
	2-2	Entities included in the organization's sustainability reporting	1	About This Report	6	
			4.1.2	Investees	72	
	2-3	Reporting period, frequency and contact point	1	About This Report	6	
	2-4	Restatements of information	3.2.3 8.5	Material topics Employee benefits	57 110	To support employees' life after retirement or resignation, we formulated the Employee Stock Ownership Subscription Guidelines in 1998 . We established the Stock Ownership Trust Committee in 2006 .

	2-5	External assurance	1	About This Report	6	
2. Activities and workers						
2-6	Activities, value chain and other business relationships	2.4	Business and scale	14		
		5.2	Engineering services	79		
		7.4	Main supply chain analysis	97		
2-7	Employees	8.3	Structure of manpower	106		
2-8	Workers who are not employees					
3. Governance						
2-9	Governance structure and composition	3.1.6	Board of Directors, Audit Committee, Sustainable Development Committee, and Remuneration Management Committee	31		
2-10	Nomination and selection of the highest governance body	3.1.6	Board of Directors, Audit Committee, Sustainable Development Committee, and Remuneration Management Committee	31		
2-11	Chair of the highest governance body					
2-12	Role of the highest governance body in overseeing the management of impacts	3.1.6	Board of Directors, Audit Committee, Sustainable Development Committee, and Remuneration Management Committee	31		
		3.2.2	Topics discussed with stakeholders, identification, and classification	52		
		3.2.4	Communication with stakeholders	59		
2-13	Delegation of responsibility for managing impacts	3.1.6	Board of Directors, Audit Committee, Sustainable Development Committee, and Remuneration Management Committee	31		
2-14	Role of the highest governance body in sustainability reporting					
2-15	Conflicts of interest					
2-16	Communication of critical concerns	1	About This Report	6	No key major event	

		3.1.10	Internal auditing and correction	49	occurred to the Company in 2022.
2-17	Collective knowledge of the highest governance unit	3.1.7	Collective knowledge of the highest governance unit	44	
2-18	Evaluation of the performance of the highest governance body	3.1.8	Governance performance evaluation	45	
2-19	Remuneration policies	8.9	Employee rights	116	
		8.9.1	A complete salary management system	116	
		8.9.2	Salary of new hires	118	
		8.9.3	Performance evaluation, pay raise, and promotion system	118	
2-20	Process to determine remuneration	3.1.6	Board of Directors, Audit Committee, Sustainable Development Committee, and Remuneration Management Committee	31	
2-21	Annual total compensation ratio	8.9.1	A complete salary management system	116	
4. Strategy, policies and practices					
2-22	Statement on sustainable development strategy	2.1	A message from the management	8	
2-23	Policy commitments	3.1	Sustainable governance	15	
2-24	Embedding policy commitments				
2-25	Processes to remediate negative impacts	3.1.2	Risk prevention (risk type and control)	16	
2-26	Mechanisms for seeking advice and raising concerns	3.1.10	Internal auditing and correction	49	
2-27	Legal compliance	8.11	Violation of or failure to comply with applicable laws and regulations	139	
2-28	Membership associations	7.6	Membership associations	103	
5. Stakeholder engagement					
2-29	Approach to stakeholder engagement	3.2.1	Stakeholder identification	52	

			3.2.4	Communication with stakeholders	59	
	2-30	Collective bargaining agreements	8.9.8	Collective bargaining agreements	123	

Material topics

GRI Standards	Item		Chapter	Topic	Page No.	Remarks
GRI 3 Material topics 2021	3-1	Process to determine material topics	3.2.2	Topics discussed with stakeholders, identification, and classification	52	
	3-2	List of material topics	3.2.3	Material topics	57	
	3-3	Management of material topics				

Topic disclosures Economy (*Indicates material topics)

GRI Standards	Item		Chapter	Topic	Page No.	Remarks
* GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	4.1.1	Operating performance and earnings distribution	70	
	201-2	Financial implications and other risks and opportunities due to climate change	3.1.4	The financial impact of risks and opportunities arising from climate change	26	
	201-3	Defined benefit plan obligations and other retirement plans	8.4	Turnover	108	
	201-4	Financial assistance received from government	4.1.3	Sources of funding and government subsidies	73	
GRI 202 Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	8.9.1	A complete salary management system	116	
	202-2	Proportion of senior management hired from the local				

2016		community				
GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	7.4	Main supply chain analysis	97	
GRI 205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	3.1.9	Ethical management	47	No corruption incident occurred in the Company in 2022.
	205-2	Communication and training about anti-corruption policies and procedures		3.1.9	Ethical management	
	205-3	Confirmed incidents of corruption and actions taken				
GRI 207 Tax 2019	207-1	Approach to tax	4.1.4	Tax policies	74	
	207-2	Tax governance, control, and risk management				

Topic disclosures Environment (*Indicates material topics)

GRI Standards	Item		Chapter	Topic	Page No.	Remarks
GRI 301 Materials 2016	301-1	Materials used by weight or volume				Not applicable: The Company provides engineering manpower services, so there is no
	301-2	Recycled input materials used				
	301-3	Reclaimed products and their packaging materials				

						product produced.
GRI 302 Energy 2016	302-1	Energy consumption within the organization	6.1.1	Energy consumption within the organization	83	
	302-2	Energy consumption outside of the organization				Not applicable: The Company provides engineering manpower services, so there is no product produced.
	302-3	Energy intensity				
	302-4	Reduction of energy consumption				
	302-5	Reductions in energy requirements of products and services				
GRI 303 Water and Effluents 2018	303-3	Water withdrawal	6.3	Water and Effluents	88	
	303-4	Water discharge				
	303-5	Water consumption				
*GRI 305 Emissions 2016	305-1	Direct greenhouse gas emissions (Scope 1)	6.2.1	Direct greenhouse gas emissions (Scope 1)	86	
	305-2	Energy indirect greenhouse gas emissions (Scope 2)	6.2.2	Energy indirect greenhouse gas emissions (Scope 2)	86	
	305-3	Other indirect greenhouse gas emissions (Scope 3)	6.2.3	Other indirect greenhouse gas emissions (Scope 3)	87	
	305-4	GHG emissions intensity				Not applicable: The Company provides engineering manpower services, so there is no product produced.
	305-5	Reduction of GHG emissions	6.2.4	Reduction of GHG emissions	87	
	305-6	Emissions of ozone-depleting substances (ODS)	6.2.3	Other indirect greenhouse gas emissions (Scope 3)	87	

	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Not applicable: The Company provides engineering manpower services, so there is no product produced.
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Topic disclosures People (*Indicates material topics)

GRI Standards	Item		Chapter	Topic	Page No.	Remarks
*GRI 401 Employment 2016	401-1	New employee hires and employee turnover	8.4	Turnover	108	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	8.5	Employee benefits	110	
	401-3	Parental leave	8.6	Employees on unpaid parental leave	112	
*GRI 403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	8.10.1	Safety and health statement	125	
			8.10.2	Safety and health policies, targets, and plans	125	
	403-2	Hazard identification, risk assessment, and incident investigation	8.10.2	Safety and health policies, targets, and plans	125	
			8.10.6	Safety and health management and education and training for subcontractors	136	
	403-3	Occupational health services	8.10.4	Health care and health promotion	131	
	403-4	Worker participation, consultation, and communication on occupational health and safety	8.10.5	Workers' participation, consultation, and communication	133	
	403-5	Worker training on occupational health and safety	8.10.6	Safety and health management and education and training for subcontractors	136	
	403-6	Promotion of worker health	8.10.4	Health care and health promotion	131	

	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	8.11.3	Safety and health laws and regulations	141	
	403-8	Workers covered by an occupational health and safety management system	8.10.2	Safety and health policies, targets, and plans	125	
	403-9	Work-related injuries				
	403-10	Work-related ill health	8.10.4	Health care and health promotion	131	
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	8.8	Employee education and training	114	
	404-2	Programs for upgrading employee skills and transition assistance programs	8.9.4	Employee development	119	
	404-3	Percentage of employees receiving regular performance and career development reviews	8.9.3	Performance evaluation, pay raise, and promotion system	118	
*GRI 405 Employee diversity and equal opportunities 2016	405-1	Diversity of governance bodies and employees	8.3	Structure of employees	106	
	405-2	Ratio of basic salary and remuneration of women to men	8.9.1	A complete salary management system	116	
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	8.9	Employee rights	116	No discrimination incident occurred in the Company in 2022.
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	8.9.7	Union	122	No violation occurred in the Company in 2022.
			8.9.8	Collective bargaining agreements	123	

GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	8..3	Structure of employees	106	No child worker was hired in 2022.
GRI 409 Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	8..3	Structure of employees	106	No forced or compulsory labor occurred in the Company in 2022.
GRI 415 Public Policy 2016	415-1	Political contributions	9.2	Principles of participation in public affairs	142	No political contribution was made in 2022.
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.3	Client privacy protection	80	There was no complaint about information leakage, theft, or loss of client data in 2022.

Appendix 2: TCFD Disclosure Table

Aspect	TCFD Recommended Disclosures	Chapter	Topic	Page No.
Governance	<ol style="list-style-type: none"> 1. Describe the board's oversight of climate-related risks and opportunities. 2. Describe management's role in assessing and managing climate-related risks and opportunities. 	3.1.3	Four cores of the TCFD framework	24-26
Strategy	<ol style="list-style-type: none"> 1. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. 2. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. 3. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 			
Risk management	<ol style="list-style-type: none"> 1. Describe the organization's processes for identifying and assessing climate-related risks. 2. Describe the organization's processes for managing climate-related risks. 3. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. 			
Metrics and targets	<ol style="list-style-type: none"> 1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. 2. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. 3. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. 			

Appendix 3: ISO 26000 Clauses

Main topics		Corresponding chapter	Remarks
Organizational governance	A system by which an organization makes and implements decisions to achieve its objectives	3.2 Stakeholder engagement	
Human rights	Due diligence	3.1.9 Ethical management	
	Human rights risk situations	7. Supply chain	
	Avoidance of complicity	3.1.9 Ethical management	
	Resolving grievances	8.9 Employee rights	
	Discrimination and vulnerable groups	8.9 Employee rights	All are in compliance with the Labor Standards Act and applicable laws and regulations
	Civil and political rights	8.9 Employee rights	
		7. Supply chain	
	: Economic, social and cultural rights	9. People	
	Fundamental principles and rights at work	8.9 Employee rights	All are in compliance with the Labor Standards Act.
Labor practices	Employment and employment relationships	8.1 Talent selection, cultivation, and retention	
	Conditions of work and social protection	8.9 Employee rights	
	Social dialogue	3.2 Stakeholder engagement	
	Health and safety at work	8.10 Occupational safety and health	
	Human development and training in the workplace	8.8 Employee education and training	
The environment	Prevention of pollution		Not applicable: The Company provides engineering manpower services, so there is no product produced; hence, no environmental pollution was caused.
	Sustainable resource use	4.2 Research innovation	

	Climate change mitigation and adaptation	3.1.4 The financial impact of risks and opportunities arising from climate change	
	Protection of the environment, biodiversity and restoration of natural habitats	6. Environment	
Fair operating practices	Anti-corruption	3.1.9 Ethical management	
		3.1.10 Internal auditing and correction	
	Responsible political involvement		The Company was not involved in any political activities.
	Fair competition		The Company adheres to the principle of integrity and abides by government laws and requirements during product promotion in the market. We also follow the Company's internal policies or regulations.
	Promoting social responsibility in the value chain	7. Supply chain	
	Respect for property rights		We have relevant incentive measures in place and passed TIPS verification.
	Fair marketing, factual and unbiased information and fair contractual practices	7. Supply chain	
Consumer issues	Protecting consumers' health and safety	7. Supply chain	
	Sustainable consumption	7. Supply chain	
	Consumer service, support, and complaint and dispute resolution	5.4 Client satisfaction survey	
	Consumer data protection and privacy	5.3 Client privacy protection	
	Access to essential services	2.4 Business and scale	
	Education and awareness	7. Supply chain	
	Community involvement	9. People	
Community	Education and culture	9. People	

involvement and development	Employment creation and skills development	8.9 Employee rights	
	Technology development and access	4.2 Research innovation	
	Wealth and income creation	8.9 Employee rights	
	Health	8.10 Occupational safety and health	
	Responsible investment	4. Investors	

Appendix 4: United Nations SDGs Table

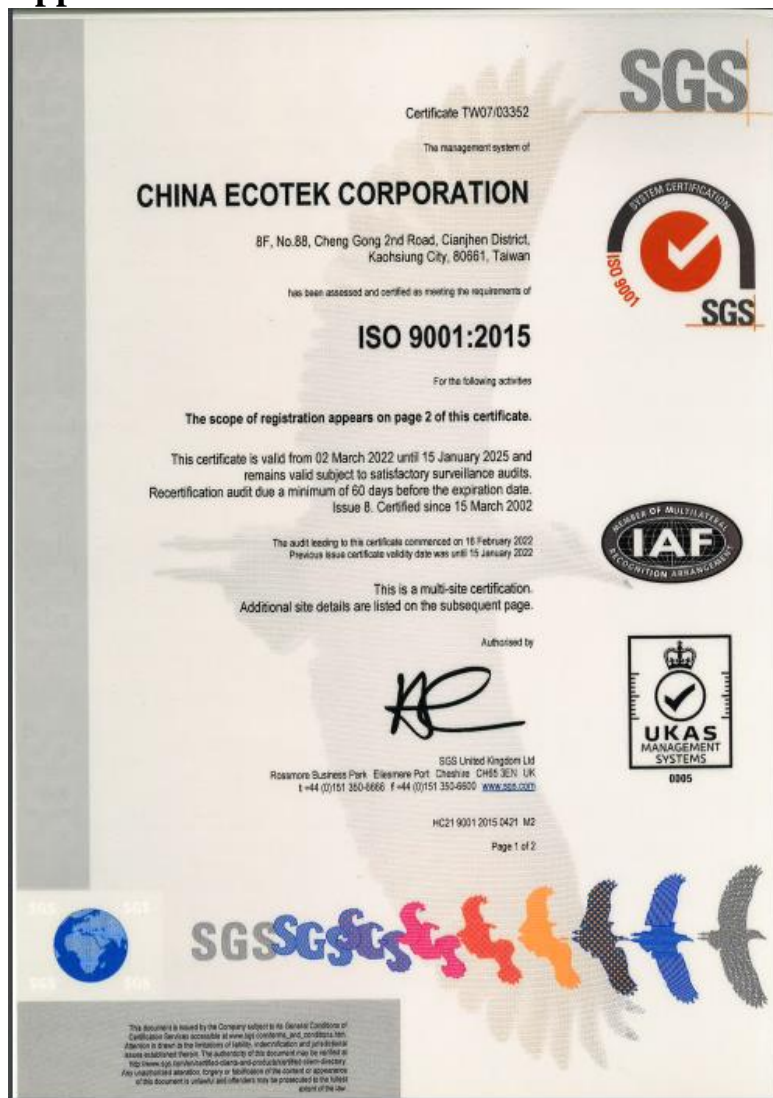
SDGs	Company's goal	Corresponding chapter	Practices
SDG 1 No Poverty: End poverty in all its forms everywhere.	Making donations to the disadvantaged in Taiwan.	9.4 Social responsibility expense	Donated NT\$350,000 to the disadvantaged in Taiwan.
	Safeguarding employees' remuneration and life after retirement	8.9.1 A complete salary management system	1. The minimum starting salary for new hires in 2022 is 1.07 times the minimum wage required by law.
		8.9.2 Salary of new hires	2. We guarantee that the minimum annual salary is 13 months of salary.
		8.9.4 Employee development	3. The average annual salary of non-managerial employees is NT\$1,112,466. 4. Employee stock ownership trusts protect employees' life after retirement.
SDG 3: Good health and well-being:	Reduction of the incidence of occupational safety violations and occupational accidents	8.10.2 Safety and health policies, targets, and plans	We set occupational safety goals and implement safety and health management improvement projects to improve the performance.
Ensure healthy lives and promote well-being for all at all ages	Balancing employees' physical and psychological health and family happiness	8.10.4 Health care and health promotion	1. We are implementing an abnormal workload-induced disease prevention program. 2. We are implementing an anthropogenic hazard prevention program. 3. We are implementing a maternal health implementation program. 4. We hold an annual health examination. 5. We have full-time nursing staff providing various health services. 6. We conduct subcontractors' health management. 7. We hold weight loss and health promotion activities. 8. We manage workers with high incidence of occupational illness and high occupational risks.
SDG 4 Quality education: Ensure inclusive and equitable quality education and	Continuing to offer professional training and enabling employees to acquire various certificates	8.8 Employee education and training	1. New hire training. 2. Occupational safety and professional education and training. 3. Successor training.

promote lifelong learning opportunities for all.			
SDG 5 Gender equality: Achieve gender equality and empower all women and girls.	There are no differences in salary, bonuses, training, unpaid parental leave, leave, benefits, or promotions due to gender.	8.9 Employee rights	<ol style="list-style-type: none"> 1. A complete salary management system. 2. Salary of new hires. 3. Performance evaluation, pay raise, and promotion system. 4. Employee development. 5. Employee benefits. 6. Collective bargaining agreements. 7. Employees on unpaid parental leave. 8. Long-term recuperation and care for employee with injuries or illnesses. 9. Death in service compensation. 10. Employee education and training. 11. Various subsidies. <p>There is no difference in any of the above due to gender.</p>
SDG 6 Clean water and sanitation: Ensure availability and sustainable management of water and sanitation for all.	Wastewater recycling and reduction	4.2.1 Environmental and green energy product and technology development	We worked with the R&D department of China Steel to develop and produce biological nutrients for organic wastewater treatment microorganisms, to enhance the activity and productivity of microorganisms, increase their decomposition of pollutants, and resolve the problem of unstable wastewater biological treatment efficiency, so as to meet standards for water quality.
SDG 7 Affordable	Promoting solar energy	4.2.1 Environmental and green energy	We assisted China Steel Group's plants in developing rooftop solar power facilities and promoted the collaboration

and clean energy: Ensure access to affordable, reliable, sustainable and modern energy for all.		product and technology development	between related domestic industries to set a good example in green energy promotion.
SDG 8 Decent work and economic growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	1. Providing job opportunities 2. Protecting women and child workers in hazardous work	8.4 Turnover 8.2 Human rights policy 8.10.4 Health care and health promotion	1. We hired 32 full-time employees in 2022. 2. As of 2022, we did not hire child workers under the age of 16 and no human rights violations or discrimination occurred in the Company. 3. We are implementing a maternal health implementation program.
SDG 10 Reduced Inequalities: Reduce inequality within and among countries	Guaranteeing that employees' annual salary is higher than the average in the engineering industry	8.9.1 A complete salary management system	The median annual salary of the Company's full-time non-managerial employees is about NT\$1,009,811, and the average annual salary of the Company's full-time non-managerial employees is NT\$1,112,466.
SDG 16 Peace, justice and strong institutions: Promote peaceful and	Preventing all forms of corruption	3.1.9 Ethical management	1. Ethical management. 2. Recusal from conflicts of interest. 3. Fraud prevention. 4. Regulations on lobbying and entertainment.

inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		3.1.10 Internal auditing and correction	<ul style="list-style-type: none"> 1. Internal auditing 2. Correction and operation
SDG 17 Partnership for the Goals: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	Forming sustainable development partnerships	7. Supply chain	<ul style="list-style-type: none"> 1. Fair, transparent, and honest collaboration models on the basis of mutual benefit 2. Supplier management. 3. Stable and high-quality suppliers. 4. Partners.

Appendix 5: ISO 9001 certificate



Appendix 6: ISO 14001 certificate

Certificate TW13/10650 / 證書 TW13/10650

The management system of / 下述組織

CHINA ECOTEK CORPORATION

中宇環保工程股份有限公司

No.100, Longchang Rd., Longling Dist. Taichung City, 434, Taiwan (R.O.C.)
434 台中市龍井區龍昌路 100 號

has been assessed and certified as meeting the requirements of
的管理系統已經過審核，並被證明符合下述要求

ISO 14001:2015

For the following activities / 所涵蓋的活動範圍
Provision operation and maintenance service of water treatment plant.
水處理工廠營運管理

This certificate is valid from 29 July 2022 until 29 July 2025 and remains valid subject to satisfactory surveillance audits.

Issue 4. Certified since 29 July 2013.

此證書的有效期自 2022 年 07 月 29 日 至 2025 年 07 月 29 日 且其有效性應繫於持續符合的定期稽核

版次 4, 原始註冊日期 2013 年 07 月 29 日

Authorized by / 簽署



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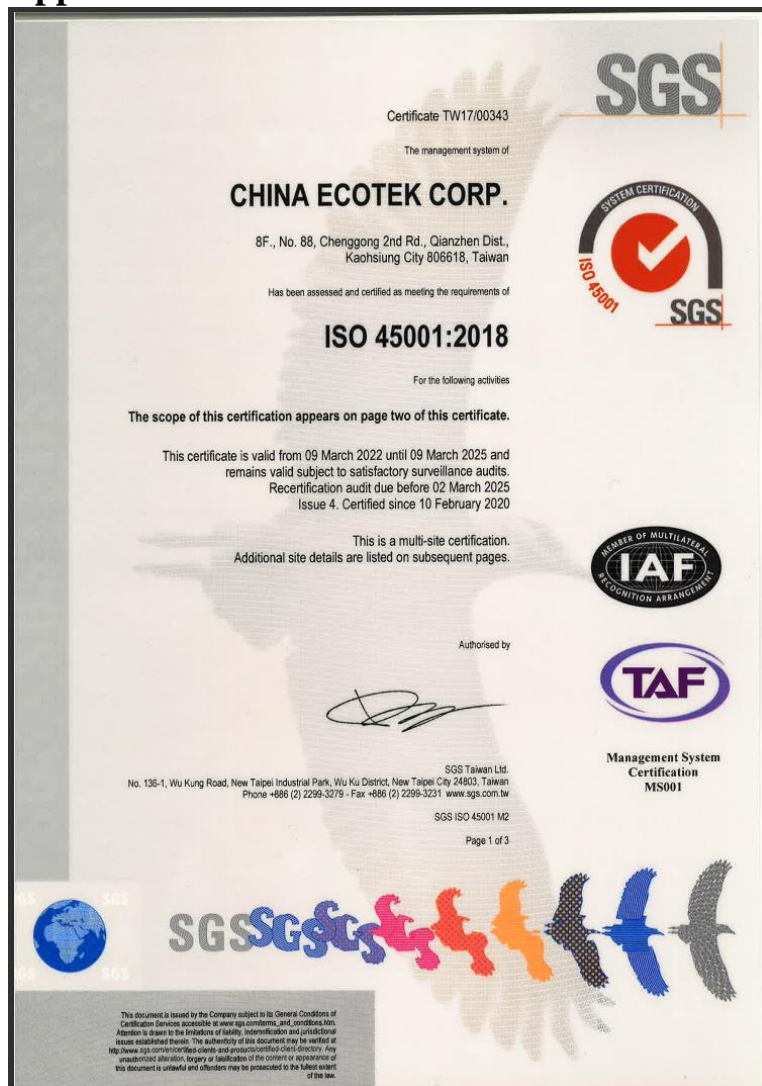






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Appendix 7: ISO 45001 certificate



Appendix 8: ISO 14064 & 14067 certificates

聲明書編號 TW22/00469CFP

SGS

碳足跡查證聲明書

查證標的產品
水處理助劑

以上產品碳足跡計算之提供者為
中宇環保工程股份有限公司
812002 高雄市小港區平和路 201 號

本公司確認以生命週期評估數據為基礎
依據 ISO 14064-3:2006 完成查證並符合下列標準要求

ISO 14067:2018

產品的生命週期評估範疇
企業對企業

簽署人

鮑柏宇
知識與管理事業群副總經理
版次:1
聲明書發證日期: 2022年11月18日
聲明書有效日期: 2024年11月17日

TGP57-15-16 2207
台灣檢驗科技股份有限公司
新北市新北產業園區五工路 136-1 號
t (02) 22993279 f (02) 22999453
http://www.sgs.com

 **SGS**                  

Appendix 9: TIPS certificate



台灣智慧財產管理規範
驗證通過證書
Certificate of Taiwan Intellectual Property Management System

中宇環保工程股份有限公司
China Ecotek Corporation

級別 Level : **A**

證書號 Number of Registration : TIPS-2022-cert.-042
證書效期 Date of Expiration : December 31, 2023

管理標的 Item	專利 Patent	商標 Trademark	著作權 Copyright	營業秘密 Trade Secret
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受評部門：採購處、人資處、業務處、企研室、法務室、
耐材工程處
受評地點：高雄市前鎮區成功二路 88 號 8 樓

Registered Department : Procurement Department, Human Resources Department, Marketing Department, Corporate Planning Office, Legal Office, Refractory Engineering Department
Registered Address : 8F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 806618, Taiwan (R.O.C.)

經濟部工業局 局長
Director General
Industrial Development Bureau. MOEA

連錦漳 *Ching-Chang Lien*

Appendix 10: Independent Verification Opinion Statement



獨立檢核意見聲明書

中宇環保工程股份有限公司 2022 年永續報告書

英國標準協會與中宇環保工程股份有限公司(簡稱中宇環保)為相互獨立的組織。英國標準協會除了針對中宇環保工程股份有限公司 2022 年永續報告書進行檢核外，與中宇環保並無任何財務上的關係。

本獨立檢核意見聲明書的目的，僅作為對下列有關中宇環保工程股份有限公司 2022 年永續報告書所界定範圍內的相關事項進行檢核之結論，而不作為其他之用途。除對檢核項目提出獨立檢核意見聲明書外，對於其他目的之使用，或閱讀此獨立檢核意見聲明書的任何人，英國標準協會並不負有或承擔任何有關於法律或其他之責任。

本獨立檢核意見聲明書係基於中宇環保提供予英國標準協會之相關資訊檢核所作成之結論，因此檢核範圍乃基於並侷限在這些提供的資訊內容之內。英國標準協會認為這些資訊內容都是完整的。

對於這份獨立檢核意見聲明書所載內容或相關事項之任何疑問，將由中宇環保一併回覆。

檢核範圍

中宇環保工程股份有限公司與英國標準協會協商的檢核範圍，係依據 GRI 永續性報導準則檢核中宇環保工程股份有限公司 2022 年永續報告書其內容遵循 GRI 永續性報導準則 2021 的程度，對於報告書揭露的原始數據不屬於本次檢核範圍。

意見聲明

我們總結中宇環保工程股份有限公司 2022 年永續報告書內容，對於中宇環保的相關運作與績效則提供了一個公平的觀點。

我們的工作是由一組具有 GRI 永續性報導準則檢核能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要的訊息資料及說明。我們認為就中宇環保所提供的足夠證據，表明其符合 GRI 永續性報導準則的報告書方法和他們的自我聲明依據 GRI 永續性報導準則為公允的。

GRI 永續性報導準則

中宇環保提供有關符合 GRI 永續性報導準則 2021 的自我宣告，並對每個涵蓋其行業準則和其相關性的 GRI 主題準則之重大主題，其揭露項目依據全部報導要求的相關資料。基於檢核結果，我們確認報告書中參照 GRI 永續性報導準則的永續發展相關揭露項目已被報告，部分報告或省略。以我們的專業意見而言，此自我宣告涵蓋中宇環保的永續性主題。

重大性

中宇環保公布永續經營相關資訊使利害關係人得以對組織的管理與績效進行判斷，以我們的專業意見而言，這份報告書適切地涵蓋了中宇環保的重大主題。

利害關係人包容性

本年度報告書反映出中宇環保已尋求利害關係人的參與，以發展及達成對永續具有責任且策略性的回應。此系統正被發展以產生必要的資訊，報告書中已公正地報導與揭露環境、社會和治理的資訊，足以支持適當的計畫與目標設定。以我們的專業意見而言，這份報告書涵蓋了中宇環保的包容性主題。

永續性的脈絡

此份報告書已展現中宇環保在永續性之廣大脈絡中的績效。

完整性

中宇環保於本報告書中涵蓋績效揭露項目與所定義之報告書範圍足以反映對於經濟、環境及人羣(包含其人權)最顯著的衝擊，並且使相關的利害關係人能客觀地組織於報告書期間的永續績效。這份報告書涵蓋了中宇環保的完整性。

責任

這份永續報告書所屬責任，為中宇環保負責人所有。我們的責任為基於所描述的範圍，提供專業意見並提供利害關係人一個獨立的檢核意見聲明書。

能力與獨立性

英國標準協會於 1901 年成立，為全球標準與驗證的領導者。本檢核團隊係由具專業背景，且接受過如 AA1000AS、GRI Standards、ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、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。本檢核係依據 BSI 公平交易準則執行。

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

Statement No: SRA-TW-2022074
2023-05-23

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Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ns-Hu Dist., Taipei 114, Taiwan, R.O.C.
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GRI CHECK INDEPENDENT OPINION STATEMENT

China Ecotek Corporation 2022 Sustainability Report

The British Standards Institution is independent of China Ecotek Corporation (hereafter referred to as CEC in this statement) and has no financial interest in the operation of CEC other than for the GRI Check of this report.

This statement has been prepared for CEC only for the purposes of GRI Standards Check relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent opinion statement may be read.

This statement is prepared on the basis of review by the British Standards Institution of information presented to it by CEC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete.

Any queries that may arise by virtue of this independent opinion statement or matters relating to it should be addressed to CEC only.

Scope

The scope of engagement agreed upon with China Ecotek Corporation includes the check of the extent of China Ecotek Corporation 2022 Sustainability Report is adherence to GRI Standards 2021 is conducted in accordance with GRI Standards, however, the data disclosed in the report is not verified through the GRI Check process.

Opinion Statement

We conclude that China Ecotek Corporation 2022 Sustainability Report Review provides a fair view of the CEC sustainability programmes and performances during 2022.

A team of sustainability report assessors in accordance with GRI Standards carried out our work. We planned and performed this part of our work to obtain the necessary information and explanations. We conclude that CEC provided sufficient evidence to satisfy the description of their approach and their self-declaration of in accordance with GRI Standards was fairly stated.

GRI Sustainability Reporting Standards (GRI Standards)

CEC provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the CEC's sustainability topics.

Materiality

The CEC publishes information completely with materiality analysis that enables its stakeholders to make informed judgments about the CEC's management and performance. In our professional opinion the report covers the CEC's material topics.

Stakeholder Inclusivity

In this report, it reflects that CEC has made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CEC's inclusivity topics.

Sustainability context

The report presents the CEC's performance in the wider context of sustainability.

Completeness

Coverage of the material topics and their boundaries are sufficient to reflect significant impacts on the economy, environment, and people, including impacts on their human rights and enable stakeholders to assess the CEC's sustainability performance in the reporting period; in our professional opinion the report covers the CEC's Completeness.

Responsibility

The sustainability report is the responsibility of the CEC's Chairman. Our responsibility is to provide an independent opinion statement to stakeholders giving our professional opinion based on the scope described.

Competency and Independence

BSI is a leading global standards and assessment body founded in 1901. The GRI Check team was composed of Lead Auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, GRI Standards, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. The GRI Check is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI: Peter Pu, Managing Director BSI Taiwan

Statement No: SRA-TW-2022074
2023-05-23

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