Stick to Offer the Best Stainless Steel Products to You Through the Decades

YC INOX
允強實業



2022
Sustainability Report

Table of Contents

About this Report 3

About YC INOX 4

Sustainability Highlights and Performance 5

CH1 Sustainable Business Management 6

1.1 Message from Chairman 7

1.2 Sustainable Business Philosophies 8

1.3 Sustainable Visions and Goals 9

1.4 Material Topics Analysis 10

1.5 Stakeholder Engagement 14

CH2 Ethical Corporate Governance 16

2.1 Corporate Governance and Organization 17

2.2 Ethical Management Results 22

2.3 Risk Management 24

CH3 Sustainable Economic Development 27

3.1 Business Performance 28

3.2 Product Quality 30

3.3 Supply Chain Management 34

CH4 Sustainable Environmental Management 35

4.1 Climate Change Management 36

4.2 Sustainable Production-related Management 42

CH5 Workplace Well-Being 54

5.1 Safe and Friendly Working Environment 55

5.2 Manpower Structure and Employee Benefits 65

5.3 Employee Training Program 69

CH6 Social Harmony and Co-Prosperity 71

6.1 Social Participation Philosophies 72

6.2 Social Welfare 72

Appendices 74

Global Reporting Initiatives (GRI) Index 75

Sustainability Accounting Standards Board (SASB) Standards Index 80

Taiwanese Industry Enhanced Sustainability Index 82

Task Force on Climate-Related Financial Disclosures (TCFD) Disclosure Index 83

About this Report | GRI 2-2, 2-3, 2-5

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

Reporting Framework

The primary reporting framework for this report is mapped closely with 2021 GRI Standards issued by GRI and follows closely with disclosure requirement set by Taiwan Stock Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, as well as sustainability metrics developed by SASB and disclosures made by TCFD. In this report, we would keep various stakeholders engaged by providing overview of the Company's sustainability development in economic, environmental, and social aspects for 2022.

Reporting Scope and Reporting Period

Reporting scope for this report only covers YC INOX's mills in Taiwan (including headquarters, Shijou Mill, Puoshing Mill, Douliou Mill I, and Douliou Mill II) which accounted for 97% of consolidated net revenue for 2022. Apart from financial information being audited by Certified Public Accountant and other sustainability information, it does not include investments in associated companies as presented in consolidated financial statements. For certain contents that are related to affiliate of YC INOX, it would be indicated in the corresponding sections.

Our Sustainability report is prepared and publicly disclosed annually, with this report covering the calendar year 2022. It encompasses various operational systems and activities related to YC INOX, and places great emphasis on management and performance of material topics. In order to provide comprehensive and comparable presentation of management performance, certain content from before January 1, 2022, and after December 31, 2022 are also included.

Current version: August 2023

Summary of Work Performed



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

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

Manuscript would be submitted for CEO review followed by approval from Board of Directors. Subsequently,formal report would be published on Company website and Market Observation Post System.

Financial information: Information disclosed in annual consolidated and standalone financial statement and related notes to the financial statements, these statements have been audited by certified public accountants from Deloitte & Touche (R.O.C.).

Environmental information: Greenhouse gas inventory, verified by TÜV Rheinland of Germany, has complied and thus acquired ISO 14064-1: 2018 Greenhouse Gas Verification.

Contact Information

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

YC INOX Co., Ltd. | Sustainable Development Committee

Address : No. 270, Section 4, Jungshan Road, Jiumei Village, Shijou Township, Changhua County, Taiwan

Telephone : +886-4-889-9666 Ext. 602

Email : ESG@ycinox.com

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

About YC INOX

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

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

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

Company Profile

Industry	Iron and Steel
Main Business	Stainless steel pipe and tube, stainless steel plate and sheet, and stainless steel coil and other related products
Date of Establishment	January 31, 1973
Operational Headquarters	No. 270, Section 4, Jungshan Road, Jiumei Village, Shijou Township, Changhua County
Number of Employees (Note)	810 persons
Total Assets	NT$19,663,782 thousand
Total Equity	NT$10,416,263 thousand
Paid-in Capital	NT$4,453,799 thousand
Main Markets	Europe, Americas, Asia, Oceania, and Africa
Operating Sites	Taiwan and Türkiye

Note: Total number of employees for both Taiwan and Türkiye is 1,069. (As of December 31, 2022)

Membership Association

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

Associations in which YC INOX participated in 2022	Participated as
Taiwan Steel & Iron Industries Association	Supervisor
Changhua County Industrial Association	Member
Yunlin County Industrial Association	Member
Yunlin Technology Industrial Park Association	Member
Association of Industrial Relations, Changhua County	Member
Community Security Patrol Team, Changan Village Community Development Association, Douliou City, Yunlin County	Member
Shijou Branch, Volunteer Fire Brigade	Consultant
Puoshing Branch, Third Brigade, Changhua County Volunteer Fire Brigade	Consultant
Douliou Branch, Douliou Squadron, First Brigade, Yunlin County Volunteer Fire Brigade	Consultant
Beidou Office, Chuanghua County Friends of the Police Association	Consultant
Xihu Office, Changhua County Branch, R.O.C. Friends of the Police Association	Consultant
Yunlin County Friends of the Police Association	Consultant
Taiwan Occupational Safety and Health Management System (TOSHMS) Central Region Association	Cadre

Sustainability Highlights and Performance

E Environment

- TCFD –Major climate risks and opportunities identified.
- Water resource management – Introduction of wastewater treatment technology resulting in increased wastewater recycling rate.

  Douliou Mill II: >90% wastewater from production and >85% waste acids from production have been recycled and reused respectively.
- Waste management –Implementation of waste resource utilization projects.

  68.97% of residual plastic compounds have been converted into recyclable plastic, totaling 24.98 metric tons.
- Energy and greenhouse gas management –Developing and installing new renewable energy sources.

  In 2022, 4,728 thousand kWh solar power have been generated, which is equivalent to reducing approximately 2,407 metric tons CO_2 emissions.
- Energy and greenhouse gas management – Promoting energy saving measures.

  Energy consumption in 2022 have been reduced by 21.76% as compared to 2021.
- Energy and greenhouse gas management – Implementation of ISO 14064-1:2018 standard.

  Greenhouse gas emissions have reduced by 30.42% as compared to 2021 as verified by third party.
- Air pollution management – Installation of wet scrubber processing equipment.

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

S Society

- Overall decrease in recordable work-related injury ratio from 1.35 to 0.55.
- Occupational work safety education and training: 2,811 employee training attendances, totaling 15,377 hours.
- 662 contractor training attendances, totaling 1,955 hours.
- Automated External Defibrillator (AED) and smart medical-grade blood pressure monitor are provided in every mill.
- 25,861 training hours accumulated, averaging 31.93 hours per employee.
- 741 newly received or renewed job domain related professional certifications.
- Continual involvement in community events and caring for disadvantaged. Organization/participation of community events on 42 occasions. NT$2.32 million contributed towards charitable activities expenditure and donations.

G Governance

- 100% attendance rate for Board of Directors members.
- 100% attendance rate for functional committee members.
- 44% Board of Directors members are independent directors.
- No significant regulatory non-compliance has been observed during the year.
- 100% new employees have completed ethical management education and training.
- Final score received from 2022 (9th-term) corporate governance evaluation: 84.17; Ranking between 21%~35% of all evaluated companies.
- Consolidated revenue of NT$16.8 billion, consolidated gross profit of NT$2.1 billion and net profit of NT$0.5 billion.
- The shipment volume of 134,433 metric tons.





CH1

Sustainable Business Management

1.1 Message from Chairman 7
1.2 Sustainable Business Philosophies 8
1.3 Sustainable Visions and Goals 9
1.4 Material Topics Analysis 10
1.5 Stakeholder Engagement 14



1.1 Message from Chairman

In recent years, the global economy faced challenges such as extreme climate change, pandemics, trade wars and international conflicts, these suppressed overall economy growth. Managing sustainable business and achieving better profitability in such a dynamic environment proved highly challenging. Therefore, strengthening ourselves to adapt changing circumstances becomes a top priority. In order to implement sustainability policies, in 2022, the Company has developed sustainability strategies and action plans covering six material topics. We have short, medium, and long-term targets, covering themes such as climate change adaptation, energy and greenhouse gas management, occupational safety and health, employment relationship, economic performance, and regulatory compliance. These efforts aim to enhance sustainability across three dimensions which are environmental, social, and governance aspects.

In response to climate change and energy management issues, despite the Company being positioned in midstream of the industry with relatively low energy consumption in our operation, the Company is still proactive in optimizing production procedure and replacing aging machinery, reducing energy usage and improving production efficiency. Puoshing mill located in Changhua County has introduced Anaerobic Fluidized Bed (AFB), a type of biotreatment technology, to reduce nitrate nitrogen discharge, allowing the mill to meet new national standard for nitrogen discharge ahead of its implementation in 2027. Douliou Mill II in Yunlin has also set up processed acid regeneration and supply system along with processed wastewater treatment system to increase our wastewater recycling rates. Additionally, to expand our business abroad, the Company has proactively planned for net-zero initiatives, such as installation of solar power generation system to increase our renewable energy usage.

Regarding occupational safety and health as well as employment relationship issue, the Company recognizes that employees are vital partners in our overall operation. Therefore, we are actively committed to create safe working environment, providing appropriate care measures to ensure our employees can work with peace of mind. We are actively engaged in talent development programs, providing assistance for our employees, helping them to obtain professional certifications in their respective job domains. By enhancing skills and capabilities of our workforce, we aim to accumulate human capital within the Company and improve our competitiveness.

In alignment with regulatory authorities' efforts to promote "Corporate Governance 3.0 - Sustainable Development Blueprint," the Company will issue our first sustainability report in 2023. Through active disclosure of ESG information and implementation sustainability actions, we aim to provide our stakeholders a better understanding with our efforts towards sustainability. Looking ahead, the Company will continue to refine production techniques, optimize processes, and manufacture high-quality products while striving to do what we can and executing it to the best of our ability. On path of sustainability, we will persistently work and lead all employees, supply chain partners, as well as other stakeholders in environmental sustainability, social engagement, and corporate governance efforts.



Signature of the Chairman

1.2 Sustainable Business Philosophies | GRI 2-22

The Company deems promoting sustainable development of the industry as our responsibility. We are committed to pursue stable operational growth while ensuring all our business activities, in addition to complying with regulations and effectively implementing corporate governance, make positive contribution to environmental ecology, social ethics, and global economic development. Guided by our four core business principles namely "innovation breakthrough", "pursuing excellence", "quality first" and "giving back to society", we are dedicated to fulfill our corporate social responsibility and driving sustainability initiatives, meeting expectations of our stakeholders.

Innovation Breakthrough

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

Pursuing Excellence

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

Quality-First

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

Giving Back to Society

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

1.3 Sustainable Visions and Goals | GRI 2-22

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

Corporate Vision	Sustainable Vision	United Nations SDGs		Sustainability Action Plans of YC INOX
		Goals	Sub-Goals	
Our goal is to become a leading global supplier of stainless steel pipe/plate and a benchmark sustainable enterprise	"Green, Net Zero, and Environmental Coexistence" (corresponding philosophy: Pursuing Excellence)	7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	• Continuation of green energy development in conjunction with increasing green power generation capacity.
			7.3 By 2030, double the global rate of improvement in energy efficiency.	• Introduction of intelligent power monitoring system to monitor and manage electricity usage. • Setting annual energy savings target.
		12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	• Introduction of new waste management solutions to increase waste recycling and explore viable recycling solutions.
		13 CLIMATE ACTION	13.2 Integrating climate change measures into national policies, strategies and planning.	• Implementation of TCFD climate strategies. • Ensure regulatory compliance on climate action and greenhouse gas emissions disclosure. • Regular identification of climate risks and opportunities to facilitate response strategies formulation and action plans. • Introduction of ISO 14067 Carbon Footprint of Product Verification.
			13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact education, and early warning.	
	"Long-term Profitability" and "Ethical in Operations" (corresponding philosophies: Innovation Breakthrough, Quality First)	8 DECENT WORK AND ECONOMIC GROWTH	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.	• Development of new products and processing technologies to enhance product competitiveness. • Active new overseas markets expansion to diversify sales risks. • Increasing production efficiency and quality and reducing manufacturing costs.
		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.	
		16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5 Substantially reduce corruption and bribery in all their forms.	• Establishing culture of ethical corporate management and actively prevent unethical behavior. • Adhere to "Ethical Corporate Management Best Practice Principles" as well as applicable local regulatory requirements where the Company and our affiliates operate.
			16.6 Develop effective, accountable and transparent institutions at all levels.	
	"Societal Prosperity" and "Happy Development" (corresponding philosophy: Giving Back to Society)	8 DECENT WORK AND ECONOMIC GROWTH	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	• Establish working environment free from occupational hazards by continuous improvement on occupational safety and health procedures. Safety and health officers shall conduct audits at irregular basis to ensure compliance in all units. • Fire drills and occupational safety and health training are conducted on a regular basis to raise employee emergency response readiness and instill self-management capabilities. YC INOX is also committed to optimize management systems in order to create a diverse and friendly workplace. • Deepening core values of YC INOX in order to cultivate high-quality corporate culture, becoming a Company that employees are proud of. • Implementation of ESG spirit to achieve sustainability goals.
			8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	

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

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

Firstly, the Company gathered and collated wide range of sustainability related topics. Based on these issues, we had identified and carried out survey with significant stakeholders in order to preliminarily identify potential material topics. Following which, we distributed internal impact assessment questionnaires to internal units, prioritizing significant sustainability topics identified based on their impact before finalizing major sustainability themes for 2022.

Execution Phase

Step 1
Identify Stakeholders
7 stakeholder categories

The Company identified significant stakeholders based on two criteria:
Ⓐ Company influences over stakeholders. | Ⓑ Stakeholders' impact on the Company's operations.

- Identified stakeholders were divided into 7 groups which include employees, suppliers, customers, local communities, government agencies, investors, and civil society organizations.

Step 2
Collect Sustainability Topics
32 sustainability topics identified

With reference to SASB, TCFD and topics of concern for domestic and international steel industry, 32 sustainability topics have been identified and collated by Sustainability Committee execution team.

Step 3
Stakeholder Concern Assessment
51 valid responses

- Sustainability Committee execution team distributed stakeholder survey to each of the seven stakeholder categories listed above so as to evaluate severity and likelihood of impact for each topic. In total, 51 valid questionnaire responses were received. Based on these responses, we scaled down sustainability topics identified from 32 topics to 16 major topics.
- These 16 material topics correspond to 16 GRI topics, including 11 GRI Standards topics and 5 general disclosure topics.

Step 4
Assessing Significance of Major Issues and Their Impact.
7 valid responses

Sustainability Committee Execution Team distributed internal impact assessment questionnaire to each department to evaluate both actual and potential positive and negative impact intensity of these 16 material topics. The primary focus is on environmental, economic, and people (including human rights) aspects. In total, 7 valid questionnaires responses were received.

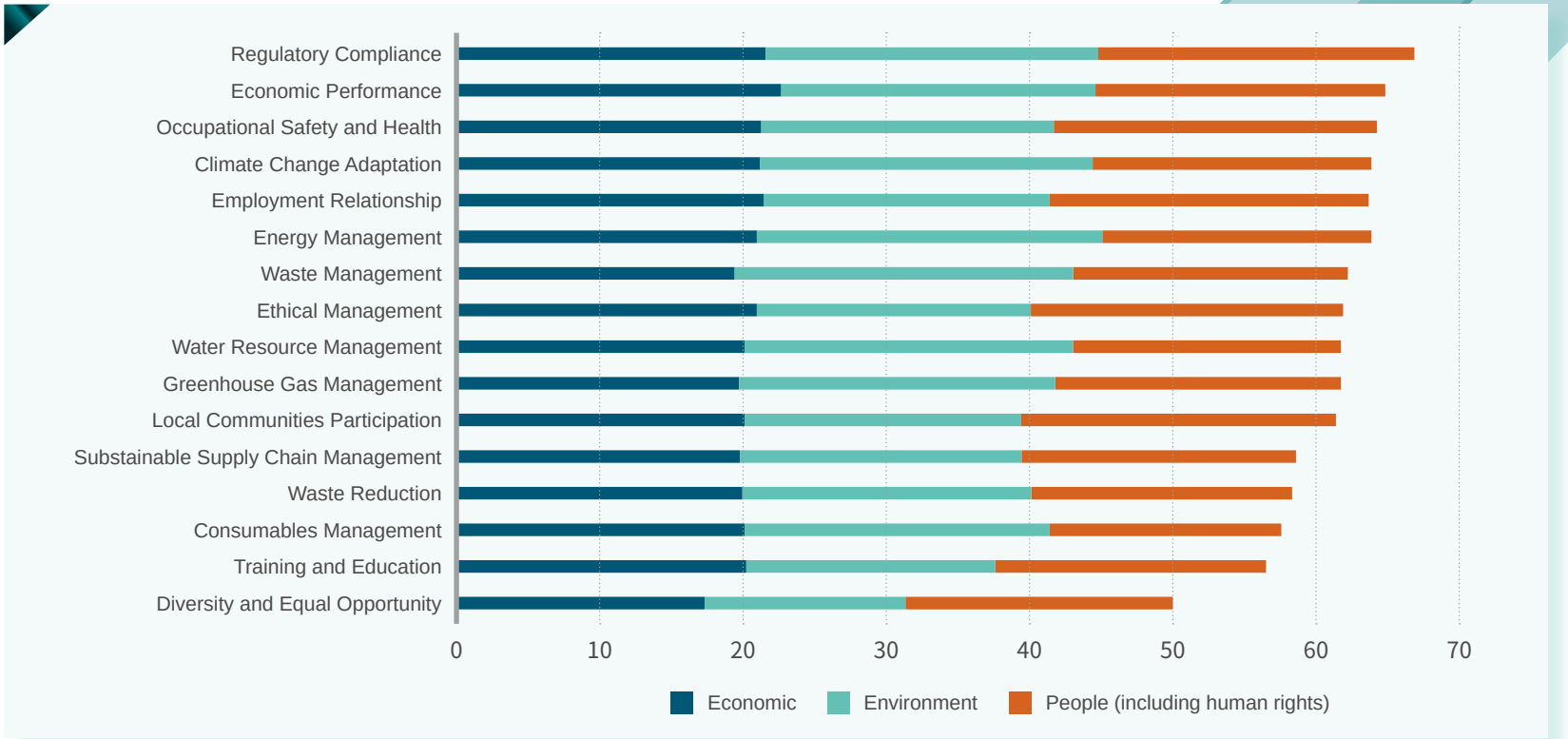
Step 5
Confirming Topic Prioritization and Disclosure
6 material topics

- From Step 4, based on impact intensity, we held discussions with relevant units. Considering our operational characteristics, it was decided that energy management and greenhouse gas management will be combined for disclosure. Ultimately, we have 6 material topics for reporting.
- In compliance with reporting requirements, we have focused on strategies, short-term, medium-term, and long-term goals, achievements, and management policies relating to these 6 material topics.

Significance Impact Assessment

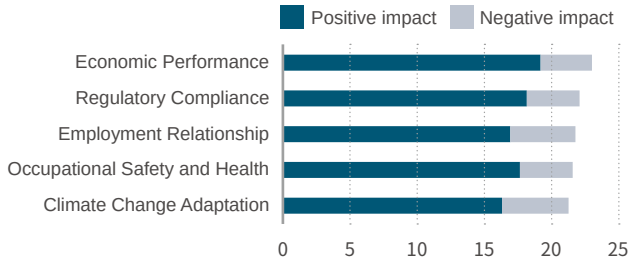
Sustainability Committee execution team assessed impact for these 16 material topics identified based on economic, environmental, and people (including human rights) aspects. Internal impact assessment questionnaire was distributed to each department within the Company. On a scale of 1 to 5, responses were given based on actual/potential positive/negative impact and probability of each topic. Results from these questionnaires were compiled, impact levels for each topic was calculated. Finally, topics were ranked from highest to lowest based on their impact.

Below is visual chart presenting material topics in order of impact level:

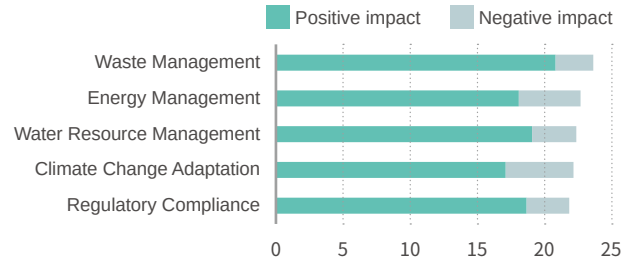


Top 5 Impact Ranking – Economic, Environmental, and People (including Human Rights)

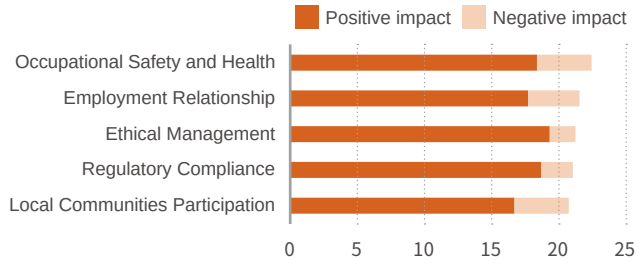
Ranking by Economic Impact



Ranking by Environmental Impact



Ranking by People (including human rights) Impact



Material Sustainability Topics and Their Impact

Dimension	Material Topic	Impact Explanation	Corresponding GRI Topics	Corresponding SDGs	Goals		Corresponding Section
					Short-Term (2025)	Medium-to-Long Term (2030)	
Environment	Energy and Greenhouse Gas Management	Use of low-carbon and diversified energy sources in conjunction with effective energy management practice can improve company operation performance and achieve goal of net zero carbon emissions. Failure to focus on energy and greenhouse gas management may cause enterprises to trail behind industry trends, resulting in inferior product competitiveness. YC INOX's energy and greenhouse gas management will have either positive or negative impact on environment or economy.	GRI 302：Energy 2016 GRI 305：Emissions 2016	SDG 7 Affordable and Clean Energy (7.2, 7.3)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Introducing new welding technologies to increase speed of production and reducing energy consumption by 2%.	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. • Introducing new heat treatment technologies to reduce energy consumption for subsequent processes.	4.2 Sustainable Production-related Management
	Climate Change Adaptation	Addressing climate change is a crucial concern for today's businesses, as it has potential to impact our operational strategies and outcomes significantly. Responding to risks and opportunities brought about by climate change is essential. This issue should be integrated with other environmental considerations, including energy management, waste management, water resource management, and greenhouse gas management. Strong actions to address climate change can benefit company's long-term survival, while inaction can have adverse effects. Our actions in economic performance can either have positive or negative impacts on environment.	GRI 201: Economic Performance 2016 (GRI 201-2)	SDG 13 Climate Action (13.2, 13.3)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Obtain ISO 14067 carbon footprint certification for type 1 products. • Establishing intelligent monitoring system that can capture 75% of Company's electricity consumption information. • Compliance with regulations relating to climate action and greenhouse gas emissions disclosure.	• Save electricity by >1% annually. • Set a "green electricity installed capacity to total mill contracted capacity in Taiwan" of 75%. • Optimize the intelligent monitoring in electric power system to capture 90% of the electricity consumption data across the entire company. • Regularly conduct climate risk and opportunity identification, and develop corresponding strategies and action plans.	4.1 Climate Change Management
Governance	Economic Performance	To achieve sustainable business operations in ever-changing stainless steel industry, we focus on establishing strong financial structure and investing resources in research and development of new technologies and products. This enhances our product competitiveness, create enterprise value, safeguarding rights and interests of stakeholders while striving for sustainable development. Our actions in economic performance can either have positive or negative impacts on economy.	GRI 201：Economic Performance 2016	SDG 8 Decent Work and Economic Growth (8.1) SDG 9 Industry, Innovation and Infrastructure (9.2)	• Sales growth of 33.3% is expected for 2023, hence, timely adjustments should be made to diversify sources of raw materials and adjusted product portfolio.	• Enhancing profitability of overseas production bases thus contributing stable profits to the group which in turns strengthen overall effectiveness and optimizes group capital utilization. • In response to climate change-related risks together with domestic and international climate policy pressures, we are committed to enhance both our care for environment and economic competitiveness thus realizing our vision of sustainable business.	3.1 Business Performance

Dimension	Material Topic	Impact Explanation	Corresponding GRI Topics	Corresponding SDGs	Goals		Corresponding Section
					Short-Term (2025)	Medium-to-Long Term (2030)	
Governance	Regulatory Compliance	Regulatory compliance is fundamental requirement for sustainable business operation. The Company should have in place relevant preventive or improvement measures to reduce risk of legal violations and enhance our corporate reputation. Serious regulatory violations could bring about negative public perception, which will subsequently affect our business. YC INOX's regulatory compliance will have either positive or negative impact on economy or society.	GRI 2：General Disclosure 2021 2-27	SDG 16 Peace, Justice and Strong Institutions (16.5, 16.6)	• Compliance with relevant laws and regulations, internal operating procedures/guidelines and standard operating procedures (SOPs) thus preventing major compliance violations. • Establish information security-related training courses with employee participation of at least 90% to enhance employees' information security awareness. • Prevent business email spoofing by conducting 4 social engineering drills per year. • Obtain ISO 27001 certificate for information security management system.	• Compliance with relevant laws and regulations, internal operating procedures/ guidelines and standard operating procedures (SOPs) thus preventing major compliance violations. • Introduction of next-generation information security technologies, including but not limited to Endpoint Detection & Response (EDR), Security Operation Center (SOC), multi-factor authentication, vulnerability assessment. This can enhance our capability in detecting and preventing cybersecurity threats, thus reducing success rates of cyberattacks and keep occurrence of information security incidents to no more than 3 times per year. • Establish comprehensive information security incident response plan, including but not limited to response team, emergency drills and trainings so that we can address various information security incidents swiftly, with maximum response time capped at 8 hours.	2.2 Ethical Management Results
Employee	Occupational Safety and Health	Taking care of employee health is one of YC INOX's social responsibilities. Creating safe working environment allows employees to work with peace of mind. This would elevate our operational performance. Conversely, neglecting this responsibility might lead to talent shortage, hindering our ability to provide high-quality products consistently. YC INOX's occupational safety and health will have either positive or negative impact on economy or society.	GRI 403：Occupational Health and Safety 2018	SDG 8 Decent Work and Economic Growth (8.8)	• No high-consequence work-related injury. (Note)	• Employee disablement injury frequency rate <6.	5.1 Safe and Friendly Working Environment
	Employment Relationship	Favorable employment relationship could enhance employees' sense of identity with YC INOX, thus, maintaining driving force behind our business, creating higher profitability for the Company. By contrast, compromising our employees' physical and mental health might result in negative impact on economy or society.	GRI 401：Employment Relations 2016	SDG 8 Decent Work and Economic Growth (8.5)	• Optimizing our management systems to create a diverse and friendly workplace. • Establishing special talent development system. • Deepening core values of YC INOX, creating conducive corporate culture, becoming a company that employees take pride in. • Implementing ESG principles to achieve sustainable business goals.		5.2 Manpower Structure and Employee Benefits

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

1.5 Stakeholder Engagement | GRI 2-29

Stakeholder	Importance	Material Topics	Engagement Channels and Frequency	Engagement Effectiveness
Customers	We place great importance on meeting customer needs. We provide high-quality products to create value for our customers.	• Economic performance • Customer safety and health • Marketing and labeling • Customer privacy • Brand management • Product and service innovation	• Customer satisfaction surveys (Annually) • Hold customer visits or receive customer visits to our facilities (No specific time frame) • International exhibition participation (No specific time frame) • Dedicated web section for customers/ suppliers	• Customer satisfaction survey shows 98.9% satisfaction rate. The Company has established customer service system which analyzes customer dissatisfaction causes. We respond to customer feedback and expectations appropriately before reporting on them during monthly TQM meeting. • In 2022, there were a total of 75 customer service cases, 43 of which were quality issues. Improvement measures have been raised to reduce the likelihood of future recurrence.
Investors	Long-term investor support is driving force for sustainable growth of the Company. Therefore, we must safeguard rights and interests of our investors, establishing sound governance systems to achieve sustainable business operations.	• Product and service innovation • Economic performance • Marketing and labeling • Ethical management • Regulatory compliance • Sustainable supply chain management • Waste reduction • Greenhouse gas management • Water resource management	• General shareholders' meeting (Annually) • Institutional investor conference (Annually) • Issuance of annual reports and financial statements disclosures (Annually and quarterly) • Disclosure of information on the Market Observation Post System (If required) • Dedicated mailbox and hotline for investors	• Annual general shareholders meeting was held on June 16, 2022. • Participation in SinoPac Securities 2022 Q4 Institutional Investor Conference on December 13, 2022. • Disclosure of quarterly financial statements reviewed (first 3 quarters)/audited (annual report) by certified public accountant. • Regular announcement of operating revenue status on MOPS. • Publication of 28 material information released on MOPS.
Suppliers	Partnerships are essential on our path towards sustainable business operation.	• Procurement practices • Economic performance • Sustainable supply chain management • Customer safety and health	• Supplier evaluation (Annually) • Requesting suppliers to sign integrity and anti-corruption commitment letter • Hold supplier visits (No specific timeframe) • Dedicated web section for customers/ suppliers	• Supplier evaluation results achieved 100% qualification rate. • 347 suppliers have signed Integrity and anti-corruption commitment letter.

Stakeholder	Importance	Material Topics	Engagement Channels and Frequency	Engagement Effectiveness
Employees	Employees are primary foundation for business operations and sustainable development.	• Occupational safety and health • Employment relationship • Regulatory compliance	• Releasing/Sending announcements via company website and individual mailbox. (Irregular basis) • Employee Welfare Committee meetings (4 times per year) • Occupational Safety and Health Committee meetings for each mill (4 times per year) • Labor-management meetings for each mill (4 times per year) • Occupational medical physician on site visit (Regularly) • Dissemination of healthcare-related information by occupational health nurse (Irregularly) • Reporting hotline	• 4 Employee Welfare Committee meeting sessions held. • 16 Occupational Safety and Health Committee meeting sessions held (4 for each mill). • 16 labor-management meetings sessions held (4 for each mill). • 196 occupational therapy consultation sessions were conducted by occupational medical physicians. • 38 health promotion sessions were conducted by occupational medical nurse . • No suggestions or complaints received during 2022.
Government Agencies	Regulatory compliance as well as policy requirement.	• Occupational safety and health • Waste reduction • Human rights assessment • Working against will by either force or made compulsory • Customer safety and health	• Regulatory compliance audit • Correspondence and communication with government agencies • Participation in policy advocacy seminars held by competent authorities	• Participation in regulatory advocacy seminars and training courses with aggregation of 2,887 attendances and 15,529 hours.
Local Community and Civil Society Organizations	Receiving from society and giving back to society. By continuous investment in philanthropy and promoting environmental protection, we can keep this positive awareness circulating.	• Water resource management • Corporate citizenship and philanthropy • Local communities	• Paying visit to village chiefs (Irregularly) • Participation in community events • Participation in charitable activities	• Organized/Participated in 42 community events. • Expenditure and donations towards charitable activities amounted to NT$2.32 million.

CH2

Ethical Corporate Governance

2.1 Corporate Governance and Organization 17

2.2 Ethical Management Results 22

2.3 Risk Management 24



★ Chapter Highlights

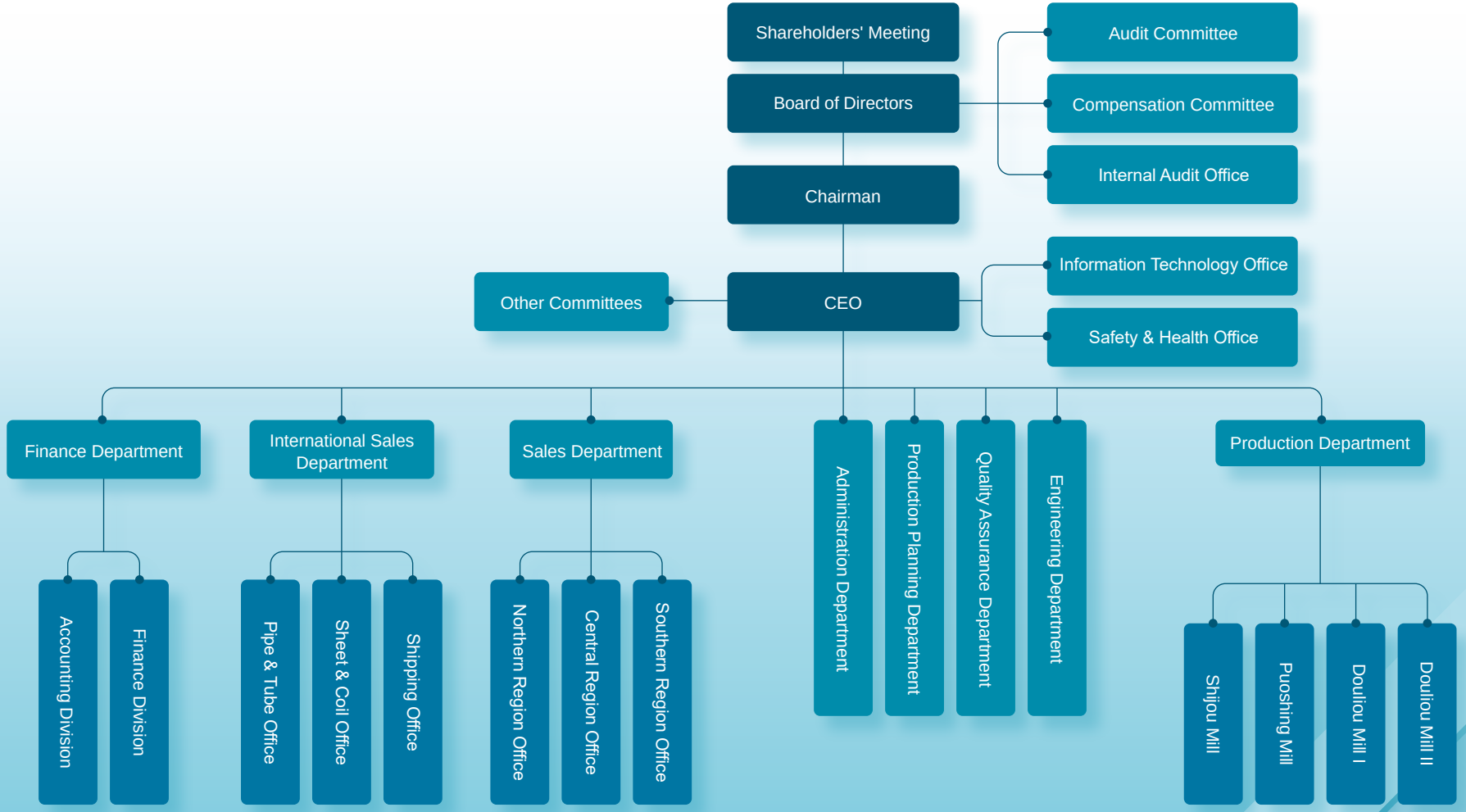
- 100% attendance rate for Board of Directors members.
- 100% attendance rate for functional committee members.
- 44% Board of Directors members are independent directors.
- No significant regulatory non-compliance has been observed during the year.
- 100% new employees have completed ethical management education and training.
- Final score received from 2022 (9th-term) corporate governance evaluation: 84.17; Ranking between 21%~35% of all evaluated companies.

2.1 Corporate Governance and Organization

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

Governance Structure and Composition

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



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

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

Governance Body	Establishment Purpose and Responsibilities	Number of Meetings in 2022	Average Attendance Rate
Board of Directors	• Responsible for overseeing, appointing, and guiding the Company's management team, as well as being accountable for overall operational performance of the Company and safeguarding shareholder interests. • The Company's articles of incorporation stipulate that there shall be between 9 to 11 directors, with a minimum of 3 independent directors; Directors shall be elected through a candidate nomination mechanism. Currently, there are 5 directors and 4 independent directors. • A minimum of one meeting shall be held every quarter, additional meetings can be scheduled as needed.	8	100%
Audit Committee	• Assists the Board in overseeing quality and effectiveness of company's financial statements, audits, internal controls, regulatory compliance and risk management. • Comprised of 4 independent directors. • A minimum of one meeting shall be held every quarter, additional meetings can be scheduled as needed.	8	100%
Compensation Committee	• Provides professional and impartial evaluation of the Company's Director and managerial officers' remuneration policies and systems before providing recommendations to the Board as a reference during decision-making. • Comprised of 4 independent directors. • A minimum of two meetings shall be held every year.	3	100%
Internal Audit Office	• Receives guidance and supervision from the Chairman and is responsible for conducting internal control system audit of the Company. • Comprised of one chief internal auditor, supported by internal auditors and their substitute. • Chief internal auditor shall attend Audit Committee meetings and Board meetings to report on internal audit executions. • A minimum of one discussion and communication session shall be held with independent directors every year.	Attended 8 meetings with the Audit Committee and the Board, and 1 separate discussion meeting with independent directors.	100%
Sustainability Committee	• Responsible for formulating sustainable development policies, developing management guidance and specific implementation plans. Reviewing, monitoring and amending results of sustainability efforts. • Comprised minimum of 3 committee members with CEO serving as chairman and managerial level executives being appointed as members. • Report sustainability performance to the board of directors on an annual basis.	2	100%

Governance Body Composition

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

(Statistics complied on April 18, 2023)

Title	Name	Gender/ Age	Education and Work Experience	Current Position in the Company (Note)	Diversified Core Projects							Office Term
					Leadership and Decision-Making	Business Operational Judgement	Operations Management	Financial Accounting	Crisis Management	Industry Expertise	Viewpoint of International Market	
Chairman	Chang, Chin-Yu	Male 51~60	• Department of Mechanical Engineering, Hwa Hsia University of Technology • Chairman & CEO, YC INOX Co., Ltd.	• Chairman & CEO, YC INOX Co., Ltd. • Chairman (Representative), Ji-Mao Investment Co., Ltd. • Chairman (Representative), YC INOX TR Çelik Sanayi ve Ticaret A.Ş.	●	●	●	●	●	●	●	From August 23, 2021 to August 22, 2024
Director	Tai Chyang Investment Co., Ltd. Representative: Chang, Chin-Peng	Male 51~60	• Kuang-Hwa Vocational Senior High School of Technology • Deputy General Manager, Domestic Sales Department-Southern Region of YC INOX Co., Ltd.	• Deputy General Manager, Domestic Sales Department - Southern Region, YC INOX Co., Ltd.	●	●	●		●	●		From August 23, 2021 to August 22, 2024
Director	Chin Ying Fa Mechanical Ind. Co., Ltd. Representative: Shih, Yung-Che	Male 41~50	• Master of Department of Electrical Engineering, National Changhua University of Education • Director, Chin Ying Fa Mechanical Ind. Co., Ltd. • Chairman, Chan Ying Investment Co., Ltd.		●	●	●	●	●	●	●	From October 20, 2022 to August 22, 2024
Director	Hsieh, Ming-Hong	Male 51~60	• M.D., PhD. Institute of Medicine, Chung Shan Medical University • Chief, Department of Psychiatry, Chung Shan Medical University Hospital, Chung Shan Medical University • Attending Physician, Department of Psychiatry, Chung Shan Medical University Hospital, Chung Shan Medical University • Assistant Professor, School of Medicine at Chung Shan Medical University		●	●	●		●			From August 23, 2021 to August 22, 2024

Note: Only concurrent positions of YC INOX and its affiliates are listed. For positions held in other companies and how it would affect independence, please refer to information disclosed in 2022 Annual Report for more details.

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

Note: Only concurrent positions of YC INOX and its affiliates are listed. For positions held in other companies and how it would affect independence, please refer to information disclosed in 2022 Annual Report for more details.

Collective Knowledge Advancement of the Highest Governance Body

In 2022, average training hours per director was 6 hours, which is in compliance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". The Company ensures the directors maintain their core values and professional competence by sporadically providing training on domains such as latest regulatory updates, latest trends in sustainability and professional knowledge development, ensuring the directors stay tuned with market dynamics, thus creating maximum value for stakeholders, achieving the Company's sustainability goals. For detailed training information, please refer to MOPS regarding Board attendance and training details of directors and supervisors, as well as profile and concurrent roles of independent directors (individually).

Remuneration Policy for Senior Executives

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

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

Board Performance Evaluation

YC INOX conducts yearly internal performance evaluation in accordance with requirements set forth in "Regulations for Performance evaluation of the Board of Directors". Finance Department is responsible for internal questionnaires distribution, response collection, and results compilation. Evaluation is done through self-evaluation by Board members. In 2022, performance evaluation results for Board members, the Board and its functional committees were rated as "Excellent." Please refer to table below.

Self-Assessment Criteria for Board Members' Performance Evaluation

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

Self-Evaluation Items within the Overall Evaluation

Board of Directors

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

Functional Committees

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

Managing Conflicts of Interest

To mitigate risk of unethical behavior, the Company has established "Ethical Corporate Management Best Practice Principles". As set forth in this principle, in the event of directors, managerial officers or other stakeholders whom either attend or participate in Board meetings, with respect to proposed resolution, found conflicting interest with either themselves or juristic entities which they are representing, they must disclose in great details during that Board meeting. They shall also abstain from participating in discussion and voting on the matter or to act as proxies for other directors on that matter. As of December 31, 2022, the Company has not experienced any significant conflicts of interest incidents.

Communication of Critical Concerns

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

There were no significant events in 2022 that had the potential to pose negative impact on stakeholders or that can result in actual negative consequences for stakeholders.

2.2 Ethical Management Results

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

Management Approach GRI 3-3					
Material Topic		Regulatory Compliance			
Corresponding GRI		GRI 2-27			
Impact		Regulatory compliance is fundamental requirement for sustainable business operation. The Company should have in place relevant preventive or improvement measures to reduce risk of legal violations and enhance our corporate reputation. Serious regulatory violations could bring about negative public perceptions, which shall subsequently affect our business. YC INOX's regulatory compliance will have either positive or negative impact on economy or society.			
Commitment/Policy		The Company have established "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct for the Directors and Managerial Officers" and "Codes of Ethical Conduct for Employees". Additionally, internal control policy management systems have been developed for each process to serve as basis for internal compliance.			
Targets	**Short Term (2025)**	• Compliance with relevant laws and regulations, internal operating procedures/guidelines and standard operating procedures (SOPs) thus preventing major compliance violations. • Establish information security-related training courses with employee participation of at least 90% to enhance employees' information security awareness. • Prevent business email spoofing by conducting 4 social engineering drills per year. • Obtain ISO 27001 certificate for information security management system.			
	Medium-to-Long Term (2030)	• Compliance with relevant laws and regulations, internal operating procedures/guidelines and SOPs thus preventing major compliance violations. • Introduction of next-generation information security technologies, including but not limited to EDR, SOC, multi-factor authentication, vulnerability assessment. This can enhance our capability in detecting and preventing information security threats, thus reducing success rates of cyberattacks and keep occurrence of information security incidents to no more than 3 times per year. • Establish comprehensive information security incident response plan, including but not limited to response team, emergency drills and trainings so that we can address various cybersecurity incidents swiftly, with maximum response time capped at 8 hours.			
Action Plans		• Arrange regulatory compliance and information security-related training to enhance employees' legal awareness, concurrently, improve their ability to recognize and respond to risks and threats. • Enhance system security to defend against malware attacks. Perform system vulnerability scanning and testing on regular basis to discover and patch potential vulnerabilities and weaknesses proactively at the earliest time possible. • Execute risk identification and evaluation processes while simultaneously implementing relevant risk management measures. Regulatory compliance risks are overseen by Risk Management Team, environmental and safety risks are overseen by Safety & Health Office while information security risks are taken care of by IT Office. • Keep in the loop of latest regulatory updates and ensure statutory requirements compliance. Environmental regulations include acts such as "Climate Change Response Act" and "Renewable Energy Development Act", among others.			
Effectiveness Assessments	**Tracking Process**	• Internal Audit Office regularly reviews regulatory compliance. • Appointing external audit/third-party verification for auditing. • Reporting on work performance to Occupational Safety and Health Committee on quarterly basis and environmental management review meeting once a year.	**Complaint Channels**	**Compliant or Communication Channels**	• Reporting and complaint channels have been established on company website. • Quarterly meetings of Occupational Safety and Health Committee and annual Environmental Management Review meetings. • Report on internal audit results.
	Achievements of The Year	• In 2022, zero occurrence of penalties imposed major legal violations. • In 2022, zero occurrence of major information security incidents. • In 2022, zero reports or complaints have been received.		**Communication Results**	• No complaints or reports have been received. • Occupational Safety and Health Committee has convened 4 times, and annual Environmental Management Review meeting has been held once. Occupational safety and health as well as environmental performance issues have been identified and improvement solutions have been discussed. • Internal audit results have been reported to the Board and no regulatory compliance deficiencies has been identified.

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

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

"Ethical Corporate Management Best Practice Principles" and
"Procedures for Ethical Management and Guidelines for Conduct"
"Codes of Ethical Conduct for The Directors and Managerial Officers"
"Procedures for Prohibition of Insider Trading Regulations"

Assessment, Communication and Training relating Corruption Risks

In 2022, 100% operating locations have completed assessments relating to corruption-related risks. The Company conducts regular education and awareness programs yearly to ensure that our employees have thorough understanding of ethical operation. For new employees (excluding migrant workers), education and training shall be provided upon onboarding. In 2022, a total of 67 new employees received training, amounting to 33.5 hours, achieving completion rate of 100%.

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

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



Whistleblower System and Misconduct Reporting

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

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

In 2022, the Company had no confirmed cases of corruption, insider trading, anti-competitive practices, antitrust, or monopolistic practices.



Regulatory Compliance

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

In 2022, the Company did not incur any fine due to significant regulatory violation. "Significant" is defined as any regulatory violation which carried fines of at least 100,000 New Taiwan Dollars (NT$). In 2021, the Company received a fine of NT$6,000 for "Waste Disposal Act" violation. In February 2021, we have more than 10% over generation of non-hazardous dust and ash or its compounds (D-1099) as compared to budgeted waste disposal plan (0.481 tons). We have subsequently revised our waste disposal plan to prevent future violations, ensuring com31liance with legal regulations. In 2022, there were no further violations.

Total Attendances	**2,887**
Total Training Hours	**15,529**

2.3 Risk Management

GRI 2-13



Risk Management Organization

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

Board of Directors → **Sustainability Committee** → **Risk Management Execution Team**

Risk Management Approach

Risk Management Policy

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

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

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

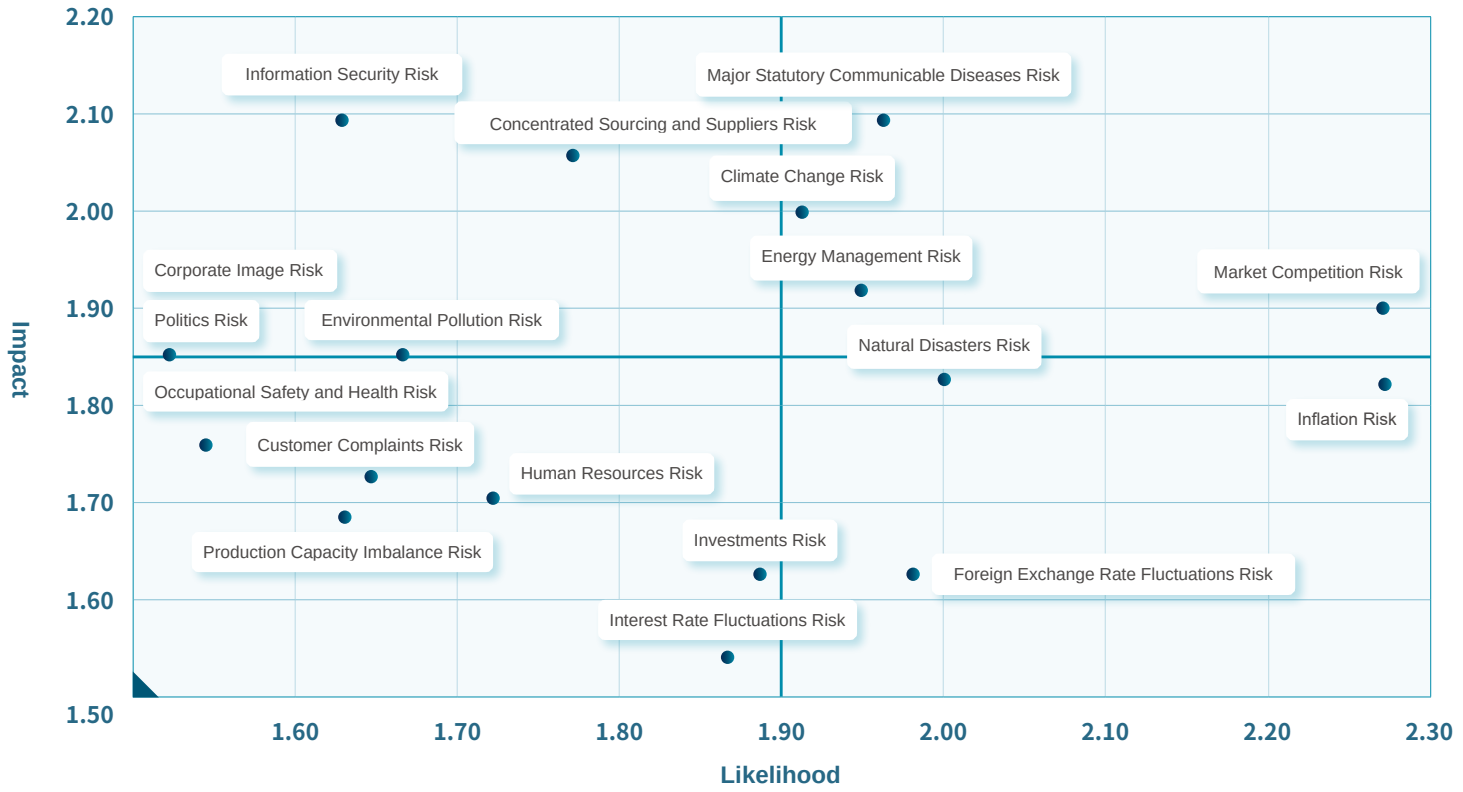
Outcome of Risk Management

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

1. **Risk Identification**
2. **Risk Level Assessment**
3. **Formulate Countermeasures Based on Risk Level Assessment**
4. **Implement Countermeasures**
5. **Review and Evaluate Execution Results**

▶ Risk assessment results for 2022, conducted according to risk management process mentioned above, are as follows:

Risk Assessment Matrix



Risk Level Assessment Rubric

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

Significant Risk Explanation

Risk Category	Risk	Description of Risk	Control Strategies and Practices	Responsible Unit
Environment	Major Statutory Communicable Diseases Risk	Business may experience adverse effect on its operation, such as city lockdowns and port congestions.	• Following external guidelines to establish internal countermeasures and stay updated with real-time pandemic information to dynamically adjust Company's pandemic prevention measures. • Encouraging employees to get vaccinated to reduce risk of infection within the Company. • Developing diverse recruitment channels to address manpower shortage. • Promoting online education and training as well as virtual meetings.	Administration Department
	Energy Management Risk	Company's inability to effectively manage organizational energy consumption may result in continual upward trend in energy costs, this can have adverse impact on company's operation.	• Installing solar power generation systems. • Replacing or upgrade energy-intensive equipment. • Implementing energy-saving improvements.	Administration Department Engineering Department
	Climate Change Risk	Company may face adverse effects on future product sales or overall business operations due to failure in alignment with international net-zero carbon emission and other climate-related development trends.	• Completing greenhouse gas emissions inventory and verification, setting energy-saving and carbon reduction goals and strategies. • Introducing product carbon footprint calculations to assess and reduce carbon impact of products. • Investing in research of energy-efficient manufacturing processes. • Implementing water recycling systems for manufacturing processes. • Installing solar power generation systems. • Promoting significant climatic issues on company website or in sustainability reports. • Identifying and maintain alternative suppliers for raw materials to mitigate risk of supply shortages. • Implementing assessments for key suppliers to ensure reliability of supply chain. Please refer to 4.1 Climate change management for more details.	Administration Department
Business Operation	Market Competition	Company may experience adverse effects on its operations due to decline in competitiveness of its main products and failure to explore new markets.	• Keeping a close watch on global trends, conduct regular industry and competitor analyses and stay informed about market, industry and customer dynamics. • Enhancing customer relationship management to understand the needs of domestic and international customers. • Expanding overseas business sites and establish comprehensive global sales strategy. • Continuing to enhance differentiation from competitors. • Implementing rolling adjustments to sales strategies and distribution channels in order to respond to market changes effectively thus strengthening the flexibility of sales strategies.	International Sales Department Sales Department

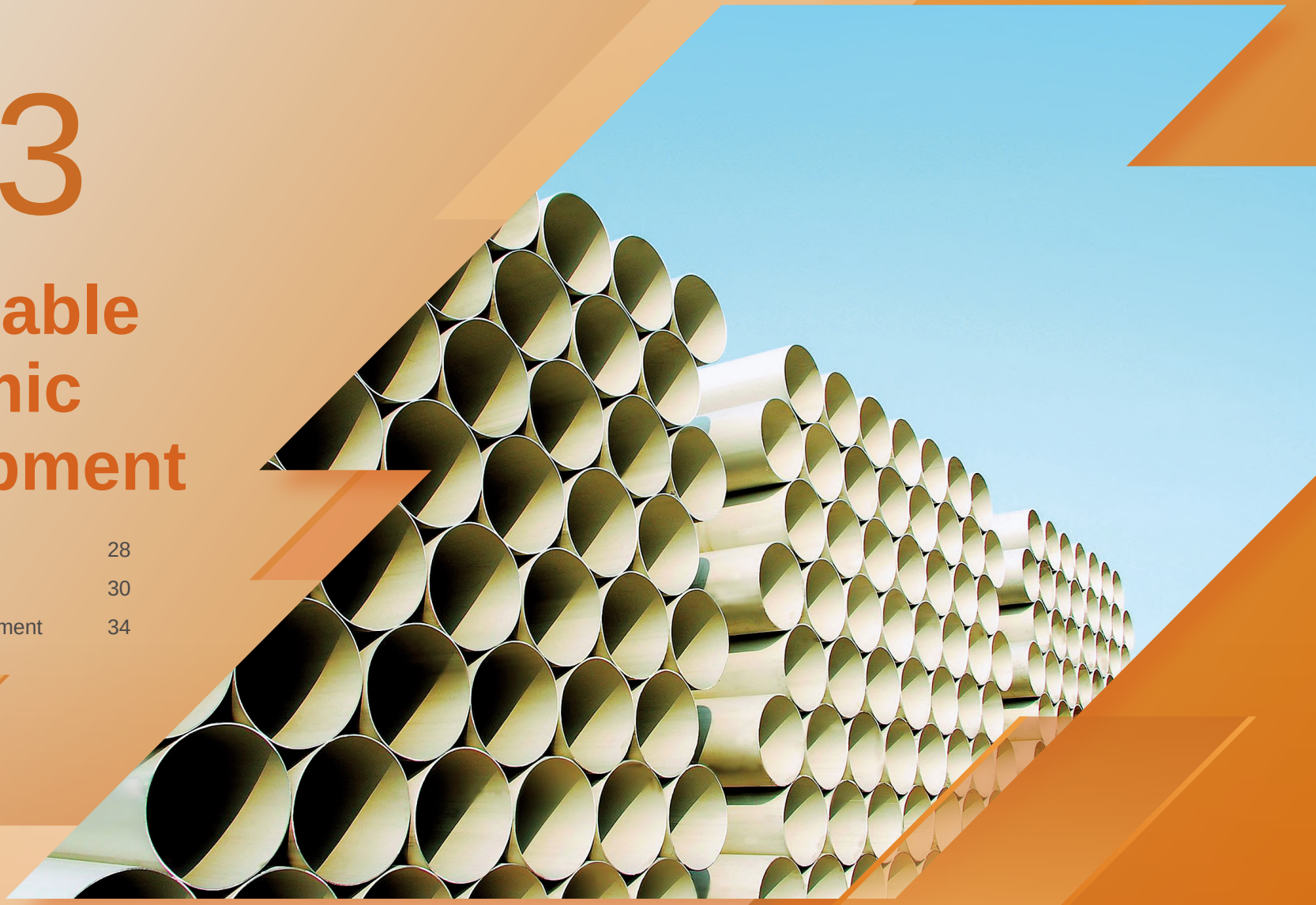
CH3

Sustainable Economic Development

3.1 Business Performance 28

3.2 Product Quality 30

3.3 Supply Chain Management 34



★ Chapter Highlights

- Consolidated revenue of NT$16.8 billion, consolidated gross profit of NT$2.1 billion and net profit of NT$0.5 billion.
- Total shipment volume of 134,433 metric tons.

3.1 Business Performance

GRI 201-1,201-4

Management Approach GRI 3-3					
Material Topic		Economic Performance			
Corresponding GRI		GRI 201			
Impact		To achieve sustainable business operations in ever-changing stainless steel industry, we focus on establishing strong financial structure and investing resources in research and development of new technologies and products. This enhances product competitiveness, creates enterprise value, safeguards rights and interests of stakeholders while striving for sustainable development. Our actions in terms of economic performance can either have positive or negative impacts on economy.			
Commitment/Policy		• Development of new products and processing technologies to enhance product competitiveness. • Active new overseas markets expansion to diversify sales risks. • Increase production efficiency and quality and reduce manufacturing costs.			
Targets	**Short Term (2025)**	• Sales growth of 33.3% is expected for 2023, hence, timely adjustments shall be made to diversify sources of raw materials and adjusted product portfolio.			
	Medium-to-Long Term (2030)	• Enhancing profitability of overseas production bases thus contributing stable profits to the group which in turn strengthens overall effectiveness and optimizes group capital utilization. • In response to climate change-related risks together with domestic and international climate policy pressures, we are committed to enhancing both our care for the environment and economic competitiveness thus realizing our goals of sustainable business.			
Action Plans		• Strengthening and integrating both domestic and international sales channels, introducing high-value-added products to enhance market competitiveness. • Timely adjusting source of raw materials and product sales portfolio. • Continuing to assess the possibility of investing in other overseas locations to align with global economic trends. • Continuing to introduce automation equipment to enhance production technology and efficiency, reducing impact of labor shortages and rising labor costs. • Effective utilization of financial instruments and strengthening customer credit checks to prevent bad debts thus protecting the Company's interests.			
Effectiveness Assessments	**Tracking Process**	• Preparing annual business plan, holding quarterly management meetings to review execution status and propose improvement strategies. • Preparing annual budget yearly and reviewing budget achievement on a monthly basis, taking necessary measures to address any abnormal situations. • Holding weekly production and sales meetings to adjust production, sales, and procurement strategies if needed.	**Complaint Channels**	**Compliant or Communication Channels**	• Analyze differences between financial performance and business goals on a monthly basis and report to the executive management. • Present financial performance and financial status to the Board on a quarterly basis.
	Achievements of The Year	Review business plan targets and annual budget achievement status before year end and report to the Board.		**Communication Results**	• Convened 4 management meetings to address differences between financial performance and business goals, proposing improvement strategies in response to changes in industry environment. • Held 8 board meetings to review financial reports and business performance.

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

Financial Performance | GRI 201-1

Please find the detailed consolidated financial performance of the Company from 2020 to 2022 in the table below. Amounts are based on calculations from consolidated financial statements. In 2022, net profit was NT$518,282 thousand, with earnings per share of $1.16. Both net profit and earnings per share decreased as compared to the previous year. Overall, revenue fluctuation was minimal. The reason for the decrease was due to the subsidiary in Türkiye, which was operating in a hyperinflationary economy, resulting in the recognition of a significant loss of NT$570,860 thousand.

In terms of economic value, the Company retained an economic value of NT$825,044 thousand in 2022. Allocation of economic value is primarily focused on meeting operational needs, accounting for approximately 88% of the allocation. The remaining allocation is directed towards employee salaries and benefits (5%) and distributing dividends to shareholders (4%).

(Unit: NTD Thousands)

Item		2020	2021	2022
Operating Ability	Total Assets	13,212,563	19,078,744	19,663,782
	Total Equity	9,089,375	9,402,065	10,416,263
	Consolidated Operating Revenue	12,717,152	17,777,919	16,840,315
	Consolidated Gross Profit	1,184,615	2,893,140	2,176,813
	Consolidated Net Profit	423,567	1,260,047	518,282
Profitability	ROA (%)	3.52	7.99	3.01
	ROE (%)	5.12	13.62	5.23
	EPS (NT$)	1.04	2.86	1.16
Generation and Distribution of Economic Value	Direct Economic Value Generated (Note 1)	12,723,389	17,790,817	16,875,172
	Economic Value Distributed	12,389,611	15,929,899	16,050,128
	Operating Costs	10,995,464	14,224,068	14,059,126
	Employee Salaries and Benefits	721,162	938,991	861,287
	Dividend Distributed to Shareholders	610,696	655,696	666,964
	Interest Expenses	29,302	27,698	72,299
	Payments to Governments	31,092	81,460	388,130
	Community Investments	1,895	1,986	2,322
	Economic Value Retained (Note 2)	333,778	1,860,918	825,044

Note 1: Including consolidated operating revenue, interest income, dividend income, rental income, and other income.
Note 2: The calculation for economic value retained is "direct economic value generated" less "economic value distributed".

Government Assistance

The amount of assistance received from government in 2022 was NT$4,032 thousand, primarily from investment deductions. The higher amount received in 2020 was mainly due to pandemic relief subsidies.

(Unit: NTD Thousands)

Cumulative Assistance Received

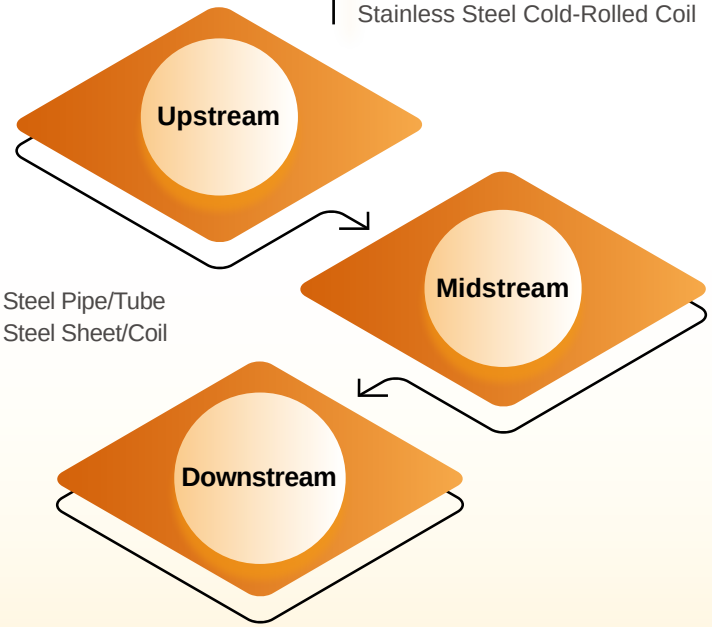
2020	2021	2022
73,245	3,999	4,032

3.2 Product Quality | GRI 2-6

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

Main Products

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

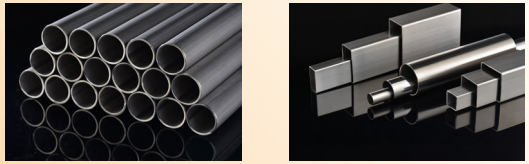


02 Stainless Steel Pipe/Tube
Stainless Steel Sheet/Coil

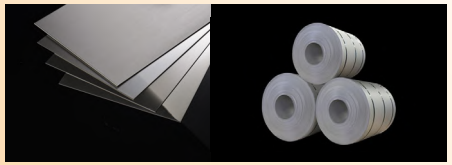
03 Petrochemical industry, chemical industry, construction industry, paper manufacturing industry, food industry, mold industry, transportation industry, home appliance and daily necessities manufacturing industry

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

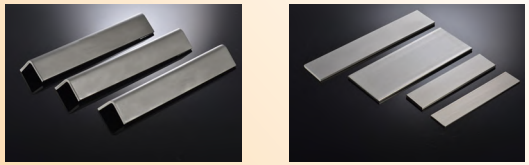
Stainless Steel Pipe/Tube
- Pipe
- Tube



Stainless Steel Sheet/Coil
- Sheet/Plate
- Coil/Strip



Other Stainless Steel Products
- Angle
- Flat Bar



Our products can be categorized into three main groups: stainless steel pipe/tube, stainless steel sheet/coil, and other stainless steel products. Over three-year period, production volume has been concentrated on stainless steel pipe/tube and stainless steel sheet/coil. In 2022, we produced 68,852 metric tons of stainless steel pipe/tube and 50,893 metric tons of stainless steel sheet/coil. Both of these categories experienced a decrease compared to previous year, mainly due to impact of fluctuating stainless steel raw material prices and a general slow down of market demand.

Production Volume Breakdown

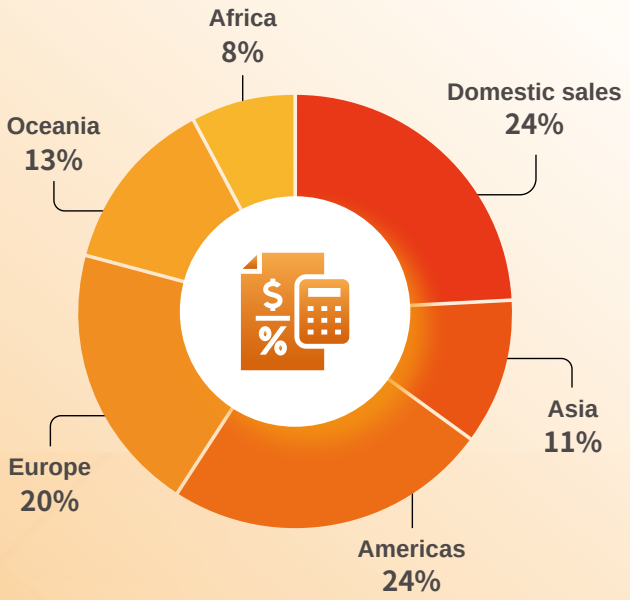
(Unit: Metric Tons)

Product Type	2020	2021	2022
Stainless Steel Pipe/Tube	85,515	91,020	68,852
Stainless Steel Sheet/Coil	85,467	92,754	50,893
Other Stainless Steel Products	3,691	4,344	2,398
Total	174,673	188,118	122,143

Sales Overview

In 2022, our sales by product category were primarily composed of 71,818 metric tons of stainless steel pipe/tube and 60,382 metric tons of stainless steel sheet/coil. In terms of revenue distribution, 24% of our sales were in the domestic market, while 76% were from exports. Our key sales markets include Taiwan, Americas, and Europe.

Sales by Region in 2022



A total of NT$ 16.2 billion

A total of 134,433 metric tons

Regional Sales Breakdown

(Unit: NTD Thousands)

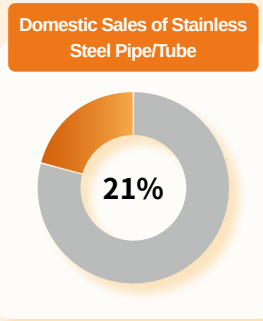
Year		2020		2021		2022	
Sales by Region		Amount	%	Amount	%	Amount	%
Domestic		2,968,207	23.4%	4,085,060	23.0%	3,902,772	24.0%
Export	Asia	1,911,655	15.0%	1,656,729	9.3%	1,854,390	11.4%
	Americas	2,372,694	18.7%	3,550,518	20.0%	3,958,968	24.3%
	Europe	2,950,876	23.2%	4,730,537	26.6%	3,197,979	19.7%
	Oceania	1,607,534	12.6%	2,866,136	16.1%	2,096,742	12.9%
	Africa	906,186	7.1%	888,939	5.0%	1,251,696	7.7%
Total		12,717,152	100.0%	17,777,919	100.0%	16,262,547	100.0%

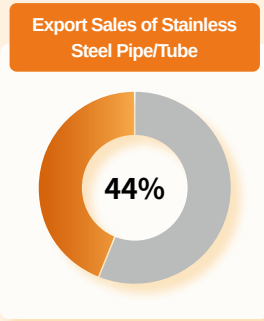
Breakdown of Domestic/Export Sales Volume

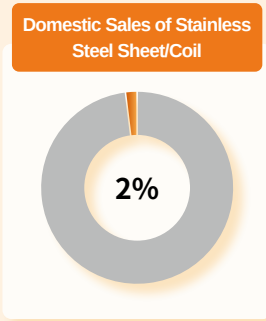
(Unit: Metric Tons)

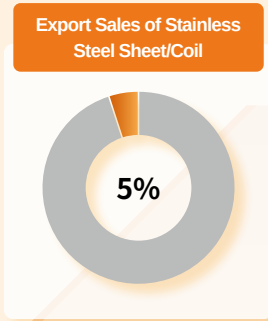
Year		2020		2021		2022	
Product Category		Weight	%	Weight	%	Weight	%
Stainless Steel Pipe/Tube	Domestic Sales	26,591	14.8%	30,731	16.6%	25,018	18.6%
	Export Sales	57,903	32.3%	58,881	31.8%	46,800	34.9%
Stainless Steel Sheet/Coil	Domestic Sales	17,742	9.9%	21,123	11.4%	16,813	12.5%
	Export Sales	73,832	41.1%	72,021	38.8%	43,569	32.4%
Other Stainless Steel Products	Domestic Sales	1,678	0.9%	854	0.5%	1,112	0.8%
	Export Sales	1,717	1.0%	1,587	0.9%	1,121	0.8%
Total		179,463	100.0%	185,197	100.0%	134,433	100.0%

According to the "Taiwan Steel and Iron Industries Association's Steel Information 2022 report" on import and export statistics of steel products, the Company's sales volumes for welded stainless steel pipe/tube and stainless steel sheet/coil (including cold-rolled 300 series, 400 series, and hot-rolled 300 series) were analyzed in comparison to overall market in Taiwan. For stainless steel pipe/tube, the Company holds 21% market share in domestic market and a 44% market share in export market. In the case of stainless steel sheet/coil, our market share is 2% in domestic market and 5% in export market.









Quality Management

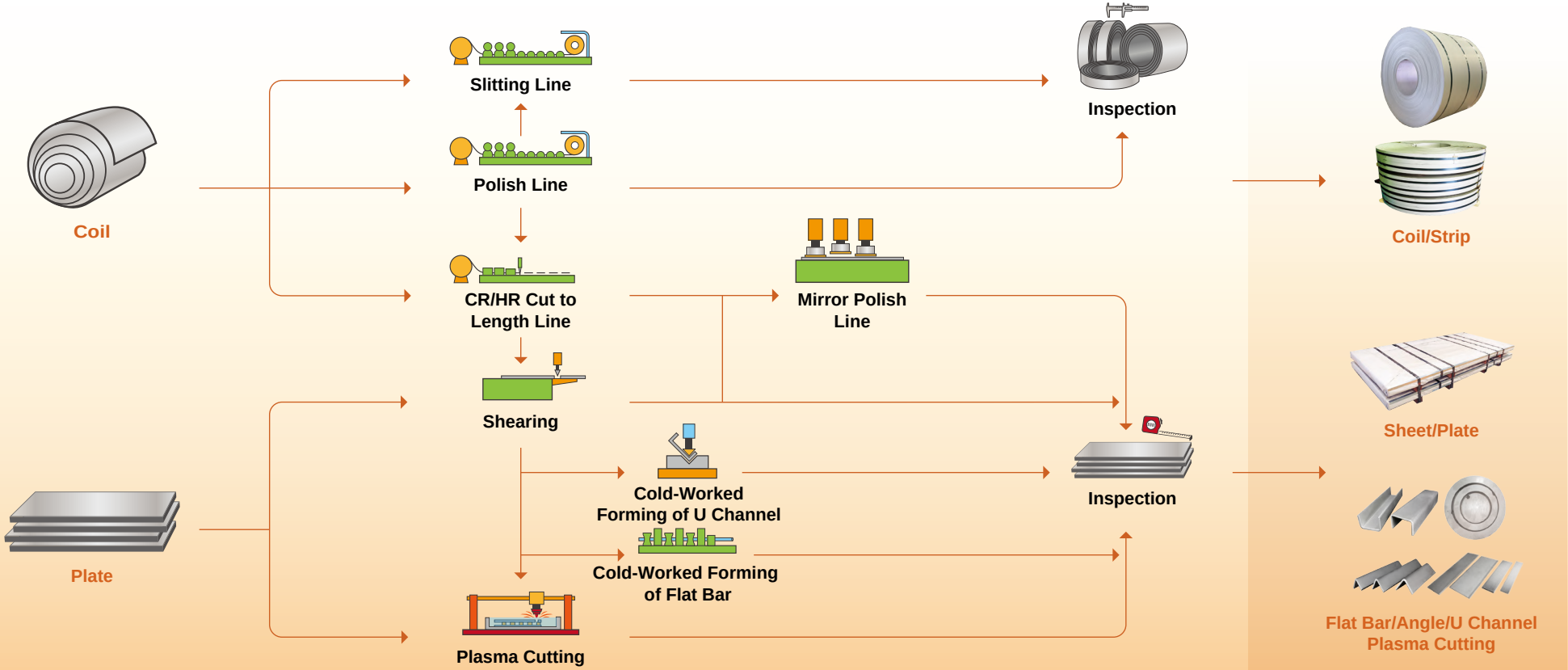


The core philosophy of the Company is "Quality First, Customer Foremost." We are committed to providing high-quality products that meet the needs of our customers. Currently, our factory and production processes have achieved various international certifications, including ISO 9001 Quality Management System and ISO 3834 Quality requirements for fusion welding of metallic materials. We have also obtained product certifications from certifying authorities in various regions such as the United States, Japan, European Union, Norway, Italy, France, and United Kingdom. To ensure and maintain product quality consistently, we have established a laboratory with national-level TAF (Taiwan Accreditation Foundation) certification.

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

Process and Inspection Point Flowchart

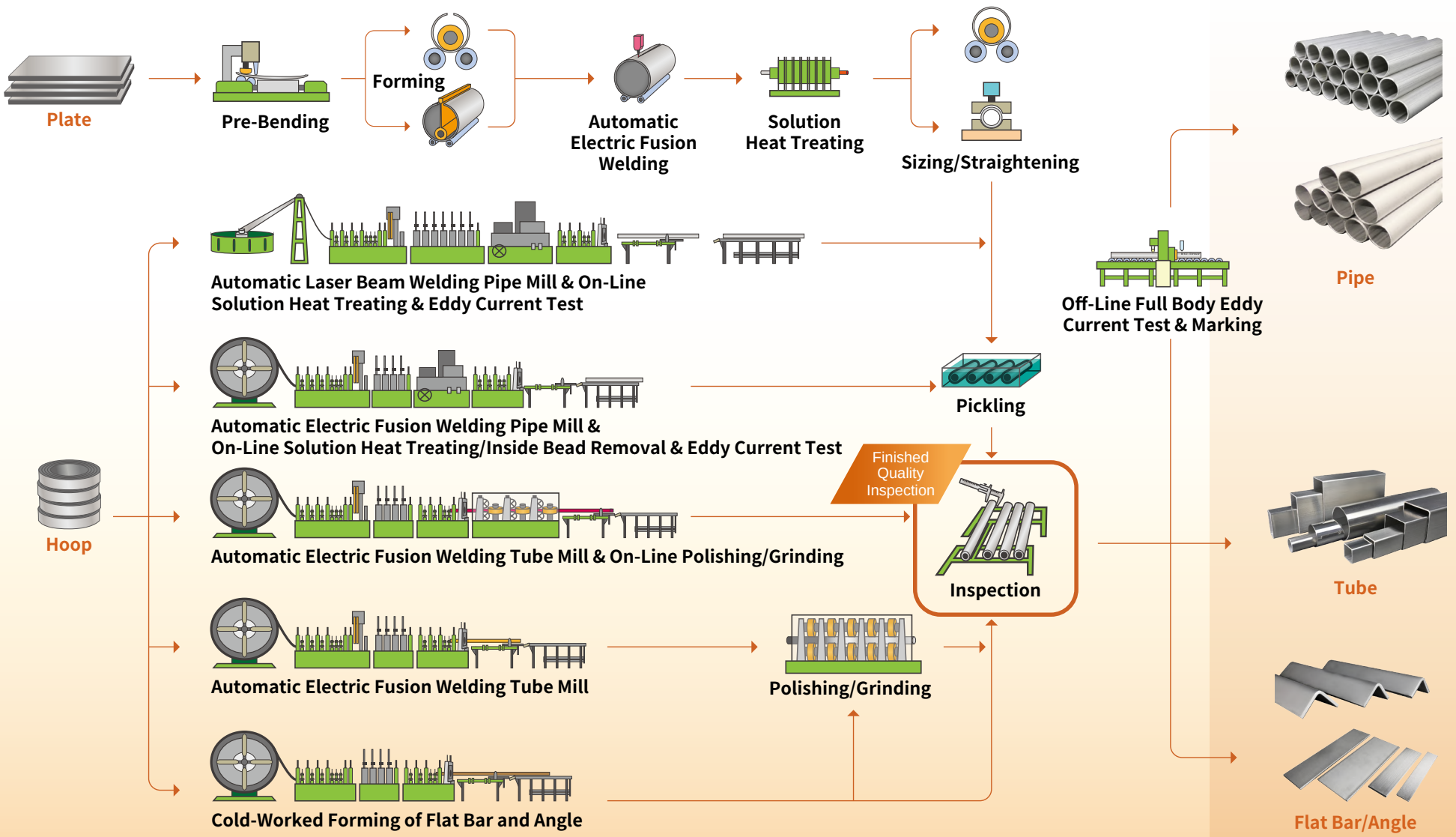
Incoming Quality Control/ Incoming Inspection | First Article Inspection/Self-Inspection/ In Process Inspection/On-Site Process Inspection | Finished Quality Inspection | Outgoing Quality Inspection



Incoming Quality Control/ Incoming Inspection

First Article Inspection/Self-Inspection/ In Process Inspection/On-Site Process Inspection

Outgoing Quality Inspection



Certifications and Verifications Obtained

Product Validation

- CNS (National Standards of the Republic of China)
- JIS (Japanese Industrial Standards)
- NSF (National Sanitation Foundation)
- CE (Conformité Européene)
- UKCA (UK Conformity Assessed)
- DNV (Det Norske Veritas)
- RINA (Registro Italiano Navale)
- BV (Bureau Veritas)
- LR (Lloyd's Register)

Laboratory Accreditations

TAF (Taiwan Accreditation Foundation) Laboratory Accreditation

Quality System Certifications

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

Environmental, Safety, and Health Certifications

ISO 45001 Occupational Health and Safety Management System
ISO 14001 Environmental Management System
ISO 50001 Energy Management System
ISO 14064-1 Greenhouse Gas Emission Inventory Standard

3.3 Supply Chain Management

Potential suppliers must undergo an evaluation process by the Company. Their products must meet our requirements during trials before they can become qualified suppliers. Regular assessments are conducted annually, covering three key evaluation criteria: quality, timely delivery, and service. Suppliers who pass the assessment and meet our criteria are listed as cooperative suppliers for the following year. Additionally, labor safety and health, as well as environmental protection, have been included in the assessment criteria. In 2022, we completed annual supplier evaluation, achieving a 100% qualification rate.

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

Supplier Evaluation Criteria

Initial Evaluation	• Quality system and product certificaitons • Mateiral supply status • Product trial resutls
Periodic Evaluation	• Quality evaluation (40%) • Delivery evaluation (40%) • Service evaluation (20%)
Annual Evaluation	• Business managment (40%) • Process capability/maintenance capability (30%) • Product or service quality/labor safety, health, and environmental protection (30%)

CH4

Sustainable Environmental Management

4.1 Climate Change Management 36

4.2 Sustainable Production-related Management 42



★ Chapter Highlights

- TCFD –Major climate risks and opportunities identified.
- Water resource management – Introduction of wastewater treatment technology resulting in increased wastewater recycling rate.
- Douliou Mill II: >90% wastewater from production and >85% waste acids from production have been recycled and reused respectively.
- Waste management –Implementation of waste resource utilization projects.
- 68.97% of residual plastic compounds have been converted into recyclable plastic, totaling 24.98 metric tons.
- Energy and greenhouse gas management –Developing and installing new renewable energy sources.
- In 2022, 4,728 thousand kWh solar power have been generated, which is equivalent to reducing approximately 2,407 metric tons CO_2 emissions.
- Energy and greenhouse gas management – Promoting energy saving measures.
- Energy consumption in 2022 have been reduced by 21.76% as compared to 2021.
- Energy and greenhouse gas management – Implementation of ISO 14064-1:2018 standard.
- Greenhouse gas emissions have reduced by 30.42% as compared to 2021 as verified by third party.
- Air pollution management – Installation of wet scrubber processing equipment.
- Average emission monitoring values obtained from Puoshing Mill and Douliou Mill II conform to "Standards for Air Pollutant Emission from Stationary Pollution Sources".

4.1 Climate Change Management

GRI 201-2

Management Approach GRI 3-3					
Material Topic		Climate Change Adaptation			
Corresponding GRI		GRI 201			
Impact		Addressing climate change is a crucial concern for today's businesses, as it has potential to impact our operational strategies and outcomes significantly. Responding to risks and opportunities brought about by climate change is essential. This issue should be integrated with other environmental considerations, including energy management, waste management, water resource management, and greenhouse gas management. Strong actions to address climate change can benefit a company's long-term survival, while inaction can have adverse effects. Our actions in economic performance can either have positive or negative impacts on environment.			
Commitment/Policy		• We have formulated environmental, safety, health and energy policies that incorporates risk control and energy efficiency into our considerations. We have established a Sustainability Committee and Environmental Sustainability Execution Team, which is responsible for providing annual plans and progress reports to the Board. • We are aligning our goals with government's 2050 net-zero emissions roadmap to achieve sustainable development. • We are enhancing carbon information disclosure and implementing product carbon footprint certification.			
Targets	**Short Term (2025)**	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Obtain ISO 14067 carbon footprint certification for type 1 products. • Establishing intelligent monitoring system that can capture 75% of Company's electricity consumption information. • Complying with regulations relating to climate action and greenhouse gas emissions disclosure.			
	Medium-to-Long Term (2030)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. • Optimizing intelligent monitoring system that can capture 90% of Company's electricity consumption information. • Regularly identifying climate risks and opportunities and developing corresponding strategies and action plans.			
Action Plans		• Integrating framework into existing risk management process, identifying climate risks and opportunities, formulating response and improvement measures and adapting to climate change-induced uncertainties to transform risks into opportunities. • Starting from 2020, we conduct greenhouse gas emission inventory at each mill to understand emission status and introduce third-party verification. Develop management plans for waste reduction, emissions reduction, pollution prevention and other projects to execute and control.			
Effectiveness Assessments	**Tracking Process**	Gathering data on electricity usage of production line machinery to understand energy consumption trends within mill. Prioritize improvement of electricity usage of high-energy-consuming equipment.	**Complaint Channels**	**Compliant or Communication Channels**	Reporting and complaint channels have been established on company website.
	Achievements of The Year	• The Company achieved electricity savings rate of 1.26% across all mills. • Installed green energy capacity accounts for 37.5% of total contracted capacity for all mills in Taiwan. • In 2022, the Company established smart monitoring system within mills, enabling collection of electricity consumption trends for production equipment to calculate production process costs.		**Communication Results**	The Company has established "Pre-Environmental Review Management Procedures" and "Energy Review Operating Procedures" in accordance with ISO 14001 and ISO 50001 requirements. These procedures shall be subjected to annual management reviews and appropriate measures are proposed to ensure effective operation of environmental and energy management systems.

Response to Climate-related Risk | GRI 201-2

Global businesses are facing potential operational impacts due to intensifying global warming and extreme weather events in recent years. According to the World Economic Forum (WEF) Global Risk Report for 2023, among the top five long-term risks to business operations, four are environmental risks. These include “Failure to Mitigate Climate Change”, “Failure to Climate Change Adaptation”, “Natural Disasters and Extreme Weather Events”, And “Biodiversity Loss and Ecosystem Collapse”. This underscores that operational risks for businesses have shifted from economic concerns to environmental issues. Countries worldwide are formulating climate policies and advocacy, requiring companies to disclose their climate risks and opportunities.

In response to this trend and challenge, the Financial Supervisory Commission (FSC) has aligned with international standards, mandating that listed companies must topic-specific disclose their climate-related information. YC INOX has proactively responded to this trend and challenge to align with global developments.

YC INOX places significant importance on environmental impact and climatic change issues relevant to value chain. The Company actively develops measures to address global climate change and transformation trends, aiming to mitigate industry's impact on climate and reduce operational disruptions caused by current trends. In order to identify risks and opportunities associated with climate change for each department and effectively mitigate and reduce extensive impacts arising from climate change, YC INOX adopted 2017 "Climate-Related Financial Disclosures (TCFD) Framework" issued by Financial Stability Board (FSB). This framework covers four core elements: governance, strategy, risk management, and metrics and targets.

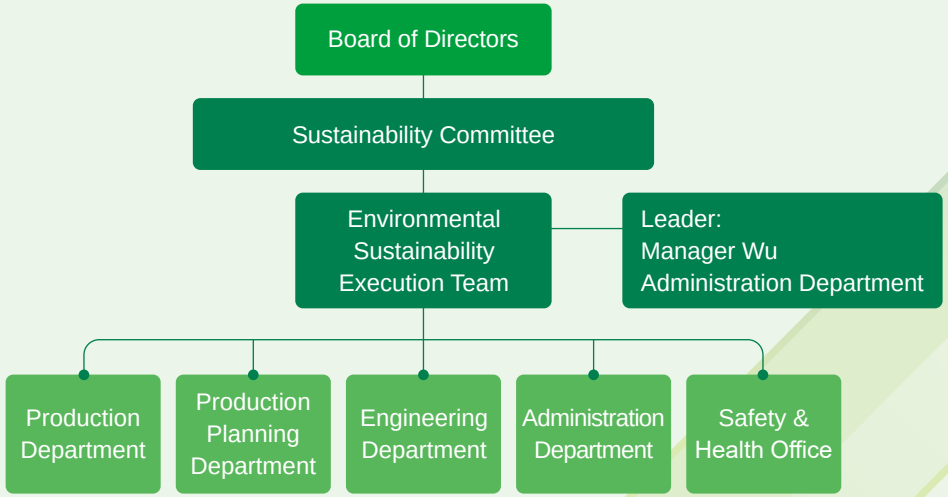
Governance

Establishment of Sustainability Core Team

Board of Directors is highest governing body responsible for reviewing and guiding YC INOX's overall climate change strategy, action plans and annual objectives. The Board receives annual reports from Sustainability Committee on implementation plans and achievements in this regard.

In order to effectively manage climate-related risks and opportunities, YC INOX established Sustainability Committee and formed Environmental Sustainability Execution Team. Environmental Sustainability Execution Team is led by Manager Wu from Administration Department. In accordance with YC INOX's risk management policies, this execution team is responsible for analyzing and monitoring climate-related risks and opportunities. It holds regular meetings to discuss related topics. After compiling its work, the Environmental Sustainability Execution Team shall periodically report to Sustainability Committee.

Environmental Management Organizational Structure



Strategy

Internal Climate Issue Management Agenda Setting

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

Risk Management

Establishing Process for Identifying Climate Change Risks and Opportunities

Process of Identifying Climate Change Risks and Opportunities

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

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

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

The process for managing climate change-related risks at YC INOX follows the Company's "Risk Management Policies and Procedures". The responsible unit for this process is the Administration Department, which periodically collects information on domestic and international climate change trends and regulatory changes, identifies climate-related risks and opportunities in the industry and compiles a list of climate-related risks and opportunities. They also conduct educational training on climate risks and opportunities, and holds group meetings to annually identify and screen risks. The process concludes with a summary of significant climate-related risks and opportunities for YC INOX, as well as existing management measures and response plans. For overall risk management system at YC INOX, please refer to Section 2.3 of the risk management.

Metrics and Targets

Compliance with Government Policies and Regulations

Adhere to government policies and regulations related to environment, energy, and resources, as well as staying informed about new climate change policies and initiatives both domestically and internationally, examining their potential impact on YC INOX.

YC INOX integrates identified significant climate-related risks and opportunities into business strategy and uses them to establish climate-related development goals. The Company implements a mechanism for regular assessment of execution results to enhance environmental sustainability performance.

Identification Results of Major Climate Risks and Opportunities

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

Major Climate Risks and Opportunities

Risks

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

Opportunities

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



Identification Results of Major Climate Risks

Risk Type	Climate Risk Topic	Description	Potential Impact on the Company	Impact Time Span	Existing Management Measures	Response Strategies and Action Plans
Physical Risks						
 Immediate Risks	Increased severity of extreme weather events such as typhoons and floods	Increased probability of extreme weather events due to climate change can lead to changes in supply and demand for both upstream and downstream businesses. It can result in various impacts, such as rising raw material prices, increased global transportation costs leading to higher production costs, or causing production equipment damaged resulting in a shortage of production capacity.	Increased production costs and higher capital expenditures	Long term	• Maintaining safe inventory level for raw materials and adjust sources of raw materials as needed. For shipments, stay updated on shipping status and synchronize this information with customers. • Staying informed about domestic extreme weather forecasts, enhance protection of equipment and raw material storage areas and ensure availability of emergency power supply systems and backup water supply at mills. • Staying updated to news from supply sources to facilitate rapid adjustments in supply ratio in case of unforeseen circumstances. • Setting up disaster prevention facilities and proving personnel training for extreme weather disaster response. • Establishing emergency response standard operating procedures, including disaster prevention and reporting mechanisms, and formation of emergency contingency team.	• Staying updated on supplier's raw material production and control status, as well as delivery lead times. Maintain constant communication between production planning unit and sales units to keep track of shipment progress in real-time. • Continuing to diversify sources of raw materials and increase raw material storage space as needed to reduce risk of raw material supply disruptions and adjust raw material safety inventory levels as circumstances require. • Production planning unit shall remain prepared to adjust production schedules as needed and conduct weekly production and sales meetings for setting up production goals. Flexibility is crucial for adapting to fluctuations in raw material lead times and prices. • Establishing Climate Risk Management Team to implement preventive protection measures for manufacturing equipment and raw materials based on early climatic alerts. • Conducting annual disaster preparedness exercises to enhance the Company's resilience in responding to extreme weather disasters.
Transition Risks						
 Policy and Regulatory Risks	Rising cost for greenhouse gas emissions	Increasing trend of carb-on credit mechan-ism, carbon taxes or carbon fee implemented by countries worldwide may result in additional costs for businesses, leading to overall increase in operating costs.	Increased operational costs	Short term	• Applying for ISO 14064-1 greenhouse gas inven-tory verification to understand the Company's carbon emissions. • Implementing ISO 50001 energy management system to reduce energy consumption.	• To reduce carbon emissions, the Company has established solar power generation systems, with green energy installation capacity accounts for 37.5% of total contracted capacity for all mills in Taiwan. In the future, we plan to shift the solar power to self consumption by 2025. • We focus on improving equipment efficiency, conducting regular equipment maintenance and minimizing refrigerant leakage. We also adhere to applicable government regulations and aim to achieve annual energy saving rate of at least 1%, thus reducing greenhouse gas emissions. • Progressively requesting carbon emission data from suppliers.

Risk Type	Climate Risk Topic	Description	Potential Impact on the Company	Impact Time Span	Existing Management Measures	Response Strategies and Action Plans
Transition Risks						
Policy and Regulatory Risks	Regulatory requirements and supervisions related to existing products and services	Climate change has led regions to increasingly emphasize on environmental issues and subsequently establish related regulations and standards. In the future, if we failed to comply with standards and regulations of various regions, it could restrict sales channels, ultimately affecting revenue and the Company's growth.	Increased production costs and decreased operating revenue	Medium term	• Complying with domestic environmental regulations related to emissions, energy, etc. Conduct regulatory reviews for key markets with more extensive regulations, such as EU and North American markets. • We have implemented "Supplier Management Measures", "Regulations for Procurement Management" and supplier corporate social responsibility self-assessment forms. Use systematic questionnaires and evaluations to collect and screen suppliers that meet environmental requirements. • To comply with government regulations, the Puoshing mill has implemented AFB, and Douliou Mill has installed domestic wastewater recycling system, as well as wastewater and waste acid recycling systems.	• Cultivating customer relationships through regular participation in exhibitions and stay updated on the latest regulations. • Voluntarily adopting ISO 14067 product carbon footprint standards and disclose product carbon content as a proactive measure to comply with increasingly stringent environmental regulations. • Collecting information through channels such as customers or through the internet, in order to conduct research, and respond promptly to latest regulatory requirements.
Technical Risks	Increased expenditures of transitioning to low-carbon technologies	Adaptation to carbon neutrality issue leads to energy transfor-mation, such as increase usage of renewable energy and adoption of low-carbon production equipment or development of low-carbon production technologies as process improvement, which can result in higher operational costs.	Increased operating costs, higher capital expenditures, and rising research and development costs.	Long term	• Enhancing production output efficiency by introducing new equipment or optimizing production processes to reduce energy consumption in production. • Since 2021, the Company has invested approximately NT$180 million in construction of solar photovoltaic power generation system with capacity of 5,511.72 kWp at Douliou Mill I and II. Total installation area is approximately 12,000 pings (R.O.C.) (equivalent to approximately 39,700 square meters).	• Actively promoting various energy-saving and carbon reduction projects, such as comprehensive upgrades or replacement of electrical and electronic wiring, to adapt to uncertainties caused by climate change. This can enhance process efficiency, reduce resource usage such as electricity and water and thereby decrease greenhouse gas emissions. • Holding monthly research and development meetings to review energy-saving and carbon reduction projects.
Reputation Risks	Growing concerns and negative feedback from stakeholders	In global context where climate change poses threat, if businesses cannot comprehensively assess associated risks and adopt proactive strategies to address them, it could lead to negative public perception. Other than that, it can also bring about challenges in talent recruitment and retention, reduced investor confidence or lower bank credit ratings. This, in turn, may result in loss or instability of company's fund sourcing.	Corporate reputation damaged, operating revenue decreases.	Medium term	In response to the EU's CBAM (Carbon Border Adjustment Mechanism) and the demands from the stakeholders such as the FSC regarding our compliance with environmental regulations and international agreements related to climate and sustainability issues, we have increased: • Comprehensive evaluation and improvement of energy efficiency. • Continuous monitoring and prompt responses of climate change-related issues. • Timely disclosure of climate change-related information. • Complying with disclosure requirements of FSC (R.O.C.). • Adherence to applicable environmental regulations. • Establishment of a Sustainability Committee. • Implementation of ISO 14064-1 greenhouse gas inventory and ISO 50001 energy management system to assess the Company's carbon footprint and achieve carbon reduction goals.	• Sustainability Committee and Climate Risk Management Team continue to operate, promote, and execute Sustainability Committee's resolutions. Climate Risk Management Team regularly reports progression and execution outcome to Sustainability Committee and the Board. • The Company published sustainability report that incorp-orates relevant requirements of TCFD and SASB. This includes timely disclosure of climate change-related issues. • To fulfill the Company's commitment to environmental sustainability, environmental improvement measures are implemented. For example, introduction of AFB biological treatment technology at the Puohsing mill has enabled the Company to achieve national standards (total nitrogen level) in effluent water ahead of schedule for 2027. • The Company conducts ESG internal education and advocacy for employees and supervisors. We also actively participated in ESG-related advocacy events organized by regulatory authorities.

Identification Results of Major Climate Opportunities

Opportunity Type	Climate Opportunity Topic	Description	Potential Impact on the Company	Impact Time Span	Existing Management Measures	Response Strategies and Action plans
Energy Sources	Utilize low-carbon energy sources	Policy goal set by Ministry of Economic Affairs to reach 20% renewable energy generation share by 2025 encourages us to increase share of renewable energy. It helps offset carbon emissions and attracts customer orders as well as investment institutions' attention through its low-carbon transformation. This is beneficial for the Company's long-term planning.	Capital expenditure increases and operating revenue increases	Long term	• Installing solar power generation system. • Comprehensive upgrades or replacement of electrical and electronic wiring to enhance energy efficiency.	• Consolidate availability of roof space for solar panel installation in mills (Douliou Mill I and Mill II already have solar panels installed). Evaluate cost and feasibility of solar panel installation on our roof top. • Evaluating benefits and costs of upgrades or replacement of electrical and electronic wiring.
Products and Services	Develop and/or increase low-carbon products and services	Research and develop low-carbon products or processes to meet market demands, thereby maintaining or increasing market channels and market share.	Research and development cost increases and operating revenue increases	Long term	• Staying updated on market trends and customer demands while engaging in proactive technology development. • Actively developing differentiated or research-driven high-value products.	• The Company plans to adopt ISO 14067 Product Carbon Footprint Standards to address carbon disclosure requirements, while seeking to understand requirements for Type III Environmental Product Declaration (EPD) certification. • Requesting low-carbon raw materials from compliant suppliers. • Promoting use of relatively low-carbon materials, such as promoting wave-shape plate/sheet and substituting stainless steel for galvanized painted carbon steel materials.
Resource Utilization Efficiency	Using more efficient production and distribution processes	By leveraging new technologies and techniques such as use of big data analysis and automation, the Company aims to enhance production efficiency and yield, thereby reducing energy consumption and waste generation.	Decrease in production costs and operating costs	Medium term	• Utilizing data analysis to monitor equipment abnormalities in real-time. • Implementing process automation and collection of production data by the Engineering Department to review potential for optimizing current operations, increasing production efficiency and reducing energy wastage. • Implementing new machinery and evaluating usage of packaging materials. • Promoting ISO 14064-1 greenhouse gas inventory to effectively track usage status of resources. Utilization of ISO 50001 energy management system to improve process efficiency and reduce energy consumption as needed.	• Analyzing feasibility of automation production lines. • Proposing to install data analysis instruments on equipment such as setting up smart meters and data loggers for temperature and gas pressure. Data collected will be presented on a dashboard so that we can perform data evaluation regularly. • Purchasing new welding equipment to increase production speed. • Analyzing energy requirements of individual operation and propose energy-saving solutions. • Exploring alternative for existing energy sources. • Recycling, purifying and reusing waste water gene-rated during manufacturing.

4.2 Sustainable Production-related Management

Management Approach GRI 3-3					
Material Topic		Energy and Greenhouse Gas Management			
Corresponding GRI		GRI 302 and 305			
Impact		Use of low-carbon and diversified energy sources in conjunction with effective energy management practice can improve company operational performance and achieve goal of net zero carbon emissions. Failure to focus on energy and greenhouse gas management may cause enterprises to trail behind industry trends, resulting in inferior product competitiveness. YC INOX's energy and greenhouse gas management will have either positive or negative impact on environment or economy.			
Commitment/Policy		Support the use of energy-efficient products, designs and services to improve energy efficiency.			
Targets	**Short Term (2025)**	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. • Introducing new welding technologies to increase speed of production and reducing energy consumption by 2%.			
	Medium-to-Long Term (2030)	• Electricity usage savings by >1% annually. • Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. • Introducing new heat treatment technologies to reduce energy consumption for subsequent processes.			
Action Plans		• Installation of high-efficiency equipment with flow monitoring to reduce energy consumption, such as air compressors and chiller units. • Review and manage energy usage to identify energy-saving opportunities, replace less efficient equipment to mitigate energy losses. • Promoting energy-saving awareness among employees, encourage participation in energy-saving activities. • Monitoring energy usage data effectively, regularly evaluate and improve energy management effectiveness. • Monitoring risks and issue early warnings.			
Effectiveness Assessments	**Tracking Process**	According to the ISO 50001 Energy Management System and ISO 14064-1 Greenhouse Gas Inventory, data is collected and tracked monthly, performance results are reviewed annually, and management reviews are also conducted along with proposal for appropriate countermeasures.	**Complaint Channels**	**Compliant or Communication Channels**	Meeting on energy related issues (Shall be convened at least once annually).
	Achievements of The Year	• Energy: Achieved energy savings rate of 1.26%. In 2022, total electricity savings for the Company was 640,992 kWh, resulting in reduction of 326.26 metric tons of CO_2 emissions. • Greenhouse Gas: Installed solar power generation system with capacity of 5,511.72 kWp covering an area of approximately 12,000 pings (R.O.C.) (equivalent to approximately 39,700 square meters). Test run was completed in May 2022. Total electricity generated in 2022 was 4,728 kWh, resulting in reduction of approximately 2,407 metric tons of CO_2 emissions.		**Communication Results**	In 2022, meeting on energy related issues was held once to review potential energy-saving solutions and distinguish opportunities for short-term and medium- to long-term improvements.

Environmental Management

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

Environmental, Safety, Health, and Energy Policy Framework

01 Regulatory Compliance
- Comply with energy, environment, and occupational health and safety-related laws and regulations as well as other requirements.

02 Raised Awareness
- Enrich technical knowledge, communicate it to workers, make them aware of their personal responsibilities, and facilitate their participation in and implementation of management systems.

03 Consultation and Communication
- Strengthen worker interactions, establish consultation participation and communication channels, and give appropriate responses.

04 Risk Control
- Adopt appropriate risk control technologies to eliminate hazard risks caused by pollutants and hazard factors, and control related losses to protect worker health and safety.

05 Sustained Performance
- Through pollution, injury, and disease prevention, elevate energy performance, set goals and action plans, and continuously improve management performance.

06 Friendly Environment
- Strengthen workplace environment improvements and employee health management, and provide safe and healthy working conditions to prevent work-related injuries and health hazards.

07 Energy-Saving and Carbon Reduction
- Support the use of energy-saving products, designs, and services to elevate energy usage efficiency and lower greenhouse gas emissions.

ISO 14001 Certification for Douliou Mill I



驗證證書

標準 ISO 14001:2015

證書登記號碼 01 104 822 096385

證書持有者： 允強實業股份有限公司
640 雲林縣斗六市科加路 29 號

驗證範圍： 壓力設備、食品設備、衛生設備、機械結構及裝飾用途之不銹鋼板及鋼捲之製造

證明完成了稽核並滿足了 ISO 14001:2015 標準的要求。

有效期： 證書有效期從 2021-08-24 至 2024-08-23。
此證書須經過符合要求的監督稽核保持有效。
初次發證始於 2009 年

2021-06-16

台灣檢驗科技股份有限公司
台灣 105 台北市八德路 4 段 758 號 11 樓

www.tuv.com

TÜVRheinland®
Precisely Right.

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

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

YC INOX's Douliou Mill I and II withdrawn water from the Hushan Dam and Jiji Weir respectively; Puoshing Mill and Shijou Mill primarily use groundwater drawn from deep wells (provided by Taiwan Water Corporation), rights of use for these wells have been obtained from local authorities. In 2022, the total wastewater discharge across all mills amounted to 37.66 million cubic meters, marking a 32.3% decrease compared to 2021.

YC INOX's four mills continue to implement water-saving measures and adopt new technologies. One classic example is recycling and reuse of waste water generated from production process (through the use of multi-stage desalination (reverse osmosis, RO) system, process wastewater is recycled in segments and concentrated multiple times), recycled water is reused to cool towers or tower washing to enhance water recycling and recirculation. These efforts have enabled YC INOX to reach water recycling rate of 99% in 2022, effectively reduced our reliance on fresh water sources.

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

Total Water Discharge **32.3%↓**

Historical Water Withdrawn and Water Usage Efficiency for Each Mill

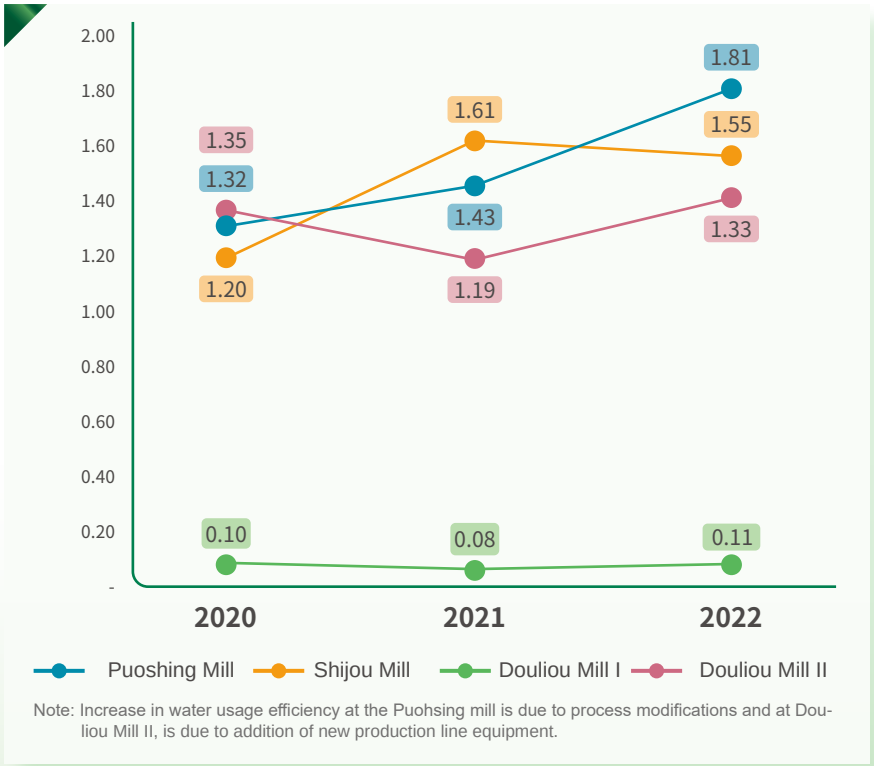
(Unit: Million Liters)

Mill	Year	Water from Third Party (Tap Water and Industrial Water)	Well Water	Total Water Withdrawn	Compared to Previous Year	Water Usage Efficiency (m^3/output, in metric tons)
Puoshing Mill	2020	21.86	33.9	55.76	-	1.32
	2021	20.29	39.54	59.83	7.3%	1.43
	2022	20.44	31.49	51.93	-13.2%	1.81
Shijou Mill	2020	20.83	16.67	37.5	-	1.35
	2021	18.3	16.06	34.36	-8.4%	1.19
	2022	15.2	13	28.2	-17.9%	1.33
Douliou Mill I	2020	8.5	-	8.5	-	0.10
	2021	7.35	-	7.35	-13.5%	0.08
	2022	5.58	-	5.58	-24.1%	0.11
Douliou Mill II	2020	21.04	-	21.04	-	1.20
	2021	41.61	-	41.61	97.8%	1.61
	2022	34.78	-	34.78	-16.4%	1.55

Note 1: Water withdrawn by mills was from fresh water source(≤1,000 mg/L of total dissolved solids).
Note 2: Puoshing Mill, Shijou Mill, and Douliou Mill II had a water usage efficiency of m^3/metric tons of stainless steel pipe/tube, whereas Douliou Mill I had a water usage efficiency of m^3/metric tons of stainless steel plate and sheet(coil).
Note 3: Water withdrawn from third-party was calculated based on utility bills, Puoshing and Shijou Mills' underground well water withdrawn was calculated based on water meters.
Note 4: Reason for decrease in water withdrawn by all four mills in 2022 was due to scale down in production.
Note 5: Significant increase in water withdrawn by Douliou Mill II in 2021 was due to fully operation of production, which increased overall output.

Water Usage Efficiency Changes

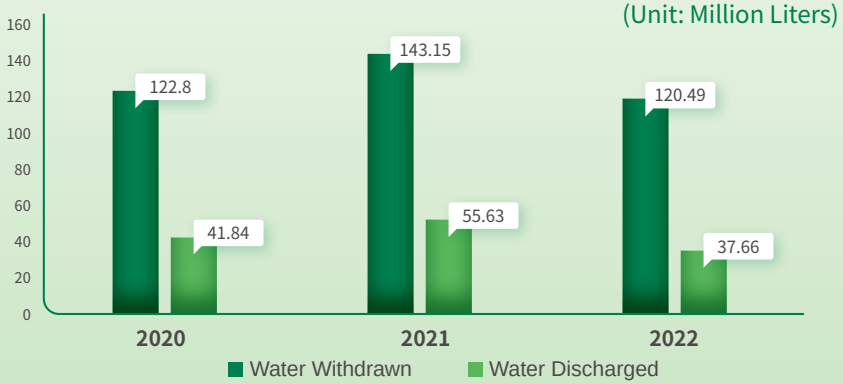
(Unit: m^3/ Metric Tons of Production)



Note: Increase in water usage efficiency at the Puohsing mill is due to process modifications and at Douliou Mill II, is due to addition of new production line equipment.

Water Withdrawn and Discharge

(Unit: Million Liters)



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

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

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

Wastewater Discharged by and Emission Standards of Puoshing Mill

(Unit: Mg/L)

Year	Wastewater Discharged (Million Liters)	COD	SS	Nitrate Nitrogen
2020	32.46	25.9	23.7	0.44
2021	39.35	35.9	24	7.91
2022	28.72	ND	8.4	2.6
Water discharge standards (surface water bodies)		100	30	50

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

Wastewater Discharged by and Emission Standards of Douliou Mill I

(Unit: Mg/L)

Year	Wastewater Discharged (Million Liters)	COD	SS	Nitrate Nitrogen
2020	6.89	130	27.2	<0.05
2021	5.87	164	20.8	0.08
2022	4.16	91.6	27	ND
Water discharge standards (sewer connected)		480	320	50

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

Wastewater Discharged by and Emission Standards of the Douliou Mill II

(Unit: Mg/L)

Year	Wastewater Discharged (Million Liters)	COD	SS	Nitrate Nitrogen
2020	2.49	17.9	7.3	5.67
2021	10.41	6.9	3.6	0.68
2022	4.78	ND	2.2	16.9
Water discharge standards (sewer connected)		480	320	50

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



Puoshing Mill: Adoption of AFB Treatment Technology

Puoshing Mill has adopted AFB biological treatment technology, making it leading enterprise in central Taiwan. It was the first enterprise to obtain an operating permit for including nitrate nitrogen in water pollution control measures. Through natural decomposition and low sludge generation, AFB removes nitrate nitrogen, ensuring industrial wastewater discharged complied with national effluent standard for nitrogen discharge ahead of its implementation in 2027.



Douliou Mill II: Adoption of Wastewater Treatment Technology, Enhancing Wastewater Recycling Rate

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

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



Domestic Sewage Treatment System



Recycling System for Manufacturing Process

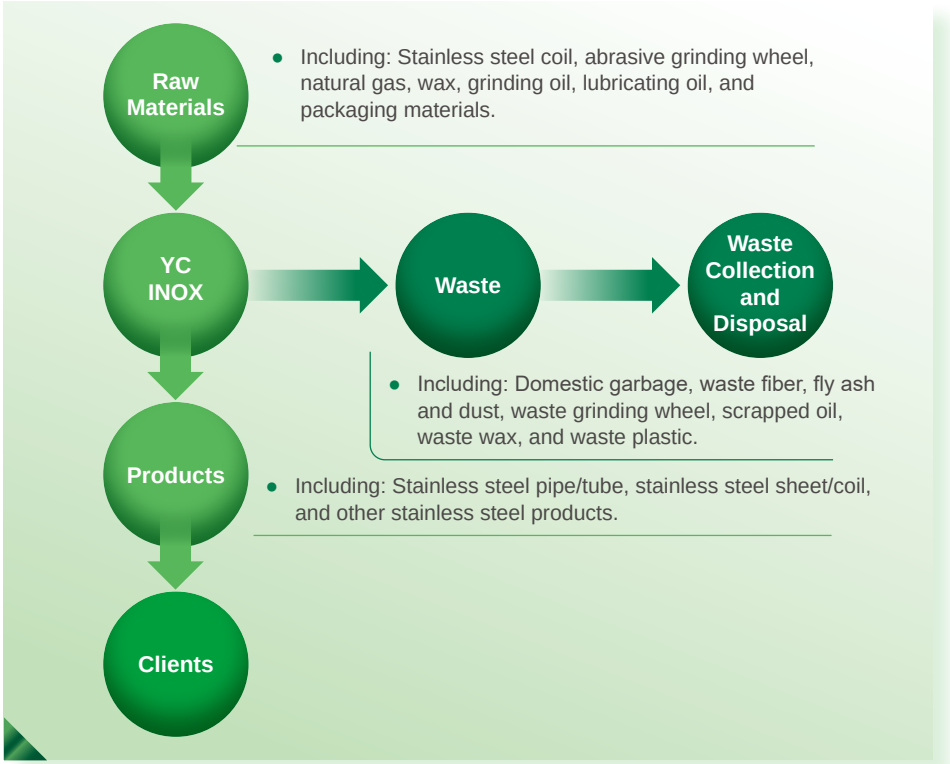


Waste Acid Recovery System

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

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

Waste Management and Monitoring Process



In 2022, non-hazardous industrial waste produced by YC INOX mainly consisted of inorganic sludge, general waste generated by business activities and non-hazardous dust collected from air filtration or its waste plastic mixtures. Hazardous industrial waste primarily includes chromium and its compounds. Total waste generated in 2022 was 1,122.53 metric tons, which represents decrease of approximately 22.48% compared to 2021. The decrease in waste generation from 2021 to 2022 can be attributed to reduction in production that resulted in lower waste output. Among them, the hazardous waste generated in 2022 amounted to 350.3 metric tons, accounting for 31.21% of overall waste generated.

Total Waste Generation **22.48%↓**

Waste Generation and Treatment Amount in 2022

Category	Waste Name (Code)	Amount Generated (Metric Tons)	Amount Disposed of (Metric Tons)	Waste Percentage (%)	Disposal Method [Note]
Non-Hazardous Industrial Waste	Inorganic Sludge (D-0902)	374.43	2.19	0.28%	Landfill
			205.15	26.56%	Physical treatment
			167.09	21.64%	Thermal treatment
	General Industrial Waste (D-1801)	177.68	177.68	23.01%	Incineration (energy recycled)
	Non-Hazardous Fly Ash and Dust or Its Compounds (D-1099)	65.63	65.63	8.50%	Landfill
	Waste Grinding Wheels (D-2406)	46.64	46.64	6.04%	Landfill
	Waste Plastic Mixtures (D-0299)	11.24	11.24	1.46%	Incineration (energy recycled)
	Waste Plastics (R-0201)	24.98	24.98	3.23%	Recycling and reusing
	Scrapped Oil Mixtures (D-1799)	29.92	25.61	3.32%	Physical treatment
			4.31	0.56%	Thermal treatment
	Waste Fibers or Other Mixtures such as Cotton and Cloth (D-0899)	32.30	32.30	4.18%	Incineration (energy recycled)
	Waste wax (D-2404)	9.41	9.41	1.22%	Landfill
	Total	772.23	772.23	100%	
Hazardous Industrial Waste	Chromium and its compounds (C-0104)	350.30	350.30	100%	Landfill after solidification

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

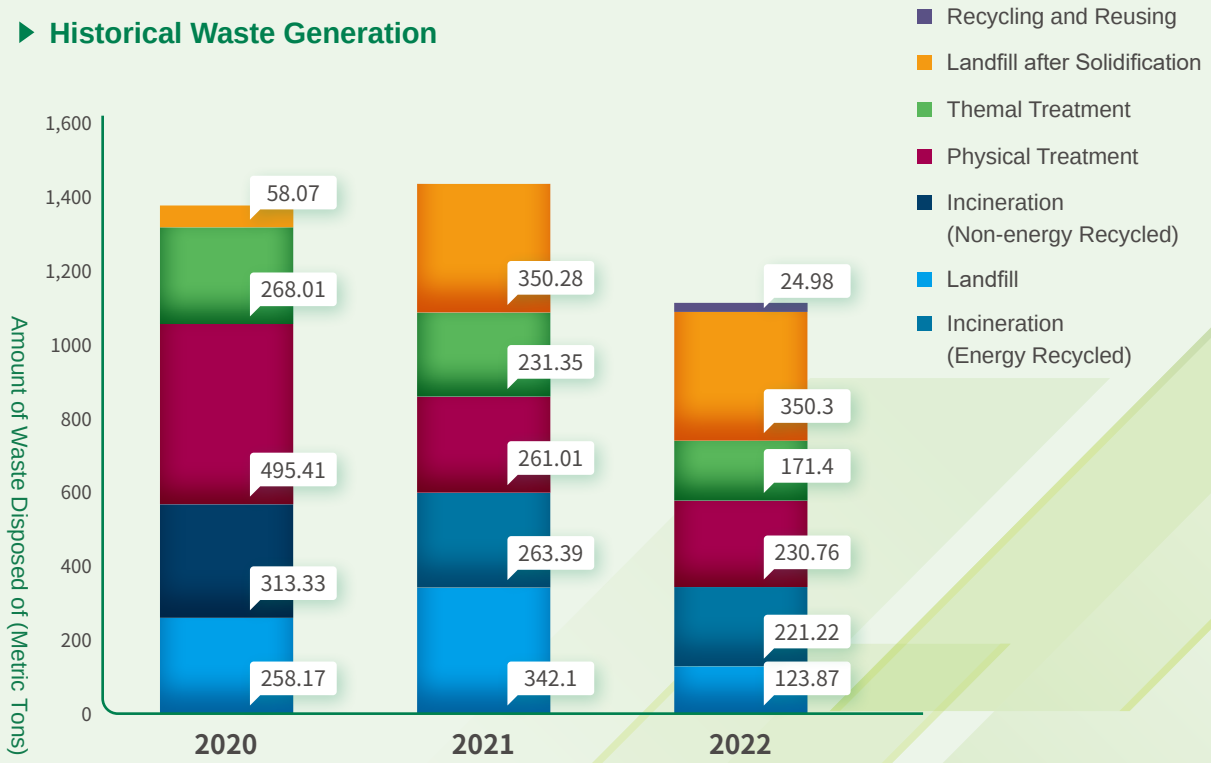
Total Waste Generation and Disposal Methods

(Unit: Metric Tons)

Disposal Method [Note]	2020	2021	2022
Landfill	258.17	342.10	123.87
Incineration (Energy Recovery)	-	263.39	221.22
Incineration (Non-Energy Recovery)	313.33	-	-
Physical Treatment	495.41	261.01	230.76
Themal Treatment	268.01	231.35	171.40
Landfill after Solidification	58.07	350.28	350.30
Recycling and Reusing	-	-	24.98
Total Waste	1,392.99	1,448.13	1,122.53

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

Historical Waste Generation



2022 Waste Recycling Project

As technology matured, YC INOX has also started the recycling of waste materials. In collaboration with companies specializing in plastic recycling, residual plastic compounds are transformed into recyclable plastic (R-0201). In 2022, 24.98 metric tons of residual plastic compounds were recycled, accounting for approximately 68.97% of total residual plastic compounds.



Waste Plastic Mixtures

Recycled Waste Plastic Particles

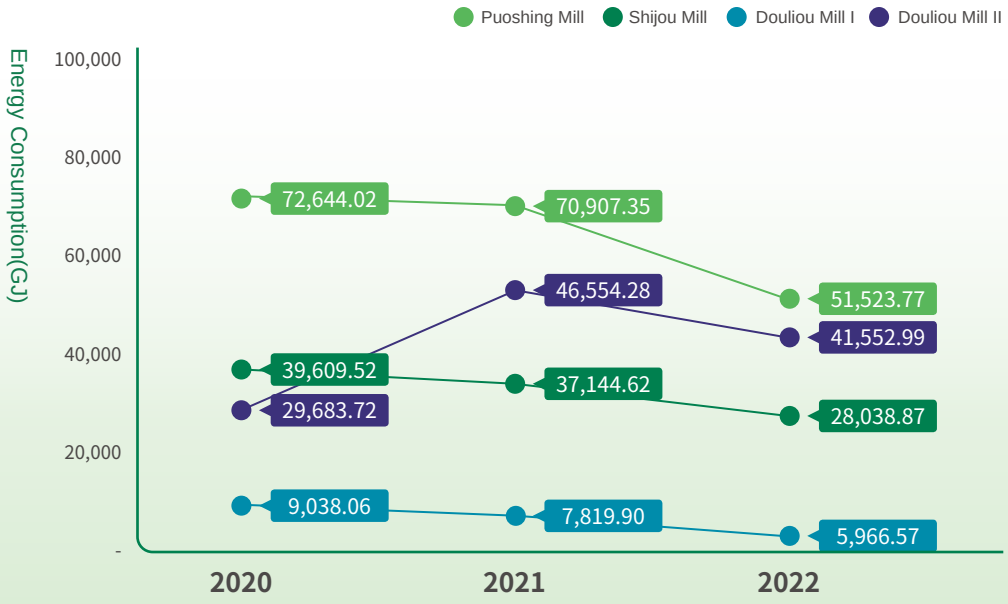
Energy Management | GRI 302-1, 302-3, 302-4, 302-5,305-5

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

Total Energy Consumption **21.76%↓**

In 2022, the Company's total energy consumption was 127,082.2 GJ, with total energy intensity of 1.04 GJ per ton of production. Compared to 2021, there was a decrease of approximately 21.76% in total energy consumption, this decrease could be primarily attributed to the fact that energy consumption was higher in 2021 due to increased production levels back then. In 2022, with production resuming to normal level and implementation of energy-saving measures, total energy consumption decreased. Hence, the Company successfully achieved its goal of 1% annual energy reduction.

Historical Total Energy Consumption for Each Mill



Historical Energy Consumption and Energy Intensity for Each Mill

(Unit: GJ)

Energy Consumption			
Mill	2020	2021	2022
Puoshing Mill	72,644.02	70,907.35	51,523.77
Shijou Mill	39,609.52	37,144.62	28,038.87
Douliou Mill I	9,038.06	7,819.90	5,966.57
Douliou Mill II	29,683.72	46,554.28	41,552.99
Total	150,975.32	162,426.15	127,082.20

(Unit: GJ/Metric Tons of Production)

Energy Intensity			
Mill	2020	2021	2022
Puoshing Mill	1.71	1.69	1.8
Shijou Mill	1.43	1.28	1.32
Douliou Mill I	0.10	0.09	0.12
Douliou Mill II	1.69	1.80	1.85
Total	0.86	0.86	1.04

Note 1: Energy consumption data is obtained from electricity bills and is not estimated.
Note 2: The source of the heat transfer coefficients is the 2016 Energy Statistical Annual Report published by the Ministry of Economic Affairs, Bureau of Energy (issued on June 30, 2017).
Note 3: The audit scope covers all of YC INOX's mills, including Puoshing Mill, Shijou Mill, Douliou Mill I and II.
Note 4: YC INOX's energy consumption includes externally purchased and consumed energy.

YC INOX has implemented energy-saving and carbon reduction measures to reduce energy consumption. These measures are divided into two main categories: "Reducing Energy Consumption" and "Using Energy-Efficiency Products". The Company has allocated capital expenditure and manpower to support these initiatives, in the meantime, focused on increasing employee awareness of energy conservation and environmental protection. In 2022, estimated energy-saving amount from these projects was 2,308.09 GJ, which is equivalent to reducing CO_2 emissions by 326.26 metric tons.

Energy-Saving and Carbon Reduction Measures in 2022

Energy-Saving and Carbon Reduction Project	Project Description	Estimated Energy Saved (GJ)	Estimated GHG Reduction (Metric Tons of CO_2e)
Reducing Energy Consumption			
Blowing Fan Power Saving Project	Change existing 39 portable blowing fans to 11 stationary fans	188.15	26.59
Off-Line Furnace Annealing Water Cooling System Improvement Project	Optimize exhaust equipment and chiller cooling system to lower the water source temperatures of the cooling system	136.95	19.36
Scrubber Pumping Motor Number Optimization	Optimize scrubber pumping motors to reduce the number of operating motors by one	117.55	16.61
Laser Cooling Tower Usage Number Optimization	Reduce one operating laser cooling tower	66.26	9.37
Fluidized Bed A/B Reflux Pump Power-Saving Improvement Project	Add reflux controllers to optimize a/b reflux pump motor switching	118.30	16.72
Circulating Water Motor Number Reduction to Lower Energy Consumption	Integrate internal and external circulation systems together to decrease number of motors used	92.68	13.10
Efficient Use of Energy to Reduce Production Costs	Combine two chiller cooling systems into one	737.50	104.25
Natural Factory Lighting Improvements that Diminish Use of LEDs	Increase roof lighting and reduce use of LEDs	33.07	4.68
Replacement of Metal Halide Lamps in Office Building Areas	Replace metal halide lamps with LEDs	12.13	1.71
Manufacturing Section Furnace Annealing Cooling System Optimization	Reduce number of cooling circulation motors	221.75	31.35
Manufacturing Section Furnace Annealing Copper Cooling System Optimization	Reduce number of cooling circulation motors	56.32	7.96
Pickling Scrubber Exhaust Fan Improvement	Install frequency converters to lower energy consumption	48.61	6.87
Exhaust Fan Operation Mode Optimization	Install temperature control to reduce the operating hours	106.94	15.12
Using Energy-Efficient Products			
Replacement of Pipe-Making Machines with Special Heating Furnaces	Use special heating furnaces to reduce heating power and power consumption	228.15	32.25
Replacement of Chillers in Office Buildings	Switch to energy-saving central air-conditioning chillers	143.73	20.32
Total		2,308.09	326.26

Note 1: Based on the energy saved (in kWh) per year converted into GJ.
Note 2: The electricity carbon emission coefficient was based on the latest value announced by the Bureau of Energy for 2021, which was 0.509 kg CO_2e/kWh.

Develop and Establish Renewable Energy Sources

In response to international trade dynamics and government's efforts to achieve net-zero carbon emissions, YC INOX has installed solar power generation system with total capacity of 5,511.72 kWp. Total installation area is approximately 12,000 pings (R.O.C.) (equivalent to approximately 39,700 square meters), with an investment of around NT$180 million. The solar panel generation system successfully completed test run in May 2022 with expectation to generate approximately 7.3 million kWh of electricity annually. According to the latest data from Bureau of Energy, carbon emission coefficient is 0.509 kg CO_2e/kWh, therefore, this solar power generation system is estimated to reduce emissions by about 3,716 metric tons of CO_2 equivalent annually, which is equivalent to environmental benefits of planting trees on approximately 375 hectares of land.

In 2022, the Douliou Mill I and II generated 3,026,313 and 1,701,888 kWh of electricity, respectively. YC INOX has further set a goal to achieve a green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan, striving towards the goal of sustainable green energy development.



Douliou Mill II Power Generation Monitor



Mill Rooftop Solar Power Panel

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

YC INOX has been implementing ISO 14064-1:2018 Greenhouse Gas Inventory Verification since 2021. In 2022, the Company completed inventory and third-party verification of Scope 1 to Scope 3 emissions, using 2020 as the baseline year. The Company initiated this process by identifying emission sources and calculating greenhouse gas emissions data, in compliance with government regulations relating to climate change.

In 2022, Scope 1, Scope 2, and Scope 3 GHG emissions by all YC INOX mills totaled 1,603.02, 17,965.28, and 7,732.41 metric tons CO_2e, respectively. Scope 3 inventory types mainly included indirect emissions from raw material mining, manufacturing, and processing processes (purchased electricity, tap water, pharmaceutical use, and transportation) and other indirect emissions. Total GHG emissions was 27,300.71 metric tons CO_2e, which was approximately 30.42% lower than 2021. The main reason for this decrease is due to increase in production output for 2021, which in turns increased the amount of greenhouse gas emissions produced. In 2022, due to output returned to normal level and implementation of various carbon emission reduction measures, causing decrease in total greenhouse gas emissions.

Total Greenhouse Gas Emissions **30.42%↓**

2022 ISO 14064-1 Verification Certificate



證書

查證標準	ISO 14064-1:2018
證書登記號碼	CF 50580538 0001
報告號碼	48216370 001

證書持有者：允強實業股份有限公司
台灣 52441 彰化縣溪州鄉中山路 4 段 270 號

查證場址：所包括場地已列於證書附件上

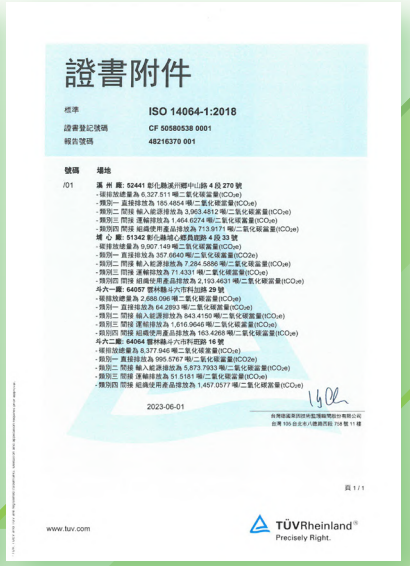
查證方法：查證機構：台灣德國萊因技術監護顧問股份有限公司
- 過程：文件審查，訪談，現場訪視與重新計算
- 查證標準：ISO 14064-3:2006

查證範圍：基於我得的資訊進行評估之結論
- 方案：自願性溫室氣體方案
- 組織邊界：營運控制權法
- 保證等級：合理保證
- 實質性：5%
- 全球暖化潛勢(GWP)：IPCC 2013
- 基準年：2020 (2020.01.01~2020.12.31)
- 盤查年：2022 (2022.01.01~2022.12.31)
- 場排放總量為 27,300.702 噸二氧化碳當量(tCO2e)
  - 類別一 直接排放為 1,603.0154 噸二氧化碳當量(tCO2e)
  - 類別二 間接 輸入能源排放為 17,965.2782 噸二氧化碳當量(tCO2e)
  - 類別三 間接 運輸排放為 2,204.5432 噸二氧化碳當量(tCO2e)
  - 類別四 間接 組織使用產品排放為 4,527.8547 噸二氧化碳當量(tCO2e)
  - 類別五 間接 與使用組織產品有關排放為 未量化
  - 類別六 間接 其他排放為 未量化
- 數據與資訊：
  - 歷史性資料：類別一 / 類別二
  - 歷史性資料及情境模型：類別三 / 類別四
  - 因 2022 年電力係數尚未公告，故使用 2021 年電力係數進行計算

有效性：本證書僅對年度盤查的排放數據進行審查，非對管理系統進行驗證

2023-06-01

www.tuv.com　TÜVRheinland® Precisely Right.



證書附件

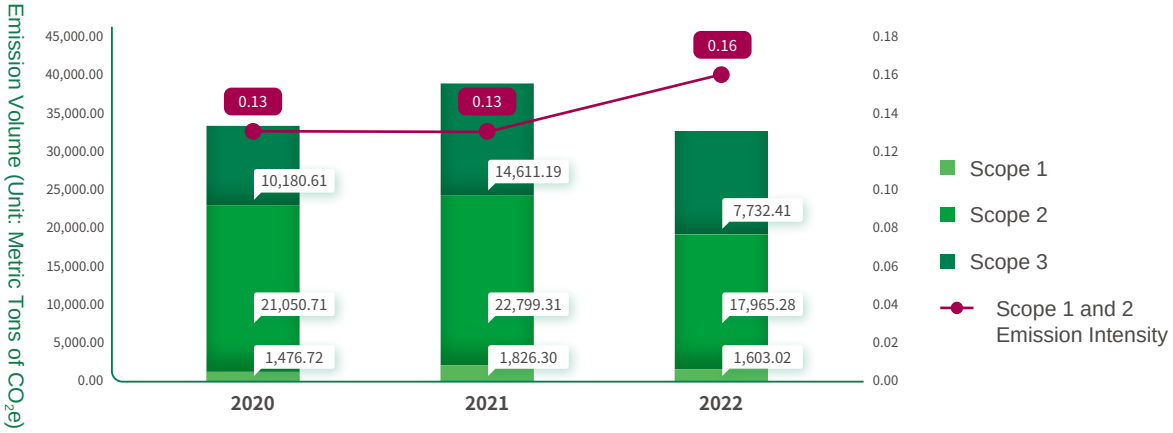
標準	ISO 14064-1:2018
證書登記號碼	CF 50580538 0001
報告號碼	48216370 001

號碼	場地
/01	廠 州 廍: 52441 彰化縣溪州鄉中山路 4 段 270 號 - 碳排放總量為 6,327.511 噸二氧化碳當量(tCO2e) - 類別一 直接排放為 185.4854 噸二氧化碳當量(tCO2e) - 類別二 間接 輸入能源排放為 3,903.4812 噸二氧化碳當量(tCO2e) - 類別三 間接 運輸排放為 1,464.6274 噸二氧化碳當量(tCO2e) - 類別四 間接 組織使用產品排放為 713.9171 噸二氧化碳當量(tCO2e) 埔 心 廍: 51342 彰化縣埔心鄉員鹿路 4 段 33 號 - 碳排放總量為 9,907.149 噸二氧化碳當量(tCO2e) - 類別一 直接排放為 357.6640 噸二氧化碳當量(tCO2e) - 類別二 間接 輸入能源排放為 7,284.5880 噸二氧化碳當量(tCO2e) - 類別三 間接 運輸排放為 71.4331 噸二氧化碳當量(tCO2e) - 類別四 間接 組織使用產品排放為 2,193.4631 噸二氧化碳當量(tCO2e) 斗六一廍: 64057 雲林縣斗六市科加路 29 號 - 碳排放總量為 2,688.096 噸二氧化碳當量(tCO2e) - 類別一 直接排放為 64.2853 噸二氧化碳當量(tCO2e) - 類別二 間接 輸入能源排放為 843.4150 噸二氧化碳當量(tCO2e) - 類別三 間接 運輸排放為 1,616.9646 噸二氧化碳當量(tCO2e) - 類別四 間接 組織使用產品排放為 163.4266 噸二氧化碳當量(tCO2e) 斗六二廍: 64064 雲林縣斗六市科和路 16 號 - 碳排放總量為 6,377.846 噸二氧化碳當量(tCO2e) - 類別一 直接排放為 995.5767 噸二氧化碳當量(tCO2e) - 類別二 間接 輸入能源排放為 5,873.7933 噸二氧化碳當量(tCO2e) - 類別三 間接 運輸排放為 51.5181 噸二氧化碳當量(tCO2e) - 類別四 間接 組織使用產品排放為 1,457.0577 噸二氧化碳當量(tCO2e)

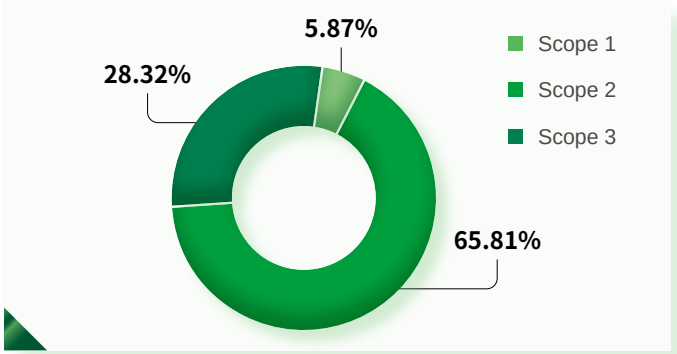
2023-06-01

www.tuv.com　TÜVRheinland® Precisely Right.

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



Breakdown of Emission Contributions by Scopes in 2022



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

(Unit: Metric Tons of CO_2e)

Greenhouse Gas (Scope 1) Emissions			
Site	2020	2021	2022
Puoshing Mill	848.58	502.19	357.66
Shijou Mill	206.92	319.37	185.49
Douliou Mill I	88.82	90.10	64.29
Douliou Mill II	332.40	914.64	995.58
Total	1,476.72	1,826.30	1,603.02

(Unit: Metric Tons of CO_2e)

Greenhouse Gas (Scope 2) Emissions			
Site	2020	2021	2022
Puoshing Mill	10,130.33	9,888.17	7,284.59
Shijou Mill	5,522.07	5,178.43	3,963.48
Douliou Mill I	1,260.02	1,242.45	843.42
Douliou Mill II	4,138.29	6,490.26	5,873.79
Total	21,050.71	22,799.31	17,965.28

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

Scope 1 and 2 Emission Intensity			
Site	2020	2021	2022
Puoshing Mill	0.26	0.25	0.27
Shijou Mill	0.21	0.19	0.20
Douliou Mill I	0.02	0.01	0.02
Douliou Mill II	0.25	0.29	0.31
Total	0.13	0.13	0.16

Note 1: Scope 1 emissions include use of natural gas, gasoline and diesel, welding, refrigerant fugitive, and other direct emissions created during manufacturing processes; Scope 2 emissions are emissions from purchased electricity.
Note 2: Global warming potential (GWP) is calculated based on "IPCC Fifth Assessment Report (2013)", whereas greenhouse gas emission coefficients are obtained by referencing GHG Emission Factor Management Table (version 6.0.4) released by Environmental Protection Administration.
Note 3: Electricity carbon emission coefficients are obtained by referencing the latest values announced by the Bureau of Energy, which was 0.509 kg CO_2e//kWh in 2021.
Note 4: Inventory scope of YC INOX: Puoshing Mill, Shijou Mill, Douliou Mill I and II.

Historical Greenhouse Gas (Scope 3) Emissions for Each Mill

(Unit: Metric Tons of CO_2e)

Greenhouse Gas (Scope 3) Emissions			
Site	2020	2021	2022
Puoshing Mill	3,048.91	3,515.29	2,264.90
Shijou Mill	3,275.50	4,029.60	2,178.54
Douliou Mill I	2,881.20	4,716.30	1,780.39
Douliou Mill II	975.00	2,350.00	1,508.58
Total	10,180.61	14,611.19	7,732.41

Note 1: Scope 3 includes indirect emissions from raw material, mining, manufacturing, and processing process (e.g., purchased electricity, tap water, and pharmaceutical), transportation, wastewater discharge, waste treatment emissions, and other indirect emissions.
Note 2: GWP is calculated based on "IPCC Fifth Assessment Report (2013)", whereas greenhouse gas emission coefficients are obtained by referencing the GHG Emission Factor Management Table (version 6.0.4) released by Environmental Protection Administration.
Note 3: Inventory scope of YC INOX: Puoshing Mill, Shijou Mill, Douliou Mill I and II.

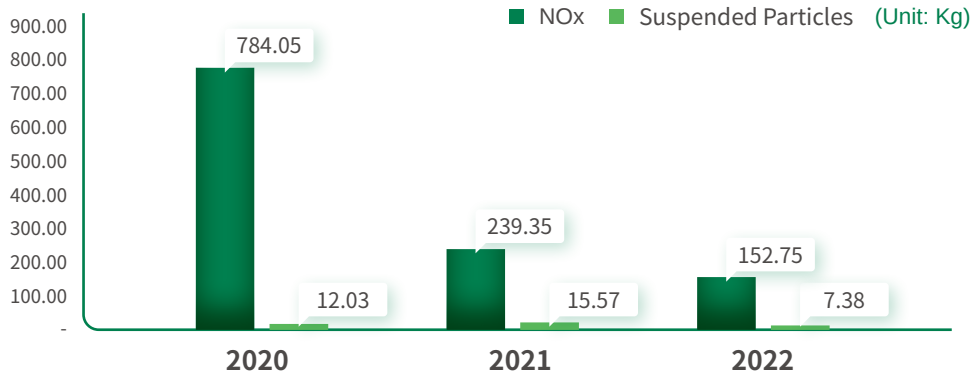
Air Pollution Management GRI 305-7

To reduce impact of air pollution on natural environment, YC INOX continues to monitor and actively engage in air pollution control. Currently, regulated mills that are subjected to monitoring and reporting as per regulatory requirements include Puoshing Mill and Douliou Mill II. In 2022, average monitored emissions for these mills are in compliance with "Standards for Air Pollutant Emission from Stationary Pollution Sources".

YC INOX's air pollutant emissions are primarily composed of Nitrogen Oxides (NO_x) and suspended particles. In 2022, Puoshing Mill emitted 160.13 kilograms of air pollutants, reducing approximately 37.18% compared to 2021. Meanwhile, Douliou Mill II emitted 516.96 kilograms of air pollutants in 2022, reducing approximately 9.49% compared to 2021. The emission trends of air pollutants in each mill for 2022 were as follows:

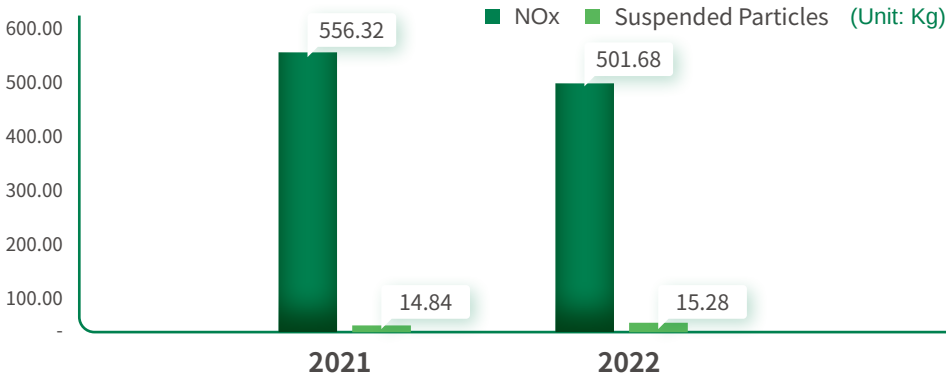
Air Pollutant Emissions - Puoshing Mill **37.18%↓** | Douliou Mill II **9.49%↓**

Historical Air Pollutant Emissions-Puoshing Mill



Note 1: Results were obtained using directly measured emissions, calculations made based on specific data on-site, calculations made based on publicly available emission coefficients, or estimations made using other assumptions.
Note 2: Emission coefficients were obtained by referencing that publicly announced by Environmental Protection Administration, whereas emission standards used are based on "Standards for Air Pollutant Emission from Stationary Pollution Sources".

Historical Air Pollutant Emissions-Douliou Mill II



Note 1: Results were obtained using directly measured emissions, calculations made based on specific data on-site, calculations made based on publicly available emission coefficients, or estimations made using other assumptions.
Note 2: Emission coefficients were obtained by referencing that publicly announced by Environmental Protection Administration, whereas emission standards used are based on "Standards for Air Pollutant Emission from Stationary Pollution Sources".
Note 3: Douliou Mill II began monitoring its air pollutant emissions in 2021.

Douliou Mill II: Equipped with Wet Scrubber Processing Equipment

Douliou Mill II is equipped with two wet scrubbers that use a chemical washing method to absorb and filter sources of pollution such as soluble gases, solid particulates, liquid aerosols, acidic and alkaline gases, and dust. This is done to comply with "Standards for Air Pollutant Emission from Stationary Pollution Sources".



Wet Scrubber Processing Equipment

CH5

Workplace Well-Being

5.1 Safe and Friendly Working Environment 55

5.2 Manpower Structure and Employee Benefits 65

5.3 Employee Training Program 69



★ Chapter Highlights

- Overall decrease in recordable work-related injury ratio from 1.35 to 0.55.
- Occupational safety education and training:
  - 2,811 employee training attendances, totaling 15,377 hours
  - 662 contractor training attendances, totaling 1,955 hours
- AED and smart medical-grade blood pressure monitor are provided in every mill.
- 25,861 training hours accumulated, averaging 31.93 hours per employee.
- 741 newly received or renewed job domain related professional certifications.

5.1 Safe and Friendly Working Environment

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

Management Approach GRI 3-3		
Material Topic		Occupational Safety and Health
Corresponding GRI		GRI 403
Impact		Taking care of employee health is one of YC INOX's social responsibilities. Creating safe working environment allows employees to work with peace of mind. This would elevate our operational performance. Conversely, neglecting this responsibility might lead to talent shortage, hindering our ability to provide high-quality products consistently. YC INOX's occupational safety and health will have either positive or negative impact on economy or society.
Commitments/ Policies		YC INOX has established environmental, safety, health, and energy policies and actively implemented this policy to create a safe and friendly working environment, ensuring the safety of employees. 1. Regulatory Compliance: Comply with energy, environment, and occupational health and safety-related laws and regulations as well as other requirements. 2. Raised awareness: Enrich technical knowledge, communicate it to workers, make them aware of their personal responsibilities, and facilitate their participation in and implementation of management systems. 3. Consultation and communication: Strengthen worker interactions, establish consultation participation and communication channels, and give appropriate responses. 4. Risk Control: Adopt appropriate risk control technologies to eliminate hazard risks caused by pollutants and hazard factors, and control related losses to protect worker health and safety. 5. Sustained performance: Through pollution, injury, and disease prevention, elevate energy performance, set goals and action plans, and continuously improve management performance. 6. Friendly environment: Strengthen workplace environment improvements and employee health management, and provide safe and healthy working conditions to prevent work-related injuries and health hazards. 7. Energy-saving and carbon reduction: Support the use of energy-saving products, designs, and services to elevate energy usage efficiency and lower greenhouse gas emissions.
Targets	Short Term (2025)	No high-consequence work-related injury (GRI 403-9 definition: High-consequence work-related injury refers to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months).
	Mid-to-Long Term (2030)	Employee disablement injury frequency rate <6.
Action Plans		• Building upon ISO 45001 Occupational Health and Safety Management System, we continually improve our operational processes. • Safety and health officers shall conduct audits at irregular basis to ensure compliance in all units, and provide suggestions or improvement measures as needed. • Fire drills and occupational safety and health training are conducted on a regular basis to raise employee emergency response readiness and instill self-management capabilities.

Management Approach GRI 3-3					
Effectiveness Assessments	Tracking Progress	• Regular Meetings: We hold Occupational Safety and Health Committee meetings quarterly, company-level safety and health meetings, and labor-management meetings. Additionally, we conduct management review meetings annually. • Conducting hazard identification: We organize hazard identification activities to recognize potential risks and develop improvement measures.	Compliant Channels	Complaint or Communication Channels	• Reporting and complaint channels have been established on company website. • Quarterly Occupational Safety and Health Committee meetings, labor-management meetings, and annual management review meetings.
	Achievements of The Year	• No high-consequence work-related injury. • Training Achievements: - Conducted 4 sessions of training for foreign workers on crane operation and lifting operations, with a total of 183 attendances. - Conducted safety education training for local employees on fixed crane operation, with a total of 193 attendances. - Conducted safety and health hazard identification training for local employees, with a total of 221 attendances. - Organized 8 sessions of safety and health hazard prediction training for foreign workers, with a total of 315 attendances. - Conducted 2 sessions of safety education training on aerial work platform, with a total of 58 attendances. • Employee Care: - 196 occupational therapy consultation sessions were conducted by occupational medical physicians. - 38 health promotion sessions were conducted by occupational medical nurse.		Communication Results	• No occupational safety-related complaints have been received. • 4 Occupational Safety and Health Committee meetings and labor-management meetings were convened to discuss the implementation of occupational safety and propose improvement measures for identified deficiencies.

Safe Workplace

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

Occupational Safety and Health Management System

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

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

- Bi-weekly operational safety observation review meetings
- Quarterly company-level safety and health meetings
- Quarterly Occupational Safety and Health Committee meetings
- Semi-annual operational environmental monitoring and assessment meetings
- Semi-annual emergency response drills

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

Hazard Identification and Management

The Company conducts comprehensive hazard identification assessments annually in accordance with "Hazard Identification and Risk Assessment Management Procedure." Activities are organized to identify hazards, including expert diagnosis, site audits by senior managements, and regular dynamic safety observation activities. In 2022, our 4 mills have developed action plans to control risks for hazard levels 4 and 5 based on the results of their identification assessment.

Occupational Hazard Identification and Risk Assessment Management Procedures

Step 1



Formation of Hazard Identification Team

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

Step 2



Evaluate Hazard Identification

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

Step 3



Assess Hazard Risks

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

Step 4



Quantify Hazard Risks

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

Step 5



Eliminate Hazard Risks

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

Step 6



Improve Continuously

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

Important Risk Items and Response Measures

Risk Items	Risk-related Descriptions	Response Measures
Fall/Tumble	• Some of the barriers of the slitting machine buffering pit are missing, posing risk of personnel falling. • Employees climb into large truck/containers for stacking operations with A-frame ladders or other means to climb to heights, posing risk of falling. • Openings of lifting platform poses risk of falling.	• Installing fall protection barriers for the slitting machine buffering pit. • Setting up mobile elevated work platforms. • Adding safety work platforms to the opening.
Dust Exposure	• Outdated dust collector machine with insufficient protective measures can result in dust dispersion, causing discomfort and potential occupational health hazards for personnel.	• Replacement of dust collector hood equipment.
Trip/Slip	• Water pipes or walkways near the machinery can cause wet and slippery, posing risk of personnel slipping and getting injured. • Personnel walking in office building might trip over floor wiring.	• Walkway platforms added to water pipe routes. • Non-slip covers and footboards added to pipelines. • Wiring concealed in office building.
Clamp/Crush/ Pinch Injury	• When personnel closes roller door, others might attempt to pass through the opening and gets pinched. • Employee grasps the chain while holding remote control for the overhead crane, accidentally causing their fingers to get pinched by the chain due to accidental operation. • Production line workers might cross through the middle of the machinery, risking themselves in entanglement and collision hazards. • When operating equipment, personnel places their hand on a mold, resulting in hand injuries due to pinching.	• Installation of retro-reflective infrared safety switches on door panels. • Creating adjustable fixtures for the chains. • Enhancing machine guarding to prevent personnel from crossing through the machinery. • Implementing anti-pinch sensors.
Objects Flying/Falling	• In the event where operator of the plasma cutting machine placed iron plate without a cutting platform, might lead to iron plate falling and causing injuries to personnel. • When conducting hoisting operations, failure of safety catch set might result in a steel pipe falling and injuring personnel.	• Installation of cutting platform. • Addition of electronic automatic unhooking equipment.
Collisions	• Poor visibility during night time loading may lead to forklifts reversing without noticing personnel behind them, resulting in potential collisions. • In finished goods storage area, close proximity of stacked goods and lifting equipment may cause products to fall and injure personnel. • Movement of steel pipe transport carts could lead to collisions with personnel. • In steel pipe racks, falling of ropes might damage equipment or cause items to fall and potentially harm personnel.	• Installing warning lights on forklifts. • Optimizing the design of finished goods lifting equipment to prevent collisions between the goods and the lifting equipment. • Implementing segregation facilities in areas where personnel and vehicles intersect. • Adding iron plates at the bottom of storage racks to prevent rope slippage, enhancing safety during material handling.
Chemical Spill	• When not being placed with a catchment tray, solvents might pose risk of chemical spillage.	• Installing spill prevention equipment.
Fire and Explosion	• Large quantity of natural gas leakage could lead to risk of fire or explosion.	• Installing gas leakage detector.
Contact with Hazardous Substances	• Possible inhalation of harmful gases during tank operations, compromising personnel health.	• Providing respiratory protective equipment and require its use.
Ergonomic Hazards	• Workers getting on and off from high platforms may be at risk of knee injuries over extended periods.	• Modify platform heights to make it easier for workers to get on and off.

Bonus for Occupational Safety Proposals

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

Implementation of Occupational Safety Measures

Installation of "projection warning lights" on fixed cranes

To prevent potential hazards during the operation of fixed cranes, projection warning lights are installed on the fixed cranes to alert personnel staying out of the hazardous area, thus preventing injuries from falling objects.

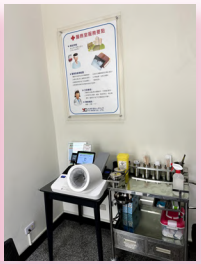


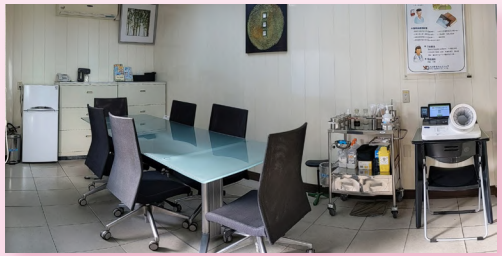


All mills in Taiwan are equipped with smart medical grade blood pressure monitor

Employees have to enter their staff identification number when they are using blood pressure monitor. Blood pressure data will be automatically transmitted to ERP system for record-keeping. Employees can access their blood pressure record with ease. These records are also available for use by occupational medical physician and nursing staff to monitor employees' health status as needed.









All mills in Taiwan are equipped with AED



Shijou Mill



Puoshing Mill



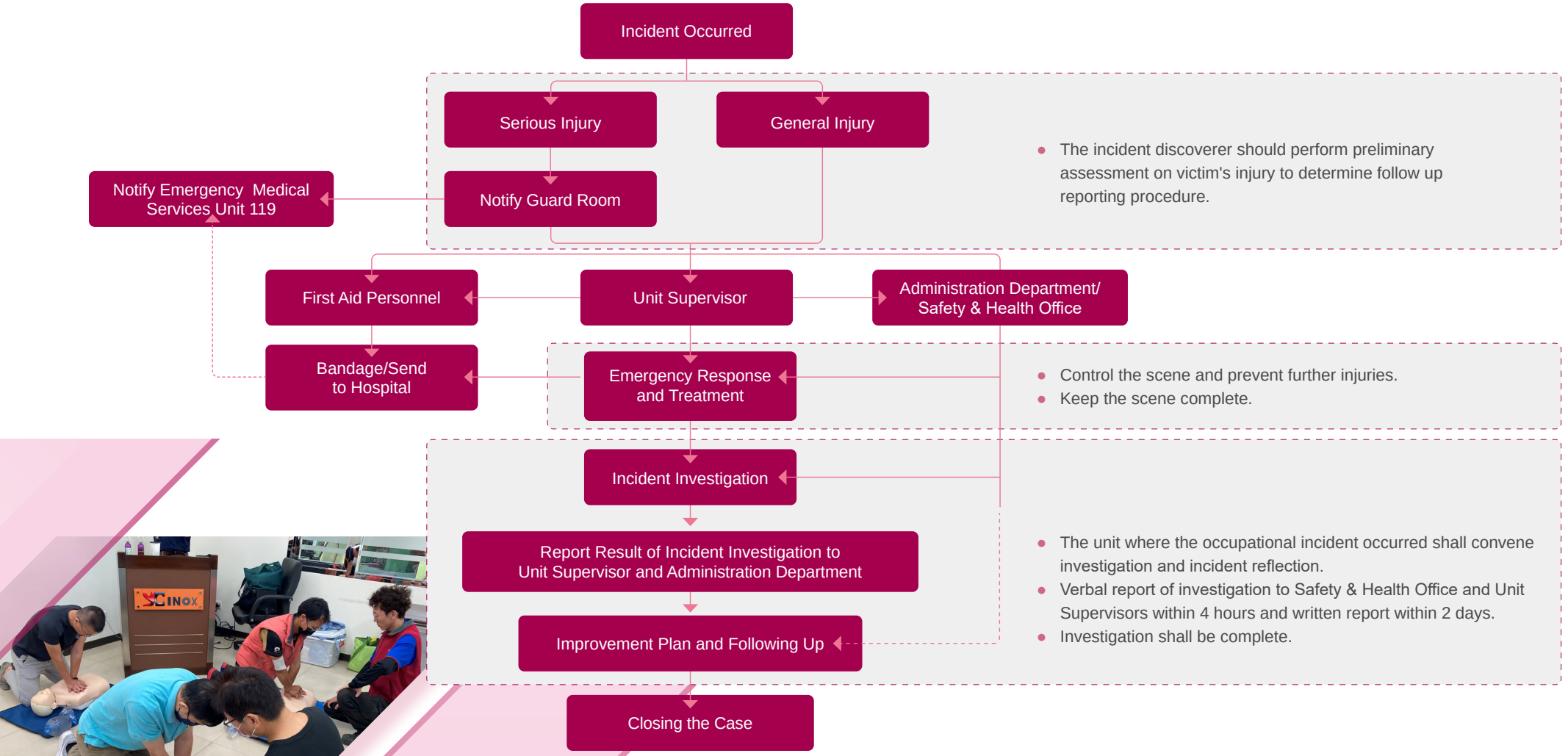
Douliou Mill I



Douliou Mill II

Emergency Response Contingency Procedure

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



Occupational Safety Performance

In 2022, 5 occupational injury cases have been reported, which is a decrease of 8 injury cases as compared to 2021.Common types of occupational injuries reported including strains, falls, abrasions, and slips. The Company has taken improvement measures, including reinforcing safety awareness among employees, providing educational training and offering safety equipment.

Concerning occupational diseases, 21 cases have been reported in 2022, representing a decrease of 10 cases as compared to 2021. The reason is attributed to hearing impairment caused by working environment noise pollution. In response, the Company has prepared hearing protection devices and implemented hearing protection health program to safeguard and monitor our employees' hearing health. As injury incidents for both 2021 and 2022 involved only employees, table below only provides breakdown of employee work hours and calculates the disability injury frequency.

Historical Occupational Safety and Health Performance

Year		2021					2022				
Site		Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	Total	Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	Total
Total Work Hours		831,554	647,714	212,152	228,920	1,920,340	722,314	613,687	203,528	266,592	1,806,121
Occup-ational Injuries	Cases of general occupational reported	2	1	-	9	12	3	1	-	1	5
	(Number of lost workdays ≧ 180)	-	-	-	1	1	-	-	-	-	-
	Cases of serious occupational injuries	2	1	-	10	13	3	1	-	1	5
	(Number of lost workdays ≧ 180)	-	-	-	-	-	-	-	-	-	-
	Cases of recordable occupational injuries	57	2	-	6,027	6,086	37	13	-	2	52
	Number of deaths resulting from occupational injuries	-	-	-	0.87	0.10	-	-	-	-	-
	Lost workdays[Note 1]	0.48	0.31	-	8.74	1.35	0.83	0.33	-	0.75	0.55
	Ratio of serious occupational injuries[Note 2]	-	-	-	-	-	-	-	-	-	-
Occup-ational Diseases	Ratio of recordable occupational injuries[Note 3]	8	17	3	3	31	4	14	2	1	21
	Ratio of occupational injuries that result in deaths[Note 4]	-	-	-	-	-	-	-	-	-	-
	Ratio of work-related ill health that result in deaths [Note 5]	-	-	-	-	-	-	-	-	-	-
	Number of recordable work-related ill health	8	17	3	3	31	4	14	2	1	21

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

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

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

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

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

Raising Occupational Health and Safety Awareness

Occupational Safety and Health Education and Training

To enhance occupational safety and health awareness of workers, occupational safety-and health-related education and trainings are provided not just to our employees but also to our contractors. As of December 31, 2022, a total of 3,473 attendances have received training, accumulating a total of 17,332 training hours. New employees are also required to undergo a "New Employee Occupational Safety and Health Education and Training" which is a 6 hours program during onboarding, and trainees shall pass the final assessment to meet course requirements. Specialized occupational safety and health education and training are also arranged for operators of specialized equipment, such as fixed cranes, forklifts, aerial work platforms, high-pressure gas specific equipment, etc.,. Trainees will receive completion certificates or skill certification licenses upon successful completion of training and passing the assessment.

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





Number of Occupational Safety and Health Training Attendances and Training Hours for 2022

Employees		Contractors	
Training Attendances	Total Training Hours	Training Attendances	Total Training Hours
2,811	15,377	662	1,955

General Training

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

Specialized Operator Training

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



General occupational safety and health training



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



Emergency response training





Safety and health education and training for first-aid personnel



Safety and health education and training for fixed crane operators

Occupational Health Services

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

Regular General Health Examinations for Employees

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

On Site Medical Service by Occupational Medical Physicians

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

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

We have infirmary in each of our mills, equipped with emergency medical supplies and equipment. To enhance medical service experience for foreign workers, we have translation devices for effective communication. We also designed medical communication forms in foreign workers' native languages for smoother communication.

Provide First Aid Education and Training

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

Devise Annual Health Service Plans

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

Disseminate Health Information

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

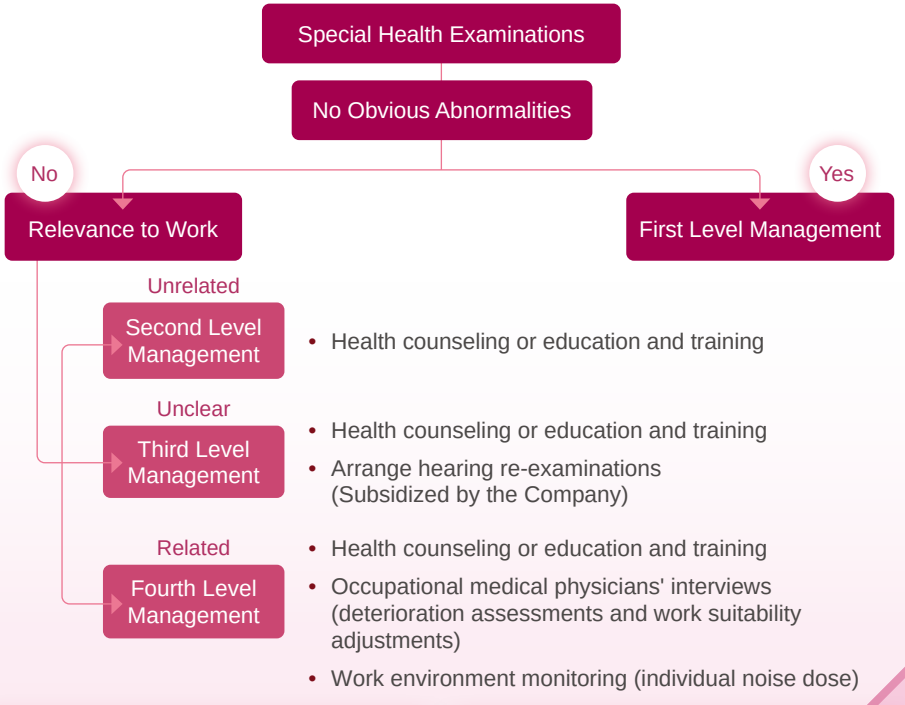






Hearing Healthcare

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







Labor-Management Communication

In accordance with Article 10 of the "Occupational Safety and Health Management Regulations" of the Ministry of Labor, Occupational Safety and Health Committees are established in every mill. Plant manager shall be chairman of the Committee. Committee members include unit supervisors and employees, with a total of 18 employee representatives, accounting for 44% of total committee members. Quarterly meetings are held to discuss occupational safety and health issues and keep track of safety performance indicators. Additionally, company-level safety committee has also been established, convening quarterly meetings. This committee is being chaired by representative from the management and head of Production Department, with supervisors and safety personnel from each mill serving as committee members. The purpose of this committee is to enhance the understanding of the occupational safety and health implementation status in each mill.

Through quarterly labor-management meetings, we aim to foster an open communication and maintain positive labor-management relationship. These meetings cover a wide range of topics, including but not limited to labor conditions discussions, labor related activities, benefit programs and initiatives for improving the working environment. Regarding welfare programs, we have established Employee Welfare Committee to organize various welfare activities and providing subsidies. This committee is jointly composed of both labor and management representatives, with labor representative constituting 67% of the committee members.

Labor-Management Communication in 2022

Organization	Occupational Safety and Health Committee		Labor-Management Meeting		Employee Welfare Committee	
Purpose	Review and provide recommendation on occupational safety and health policies and latest circumstances		Promote and coordinate labor-management relationships		Protect and improve employee welfare	
Members Type	Management	Labor	Management	Labor	Management	Labor
Number of Representative	23	18	20	20	3	6
Ratio	56%	44%	50%	50%	33%	67%
Communication Target	All employees		All employees		All employees	
Communication Frequency	Quarterly		Quarterly		Quarterly	
Communication Effectiveness	4 Occupational Safety and Health Committee meeting sessions held for each mill		4 labor-management meetings sessions held for each mill		4 Employee Welfare Committee meetings held at company-level	

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





5.2 Manpower Structure and Employee Benefits

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

<table>
<tr><th colspan="6">Management Approach GRI 3-3</th></tr>
<tr><td colspan="2">Material Topic</td><td colspan="4">Employment Relationship</td></tr>
<tr><td colspan="2">Corresponding GRI</td><td colspan="4">GRI 401</td></tr>
<tr><td colspan="2">Impact</td><td colspan="4">Favorable employment relationship could enhance employees' sense of identity with YC INOX, thus, maintaining driving force behind our business, creating higher profitability for the Company. By contrast, compromising our employees' physical and mental health might result in negative impact on economy or society.</td></tr>
<tr><td colspan="2">Commitment/Policy</td><td colspan="4">• Providing a safe and healthy working environment.
• Eliminating discrimination to ensure equal work opportunities.
• Prohibiting the employment of child labor.
• Prohibiting forced labor.
• Assisting employees in maintaining physical and mental well-being and achieving work-life balance.</td></tr>
<tr><td colspan="2">Targets</td><td colspan="4">• Optimizing our management systems to create a diverse and friendly workplace.
• Establishing special talent development system.
• Deepening core values of YC INOX, creating conducive corporate culture, becoming a company that employees take pride in.
• Implementing ESG principles to achieve sustainable business goals.</td></tr>
<tr><td rowspan="2">Action Plans</td><td>Negative Impact Management</td><td colspan="4">• Establish gender-friendly work system with an effective job substitution mechanism to enable employees to balance family and work effectively.
• Strengthen communication with employees through labor-management meetings to create open communication channels, foster positive work environment, boost employee morale and enhance employee engagement.</td></tr>
<tr><td>Positive Impact Management</td><td colspan="4">• Continue to optimize internal management systems and proactively align with regulations and government policies to drive various projects.
• Cultivate employee potential and enhance their professional capabilities by consistently providing company-wide education and training. Through comprehensive training framework, every employee can unleash their potential in the interest of the Company.</td></tr>
<tr><td rowspan="2">Effectiveness Assessments</td><td>Tracking Process</td><td colspan="2">Every year, we formulate annual operational plan covering human resources management and development, as well as educational and training planning. We track progress of annual operational plan on a quarterly basis and review achievement of our goals during annual management review meetings.</td><td rowspan="2">Complaint Channels</td><td>Compliant or Communication Channels</td><td>• Reporting and complaint channels have been established on company website.
• Quarterly labor-management meetings are held in all mills to coordinate the views of labor and the management, ensuring labor rights and obligations.</td></tr>
<tr><td>Achievements of The Year</td><td colspan="2">Regarding achievement of optimizing management policy to create a diverse and friendly workplace, the achievement is as follows:
• Installation of "Projection Warning Lights" on fixed cranes and forklifts.
• Placement of AEDs in every mill.
• Providing of smart medical-grade blood pressure monitors for every mill.
• Implementation of transportation and housing allowance subsidy policy.
Regarding the establishment of a specialized talent development system, the status is as follows:
• Completed 3 tons (or less) fixed cranes operating and lifting training for foreign workers in all mills.</td><td>Communication Results</td><td>4 labor-management meetings sessions held in all mills in 2022.</td></tr>
</table>

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

In addition to our focus on human rights issues, we continually optimize our management systems to create a diverse and friendly workplace. We also work towards reducing occupational safety risks. For more detailed information regarding occupational safety issues, please refer to Section 5.1 "Safe and Friendly Working Environment".

Human Rights Policies

Human Resources

As of December 31, 2022, total number of employees in the Company is 810. The male-to-female ratio is 6:1. The greater male representation is attributed to the characteristics of manufacturing industry, whereby male employees tend to have a higher tolerance towards this working environment. Among our employees, around 6% hold managerial positions, with approximately 22% being female. In terms of educational attainment, for managerial positions, majority holds either a bachelor's degree (34%) or a master's degree (32%). Among non-managerial positions, majority of our employees have educational attainment of high school and below (58%), followed by bachelor's degree (30%).

Non-employee workers are individuals who provide labor but do not have an employment relationship with us. In 2022, there were a total of 20 non-employee workers with the majority being contractors. The headcount information is calculated based on the average number of non-employee workers entering the Company each day during that year. The ratio of employees to non-employee workers is 40:1, with employees being the primary source of labor.

Manpower Structure by Gender and Age for 2022

Site/Age	Male			Female			Total
	< 30	30 ~ 50	> 50	< 30	30 ~ 50	> 50	
Shijou Mill	54	200	18	7	63	17	359
Puoshing Mill	62	135	13	2	6	2	220
Douliou Mill I	18	57	7	0	6	1	89
Douliou Mill II	46	85	4	1	6	0	142
Subtotal	180	477	42	10	81	20	810
Percentage	26%	68%	6%	9%	73%	18%	
Total	699 (86%)			111 (14%)			

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

Manpower Structure by Gender and Job Category For 2022

Gender	Age	Managerial Position		Non-Managerial Position	
		Number	Ratio	Number	Ratio
Female	<30	0	0%	10	1%
	31-50	7	14%	74	10%
	>51	4	8%	16	2%
	Subtotal	11	22%	100	13%
Male	<30	0	0%	180	24%
	31-50	28	56%	449	59%
	>51	11	22%	31	4%
	Subtotal	39	78%	660	87%
Total	<30	0	0%	190	25%
	31-50	35	70%	523	69%
	>51	15	30%	47	6%
	Subtotal	50	100%	760	100%

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

Manpower Structure by Educational Attainment in 2022

Position Level	Managerial Position		Non-Managerial Position		Total	
Education Level	Number	Ratio	Number	Ratio	Number	Ratio
Ph.D. Degree	0	0%	0	0%	0	0%
Master's Degree	16	32%	18	2%	34	4%
Bachelor's Degree	17	34%	225	30%	242	30%
Other Higher Education	11	22%	80	10%	91	11%
High School and Below	6	12%	437	58%	443	55%
Total	50	100%	760	100%	810	100%

Employee Mobility

As of December 31, 2022, total number of new employees was 169, which translates to new hire rate of 21%. Total number of resignees was 205, leading to departure rate of 25%. These figures include foreign workers on fixed term contract. Our recruitment channels are diverse, encompassing online job banks, campus recruitment, job fairs organized by local employment service centers and partnerships with headhunters. Additionally, we encourage our employees to introduce suitable candidates by offering referral bonuses.

Status of New Hires and Resignations

Gender	Age	Total	New Hires						Resignations					
			Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	Subtotal	As a Percentage of New Hires	Shijou Mill	Puoshing Mill	Douliou Mill I	Douliou Mill II	Subtotal	As a Percentage of Resignations
Female	<30	10	5	1	0	1	7	70%	2	0	0	0	2	20%
	31-50	81	3	1	0	0	4	5%	4	1	0	0	5	6%
	>51	20	0	0	0	0	0	0%	2	0	0	0	2	10%
	Subtotal	111	8	2	0	1	11	10%	8	1	0	0	9	8%
Male	<30	180	25	29	4	44	102	57%	28	24	11	34	97	54%
	31-50	477	13	14	1	28	56	12%	31	32	6	24	93	19%
	>51	42	0	0	0	0	0	0%	4	2	0	0	6	14%
	Subtotal	699	38	43	5	72	158	23%	63	58	17	58	196	28%
Total	<30	190	30	30	4	45	109	57%	30	24	11	34	99	52%
	31-50	557	16	15	1	28	60	11%	35	33	6	24	98	18%
	>51	62	0	0	0	0	0	0%	6	2	0	0	8	13%
	Subtotal	810	46	45	5	73	169	21%	71	59	17	58	205	25%

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

Remuneration and Welfare

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

Ratio of Annual Remuneration of Highest Paid Employee in Comparison with other Employees in 2022

Annual Remuneration Ratio (Notes 1 and 3)

9.21：1

Annual Remuneration Growth Ratio (Notes 2, 3, and 4)

1.29：1

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

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

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

Note 4: Growth in annual percentage increase of highest-paid employee and median for other employees, were both negative in 2022.

Bonus and Incentives

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

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

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

Long-Term Employment Bonus
This bonus is given yearly to employees after reaching a certain level of seniority.

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

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

Welfare Policy

Bonuses Given to
8,983 Individuals

Grants Given to
881 Individuals

Health Examination Conducted for
713 Individuals

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

Parental Leave

To support employees' parenting needs, employees can apply for unpaid parental leave for up to two years before their child reaches the age of three. In 2022, a total of 57 employees met the eligibility criteria, of which 6 employees (11%) actually applied and utilized this benefit.

Status of 2022 Parental Leave

Item	Male	Female	Total
Number of employees entitled to parental leave in 2022 (A)	47	10	57
Actual number of employees using parental leave in 2022 (B)(Note)	4	2	6
Number of employees expected to return to work after completing parental leave in 2022 (C)	2	1	3
Number of employees returning to work after completing parental leave in 2022 (D)	2	-	2
Number of employees returning to work after completing parental leave in 2021 (E)	-	-	-
Number of employees who continue to work for at least 12 months after returning from parental leave in 2021 (F)	-	-	-
Parental leave application rate (B/A)	9%	20%	11%
Job-returning rate (D/C)	100%	0%	67%
Retention rate (F/E)	N/A	N/A	N/A

Note: The data is calculated based on the number of employees who applied for paternity or maternity leave from January 1, 2020, to December 31, 2022, excluding those who left the Company before(on) December 31, 2021.

Retirement Policy

Retirement pension plan of the Company follows "Labor Pension Act (LPA)" and "Labor Standards Act (LSA)". Under LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Under LSA, Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. For more details, please refer to Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021.

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



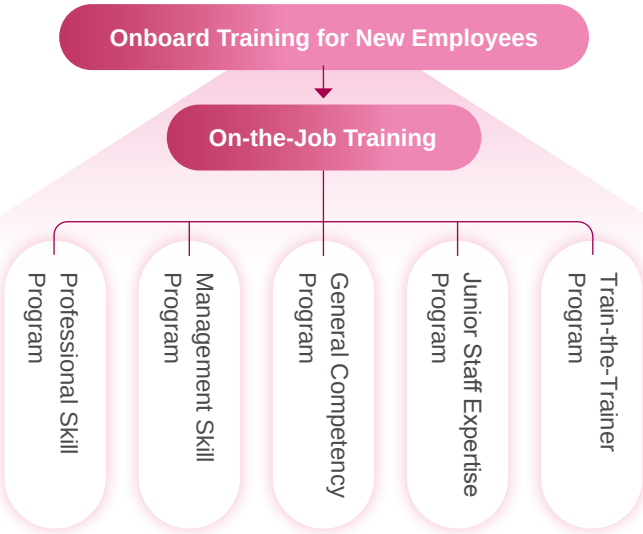




5.3 Employee Training Program

GRI 404-1, 401-2, 401-3

To cultivate and retain professional talents, the Company has established "Regulations for employees education and training" We have a series of education and training programs based on needs of various job positions, keeping in mind of regulatory requirements and practical needs. Training methods include classroom training and On-the-Job Training (OJT), where employees learn through hands-on experience under guidance of supervisors or senior staff members. Planned courses are budgeted by the HR unit each year based on the needs of various units and scheduled according to unit's annual training plan. In 2022, NT$3.24 million was spent on educational and training. The Company provide a variety of courses, including professional skills, management, and general courses. Training courses are either conducted by employees serving as instructors or by participating in professional programs offered by external training organizations, ensuring effective training to enhance employees' job competencies. Our training courses have been standardized and managed through ISO 9001 management system to ensure its quality.



Company Business Philosophy
Business Goals and Strategies

Training Outcomes

Accumulated Education and Training Hours for Employee in 2022	Average Education and Training Hours Per Employee in 2022	Employee Newly Received or Renewed Job Domain-related Professional Certifications in 2022
25,861 hours	31.93 hours	741

Average Education and Training Hours per Employee in 2022

Gender / Position Level	Male			Female			Total Average Training Hours
	Number	Hours	Average Hours per Employee	Number	Hours	Average Hours per Employee	
Managerial Position	39	491	12.58	11	125	11.36	12.31
Non-Managerial Position	660	24,220	36.70	100	1,026	10.26	33.22
Total	699	24,710	35.35	111	1,151	10.37	31.93

Training Highlights	Number of Trained Employees	Total Training Hours
Safety and health training for foreign workers operating fixed cranes with a lifting capacity of 0.5 tons or more, but less than 3 tons.	183	9,333
Safety education and training for operating aerial work platform.	58	928

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

Performance Appraisal

Performance appraisal is conducted annually. Local employees who have been with the Company for less than 3 months and all foreign workers are not subjected to annual performance appraisal. In 2022, all employees who were eligible for the performance appraisal have completed it.

Number of Performance Appraisals in 2022

Gender / Position Level	Male		Female		Total	
	Number	%	Number	%	Number	%
Managerial Position	37	100%	9	100%	46	100%
Non-Managerial Position	476	100%	100	100%	576	100%
Total	513	100%	109	100%	622	100%

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



CH6

Social Harmony and Co-Prosperity

6.1 Social Participation Philosophies 72

6.2 Social Welfare 72



Chapter Highlights

- Continuously engage in community events and care for vulnerable groups. Organization/Participation of community events on 42 occasions. NT$2.32 million contributed towards charitable activities expenditure and donations.

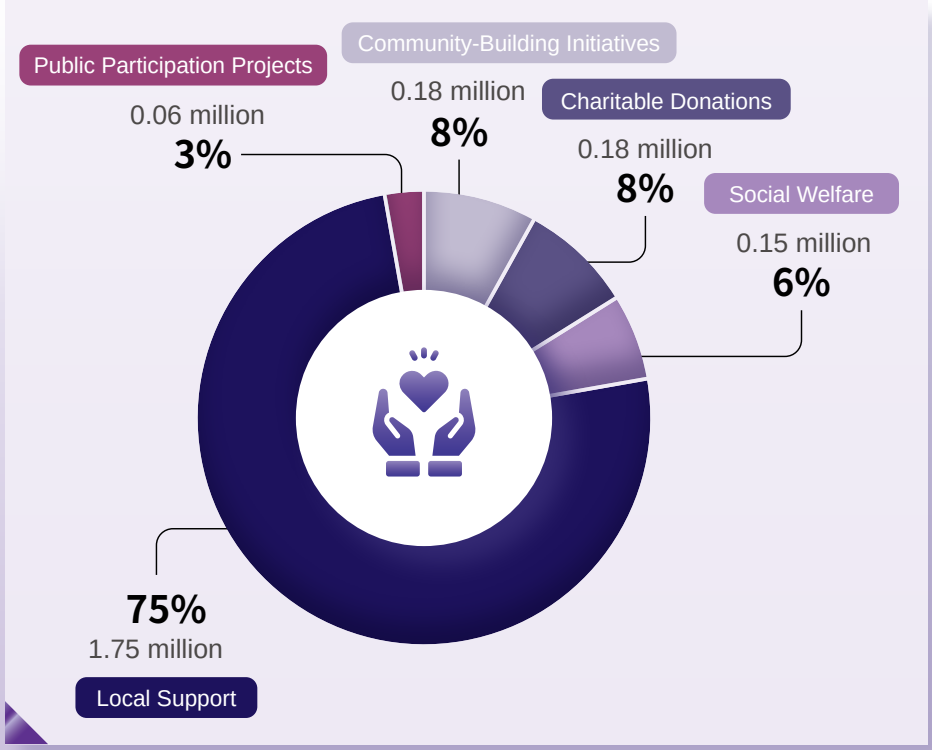
6.1 Social Participation Philosophies

Grounded in the ethos of "Receiving from society, contributing back to it", YC INOX adheres to our core business philosophy of "giving back to society." While striving to achieve our business performance goals, the Company maintain a firm commitment to supporting vulnerable groups and acting as a responsible neighbor to local communities. Beyond pursuing revenue growth, the Company continues to care for society and upholds our social responsibilities.

6.2 Social Welfare

In 2022, the Company invested a total of NT$2.32 million for social welfare activities. with NT$1.75 million (75%) were directed towards local support. Additionally, NT$180 thousand (8%) went to charitable donations, another NT$180 thousand (8%) supported community-building initiatives, NT$150 thousand (6%) dedicated to social welfare, and NT$60 thousand (3%) were used for public participation projects.

Social Welfare Investment



Spreading Happiness, Caring for the Vulnerable

YC INOX cares for vulnerable groups, provides ongoing financial support. We make annual donations to Saint Wisdom Enabling Center, as well as the Changhua Children and Families Support Center to improve their living conditions. During the winter season, we also participated in relief activities organized by Shijou Township Charity Association in collaboration with other non-governmental organizations, showing our concern for low-income households.





Engaging with the Local Community and Deepening our Local Roots

YC INOX sponsors events such as school celebrations, sporting events, and graduation ceremonies held by neighboring junior high schools, elementary schools, and preschools. For example, YC INOX has long sponsored Santiao Elementary School in Xizhou Township in participating in the National Elementary School Dodgeball Championship. In 2019, Santiao Elementary School came in second place (category: mixed group) at the championship, showing how YC INOX's endeavors allowed students to participate in activities and build great memories.

Additionally, YC INOX continues to support local activities organized by government. For example, in 2022, we sponsored "Changhua Flower Festival: Company Image Exhibition" held by Changhua County Government at Shijou Park; "Hometown of Heart" Rural Area Promotional Event held by Puoshing Township Office; and New Year's flag-raising ceremony, family hiking event, environmental protection competition, Dragon Boat Festival "Happy Go!" event, and environmental protection promotional event held by the Puoshing Township Office. All these events helped facilitating local development and cultural transmission.





Enhancing Infrastructure and Making Public Investments

Recognizing the need for sheltered waiting areas and seating for the elderly and school children who rely on public transportation, YC INOX donated 4 bus shelters in collaboration with Puoshing Township Office and the Changhua Hospital. These bus shelters were strategically placed at locations outside JiouGuan Elementary School and our Puoshing Mill while the remaining shelters were established alongside with Changhua Hospital. Construction of these bus shelters were completed in 2020, and they are regularly maintained and cleaned to ensure they remain in good condition.

Furthermore, YC INOX has also sponsored adoption of 50 public streetlights in Shijou Township. The Company contributed to community safety by providing well-lit pathways for local residents. It is a part of our commitment to community well-being and support.






Appendices

Global Reporting Initiatives (GRI) Index	75
Sustainability Accounting Standards Board (SASB) Standards Index	80
Taiwanese Industry Enhanced Sustainability Index	82
Task Force on Climate-Related Financial Disclosures (TCFD) Disclosure Index	83



Appendix 1 Global Reporting Initiatives (GRI) Index

Statement of Use	The Company has mapped 2022 release in accordance with GRI Index.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable.

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
GRI 2: General Disclosures 2021	2-1	Organizational details	About YC INOX	4	
	2-2	Entities included in the organization's sustainability reporting	About this Report	3	
	2-3	Reporting period, frequency, and contact point	About this Report	3	
	2-4	Restatements of information	-	-	Not applicable; no restatements of information
	2-5	External assurance	About this Report	3	
	2-6	Activities, value chain, and other business relationships	About YC INOX 3.2 Product Quality	4 30~31	
	2-7	Employees	5.2 Manpower Structure and Employee Benefits	66	
	2-8	Workers who are not employees	5.2 Manpower Structure and Employee Benefits	66	
	2-9	Governance structure and composition	2.1 Corporate Governance and Organization	17~20	
	2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance and Organization	17, 19~20	
	2-11	Chair of the highest governance body	2.1 Corporate Governance and Organization	17, 19~20	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Corporate Governance and Organization	18	
	2-13	Delegation of responsibility for managing impacts	2.3 Risk Management	24	
	2-14	Role of the highest governance body in sustainability reporting	2.1 Corporate Governance and Organization	18	
	2-15	Conflict of interest	2.1 Corporate Governance and Organization	21	
	2-16	Communication of critical concerns	2.1 Corporate Governance and Organization	21	
	2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance and Organization	19~20	
	2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance and Organization	21	
	2-19	Remuneration policies	2.1 Corporate Governance and Organization	21	
	2-20	Process to determine remuneration	2.1 Corporate Governance and Organization	21	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
GRI 2: General Disclosures 2021	2-21	Annual total compensation ratio	5.2 Manpower Structure and Employee Benefits	67	
	2-22	Statement on sustainable development strategy	1.2 Sustainable Business Philosophies 1.3 Sustainable Vision and Goals	8 9	
	2-23	Policy commitments	2.2 Ethical Management Results 5.2 Manpower Structure and Employee Benefits	22 66	
	2-24	Embedding policy commitments	2.2 Ethical Management Results 5.2 Manpower Structure and Employee Benefits	22~23 66	
	2-25	Processes to remediate negative impacts	2.2 Ethical Management Results 5.1 Safe and Friendly Working Environment	23 64	
	2-26	Mechanisms for seeking advice and raising concerns	2.2 Ethical Management Results 5.1 Safe and Friendly Working Environment	22~23	
	2-27	Regulatory Compliance	2.2 Ethical Management Results	66	
	2-28	Membership associations	About YC INOX	23	
	2-29	Approach to stakeholder engagement	1.5 Stakeholder Communication	64	
	2-30	Collective bargaining agreements	-	-	Not applicable; no restatements of information

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.4 Material Topic Analysis	10~11	
	3-2	List of material topics	1.4 Material Topic Analysis	12~13	
Material Topic: Regulatory Compliance					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Ethical Management Results	22	
GRI 2: General Disclosures 2021	2-27	Regulatory Compliance	2.2 Ethical Management Results	23	
Material Topic: Economic Performance					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Business Performance	28	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.1 Business Performance	29	
	201-3	Defined benefit plan obligations and other retirement plans	5.2 Manpower Structure and Employee Benefits	69	
	201-4	Financial assistance received from government	3.1 Business Performance	29	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
Material Topic: Climate Change Adaptation					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Climate Change Management	36	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	4.1 Climate Change Management	39~41	
Material Topic: Energy and Greenhouse Gas Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.2 Sustainable Production-related Management	42	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.2 Sustainable Production-related Management	49	
	302-2	Energy consumption outside of the organization	-	-	Not applicable; no restatements of information
	302-3	Energy intensity	4.2 Sustainable Production-related Management	49	
	302-4	Reduction of energy consumption	4.2 Sustainable Production-related Management	50	
	302-5	Reductions in energy requirements of products and services	4.2 Sustainable Production-related Management	50	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.2 Sustainable Production-related Management	52	
	305-2	Energy indirect (Scope 2) GHG emissions	4.2 Sustainable Production-related Management	52	
	305-3	Other indirect (Scope 3) GHG emissions	4.2 Sustainable Production-related Management	52	
	305-4	GHG emissions intensity	4.2 Sustainable Production-related Management	52	
	305-5	Reduction of GHG emission	4.2 Sustainable Production-related Management	50~51	
	305-6	Emissions of ozone-depleting substances (ODS)	-	-	Not applicable; no restatements of information
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.2 Sustainable Production-related Management	53	
Material topic: Occupational Safety and Health					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Safe and Friendly Working Environment	55	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	5.1 Safe and Friendly Working Environment	56	
	403-2	Hazard identification, risk assessment, and incident investigation	5.1 Safe and Friendly Working Environment	57~58	
	403-3	Occupational health services	5.1 Safe and Friendly Working Environment	62~63	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.1 Safe and Friendly Working Environment	64	
	403-5	Worker training on occupational health and safety	5.1 Safe and Friendly Working Environment	62	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
Material topic: Occupational Safety and Health					
GRI 403: Occupational health and safety 2018	403-6	Promotion of worker health	5.1 Safe and Friendly Working Environment	63	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.1 Safe and Friendly Working Environment	56~59	
	403-8	Workers covered by an occupational health and safety management system	5.1 Safe and Friendly Working Environment	56	
	403-9	Work-related injuries	5.1 Safe and Friendly Working Environment	61	
	403-10	Work-related ill health	5.1 Safe and Friendly Working Environment	61	
Material Topic: Employment Relationship					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2 Manpower Structure and Employee Benefits	65	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.2 Manpower Structure and Employee Benefits	67	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Manpower Structure and Employee Benefits	68~69	
	401-3	Parental leave	5.2 Manpower Structure and Employee Benefits	69	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
Voluntary Disclosures					
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	2.2 Ethical Management Results	23	
	205-2	Communication and training about anti-corruption policies and procedures	2.2 Ethical Management Results	23	
	205-3	Confirmed incidents of corruption and actions taken	2.2 Ethical Management Results	23	
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2 Ethical Management Results	23	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.2 Sustainable Production-related Management	44	
	303-2	Management of water discharge-related impacts	4.2 Sustainable Production-related Management	45	
	303-3	Water withdrawal	4.2 Sustainable Production-related Management	44	
	303-4	Water discharge	4.2 Sustainable Production-related Management	44~45	

GRI Standard	Disclosure Item		Chapter	Page No.	Note/Reason for Omission
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	4.2 Sustainable Production-related Management	47	
	306-2	Management of significant waste-related impacts	4.2 Sustainable Production-related Management	47	
	306-3	Waste generated	4.2 Sustainable Production-related Management	47	
	306-4	Waste diverted from disposal	4.2 Sustainable Production-related Management	47~48	
	306-5	Waste directed to disposal	4.2 Sustainable Production-related Management	47~48	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.3 Talent Training	70	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.3 Talent Training	69~70	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.3 Talent Training	70	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.2 Manpower Structure and Employee Benefits	66	

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

Industry-Specific Indices				
Dimension	**Theme**	**Code**	**Metrics**	**YC INOX's Response**
Environmental Capital	Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions	Scope 1 GHG emissions by all YC INOX mills totaled 1,603.02 metric tons of CO_2e
			Percentage covered under emissions-limiting regulations (%)	Currently, there are no such regulatory requirement.
		EM-IS-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	YC INOX has obtained ISO 50001 Energy Management System third-party certification in 2021. In 2022, the Company completed ISO 14064-1 Greenhouse Gas inventory and third-party verification of Scope 1 to Scope 3. YC INOX continued to promote energy-saving and carbon reduction projects to counter climate-related risk on our future operations. The Company's greenhouse gas emission reduction targets are as follows: **Short-Term Targets** 1. Electricity usage savings by >1% annually. 2. Green energy installation capacity equivalent to 37.5% of total contracted capacity for all mills in Taiwan. 3. Introducing new welding technologies to increase speed of production and reducing energy consumption by 2%. **Mid-to-Long-Term Targets** 1. Electricity usage savings by >1% annually. 2. Green energy installation capacity equivalent to 75% of total contracted capacity for all mills in Taiwan. 3. Introducing new heat treatment technologies to reduce energy consumption for subsequent processes. >> For more information, please refer to 4.2 Sustainable Production-related Management.
	Air Emissions	EM-IS-120a.1	Air emissions of the following pollutants: (1) CO (2) No_x(excluding N_2O) (3) SO_x (4) Particulate matter (PM10) (5) Manganese (MnO) (6) Lead (Pb) (7) Volatile organic compounds (VOCs) (8) Polycyclic aromatic hydrocarbons (PAHs)	(1) Not applicable (2) 0.654 metric tons of NO_x (3) 0 metric tons of SO_x (4) 0.023 metric tons of particulate matter (PM10) (5) Not applicable (6) Not applicable (7) 0 metric tons of VOCs (8) Not applicable Data for (1), (5), (6), and (8) are not available as they are not subject to mandatory regulatory testing and reporting, hence there is no relevant data available.

Industry-Specific Indices				
Dimension	**Theme**	**Code**	**Metrics**	**YC INOX's Response**
Environmental Capital	Energy Management	EM-IS-130a.1	Total energy consumed	127,082.20 GJ
			Percentage grid electricity (%)	100%
			Percentage renewable (%)	0%
		EM-IS-130a.2	Total fuel consumed (GJ)	0 GJ
			Percentage coal (%)	Not applicable due to no usage.
			Percentage natural gas (%)	Not applicable due to no usage.
			Percentage renewable (%)	Not applicable due to no usage.
	Water Management	EM-IS-140a.1	Total fresh water withdrawn	120.49 thousand cubic meters
			Percentage recycled water (%)	99%
			Percentage in regions with High or Extremely High Baseline Water Stress	Not applicable to Taiwan.
	Waste Management	EM-IS-150a.1	Amount of waste generated	1,122.53 metric tons
			Percentage hazardous waste (%)	31.21%
			Percentage of recycled waste (%)	21.93%
Human Capital	Employee Health and Safety	EM-IS-320a.1	Non-fixed term employee total recordable incident rate (TRIR)	0.55
			Fixed term employee total recordable incident rate (TRIR)	0
			Non-fixed term employee fatality rate	0
			Fixed term employee fatality rate	0
			Non-fixed term employee near miss frequency rate (NMFR)	2.21
			Fixed term employee near miss frequency rate (NMFR)	0
Business Model and Innovation	Supply Chain Management	EM-IS-430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	Not applicable; Our primary raw materials are cold-rolled and hot-rolled stainless steel coil/plate.

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

Appendix 3 Taiwanese Industry Enhanced Sustainability Index: Iron and Steel

Item	Sustainability Index Disclosed	YC INOX's response
01	Total energy consumption	127,082.20 GJ
	Percentage purchased electricity (%)	100%
	Percentage renewable (%)	0%
	Total self-generated and self-consumed energy (Note)	0 GJ
02	Total energy consumption	Not applicable due to no usage
	Percentage purchased electricity (%)	Not applicable due to no usage
	Percentage renewable (%)	Not applicable due to no usage
	Total self-generated and self-consumed energy (Note)	Not applicable due to no usage
03	Total water withdrawn	120.49 thousand cubic meters
	Total water consumed	82.83 thousand cubic meters
04	Total weight of waste generated	1,122.53 metric tons
	Percentage hazardous waste	31.21%
	Percentage recycled	21.93%
05	Number and percentage of employees involved in occupational accidents	5
		0.55
06	Main products produced, listed by product category	Stainless steel pipe/tube: 68,852 metric tons Stainless steel sheet/coil: 50,893 metric tons Other stainless steel products: 2,398 metric tons

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

Appendix 4 Task Force on Climate-related Financial Disclosures (TCFD) Disclosure Index

Topic	Recommended Disclosures	Chapter	Page No.
Governance	Describe Board's oversight of climate-related risks and opportunities.	4.1 Climate Change Management Response to Climate-Related Risks	37
	Describe management's role in assessing and managing climate-related risks and opportunities.	4.1 Climate Change Management Response to Climate-Related Risks	37
Strategy	Describe the climate-related risks and opportunities the organization has identified over short, medium, and long term.	4.1 Climate Change Management Identification Results of Major- Climate Risks and Opportunities	39~41
	Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	4.1 Climate Change Management Identification Results of Major- Climate Risks and Opportunities	39~41
	Describe the resilience of organization's strategy, taking into consideration different climate-related scenarios (including a 2°C or lower scenario).	To be assessed	-
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	4.1 Climate Change Management Response to Climate-Related Risks	38
	Describe the organization's processes for managing climate-related risks.	4.1 Climate Change Management Response to Climate-Related Risks	38
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	4.1 Climate Change Management Response to Climate-Related Risks	38
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4.1 Climate Change Management Response to Climate-Related Risk	39~41
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	4.2 Sustainable Production-related Management Greenhouse Gas Management	52
	Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets.	4.1 Climate Change Management Response to Climate-Related Risks	39~41

YC INOX

允強實業股份有限公司