



TUNG MUNG DEVELOPMENT CO., LTD.
Tung Mung Development Co., Ltd.

ESG/Sustainability Report 2023

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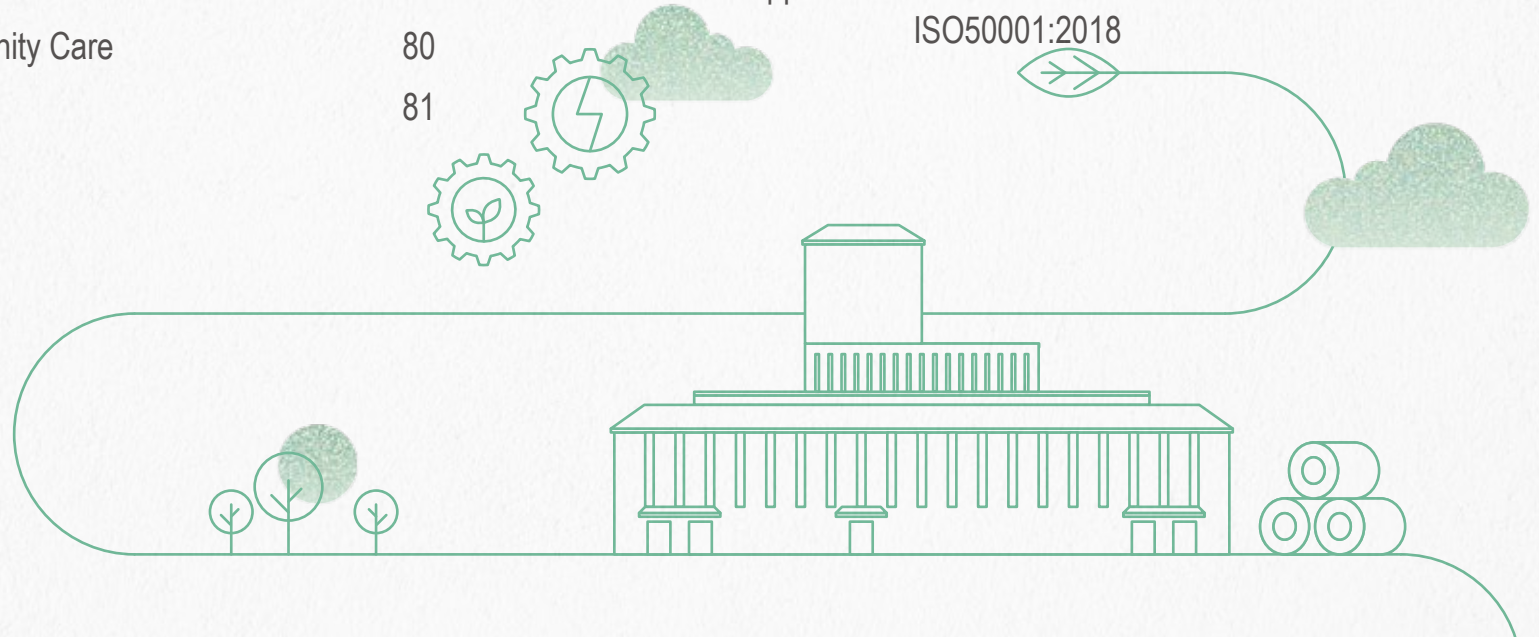
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0.1 About This Report

This 2023 Sustainability Report issued by Tung Mung Development Co., Ltd. (hereinafter referred to as “Tung Mung”) aims to disclose Tung Mung’s performance in ESG in 2023. In the future, Tung Mung will continue to publish sustainability reports on a regular basis every year.

The 2023 Sustainability Report of Tung Mung Development Co., Ltd. is the fourth sustainability report issued by Tung Mung (the previous third report was published in June 2023) and fully discloses the Company’s efforts in CSR and sustainability and the results of stakeholder engagement.

0.1.1 Scope

Tung Mung’s operational site is located in Xuejia District, Tainan City. Tung Mung also has a Construction Division, a Finance Department, and an Accounting Department located in Xizhi District, New Taipei City. The scope of this report mainly covers Tung Mung’s stainless steel operations and performance in the aspects of corporate governance, economy, environment, society, research and development (R&D), quality assurance, safety and health, as well as social contribution and participation in 2023.

The information disclosed in this report covers Tung Mung’s major efforts and goals before and after 2023, including future operational policies, goals, and plans, as deemed appropriate. The scope of this report covers the systems and activities of Tung Mung’s operations. The information and data published in this report, as well as the information related to the contents of this report, have been disclosed in the forms of structured reports, webpages, and PDF files in the ESG section on Tung Mung’s official website.

0.1.2 Preparation Principles and Framework

The 2023 Sustainability Report of Tung Mung Development Co., Ltd. is prepared in terms of Tung Mung’s relevant goals, strategies, and measures based on the core option of the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI) of the Global Sustainability Standards Board (GSSB). Please refer to the appendix of this report for the content of each chapter and the GRI index. This report has been verified by the management before publication.

Tung Mung collected critical economic, environmental, and social issues through questionnaires, identified stakeholders’ concerns through substantive analysis, and invited relevant departments to discuss and select critical issues. The implementation results related to each issue are presented in this report.

0.1.3 Publication

Tung Mung published the 2023 Sustainability Report in June 2024. In response to environmental protection and our paperless goal, we have disclosed the sustainability report on our external website in an electronic file format.

0.1.4 Contact Information

If you have any questions or suggestions about the contents of this report, please feel free to contact us.

The contact information is as follows

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 Tel: 06-7820280 ext.: 105
 Website of Tung Mung: <https://www.tungmung.com.tw>



0.2 Words from Management

By upholding the business philosophy of integrity and pragmatism, advancement with the times, joint creation of values, and giving back to society, Tung Mung focuses on producing cold-rolled stainless steel as its main business activity. With the shareholders' and banks' support, industry leaders' and customers' backing, suppliers' cooperation, and employees' concerted efforts, we continue to provide high-quality cold-rolled products and professional services as a long-term trusted partner in the cold rolled stainless steel industry.

For more than 30 years, we have fulfilled our corporate social responsibility and adhered to our mission of giving back to society. Aside from supporting public welfare initiatives, the Company also creates local employment opportunities by hiring workers primarily from the nearby Xuejia area, and has refrained from hiring foreign workers to this day. In 2023, we established fitness facilities and hired professional trainers to provide our employees with venues and courses for physical training. To celebrate the 55th anniversary of Tung Mung, we held the 55 Vitality Walk event for the first time, aiming to develop into a vibrant and happy enterprise. In the future, Tung Mung will continue directing attention toward maintaining harmonious employment relations and a safe work environment, and actively participate in neighborhood engagement and public welfare activities to promote Tung Mung's corporate culture of "caring for the underprivileged and locals."

We are well aware that stainless steel processing consumes energy and generates wastes such as wastewater and sludge, all of which increase the environmental burden. Therefore, in 2023, in addition to continuing to implement important management items such as the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System, we have also actively introduced the ISO 14064-1 Greenhouse Gas Management Standard and the ISO 14067 Product Carbon Footprint Standard. We have carried out greenhouse gas inventories and obtained the ISO 50001 (2023–2026) Energy Management Certificate.

All aspects of carbon reduction and carbon neutrality planning by Tung Mung have been set, starting from three aspects: energy saving, energy generation, and energy storage. For example, by implementing related carbon footprint reduction measures, Tung Mung has begun the construction of the second phase of solar power generation and nitrate nitrogen treatment improvement equipment and adopted concrete action plans to process and produce more energy-efficiently. Through process improvements, waste reduction, carbon reduction, and resource recycling management measures, Tung Mung will conduct operations such as saving electricity, conserving water, and purifying and reusing wastewater. These operations are implemented accordingly, moving towards the goal of ESG sustainable development.

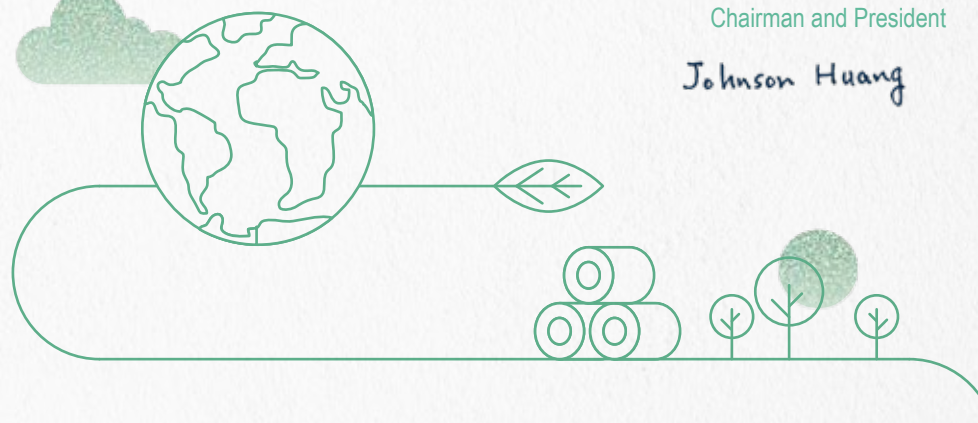
At the same time, Tung Mung recognizes the advent of the digital age and the importance of information security. In 2023, the Company introduced the ISO 27001 Information Security Management System (ISMS) to establish a corporate information security management system that ensures confidentiality, integrity, and availability. This implementation enhances risk management and strengthens the Company's information security.

Global enterprises are facing economic turbulence, geopolitical conflicts, intensifying trade barriers, and international tension. The stainless steel industry continues to experience supply and demand imbalances, presenting greater challenges for business operations. Additionally, the global economy is under pressure from inflation and interest rate hikes by central banks worldwide. The European energy shortage crisis, successive impacts from severe weather events, and emerging risks such as carbon reduction initiatives pose unprecedented challenges for most industries. In 2023, the global steel industry experienced a decline, with many companies facing losses, and we were not exempt from this trend. As we look ahead to 2024, the overall environment is still unpredictable. We must continue to face it cautiously and move forward steadily. We look forward to the management team working together to provide better products and services, make more contributions, and achieve outstanding results.

I would like to express my sincere appreciation to our employees who have worked tirelessly, and to their family members as well as our supply chain partners and customers for their persistent encouragement, cooperation, and support. **"Showcase Our Corporate Value, Creating a Sustainable Future."** Let us move forward with confidence and determination. We are also aware that a business is defined not only by its ability to generate profits and values for shareholders, but also by its conviction to professionalism and progress. As we pursue growth, we continue to cater to the **"Well-Being of Society and the Industry as a Whole"**, and take the initiative to respond to stakeholders' expectations and improve the inclusiveness of society.

Chairman and President

Johnson Huang



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Chapter Overview



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1.1 Company Profile

Tung Mung Development Co., Ltd., formerly known as Tung Mung Textile Co., Ltd., was incorporated in 1968 and engaged in the textile, synthetic fiber, and garment business. In 1990, to cooperate with the government’s policy of promoting investment and industrial upgrading, the Company sold the textile and other relevant businesses to Tuntex Incorporation, and was renamed to specialize in the production and import and export of stainless steel coils.

Tung Mung built a cold-rolled stainless steel plant with an annual production capacity of 150,000 tons in Xuejia District, Tainan City, and introduced excellent production equipment from advanced countries such as Europe, Japan, and the United States (US). With high-quality employees, the Company started mass production and selling products officially since 1995. Our products include the 200 series, 300 series, 400 series, No.1, 2D, 2B, BA, No.3, and No.4 cold-rolled and white stainless steel coils. Due to our stable product quality, we have strong competitiveness in the industry.

To achieve the goal of producing world-class cold-rolled stainless steel products, all employees at Tung Mung work hard to achieve the core value of **“First Quality, Best Reputation, Excellent Service”** and uphold the concept of sustainable development, to strive to give back to society and contribute to well-being of people in society.

1.2 Sustainable Business Philosophy and Corporate Vision

To achieve sustainable development, the Chairman of Tung Mung presided over a 2023 consensus camp on business targets in November 2022, at which the heads of various departments and external professional consultants were invited. According to Tung Mung’s business philosophy, mission, and vision, participants put forth the medium- and long-term business strategies and targets after discussions.

When discussing the business strategies and targets for 2023, participants analyzed the Company’s strengths, weaknesses, and external opportunities and threats and put forth countermeasures, while setting out more detailed strategies to be implemented. The Company has medium and long-term business strategies and targets to be implemented, including the increase in the stainless steel division’s profit and revenue year by year, comprehensive acceleration of asset revitalization, in-depth understanding of and exploration for business opportunities in the stainless steel industry chain, active development of strategic alliances with downstream stainless steel clients for daily-life products.

Business Management Plans	Annual Operations Management Plan
<p>Changes in Interest Rates and Exchange Rates</p>	<ul style="list-style-type: none"> ● In the aspect of fund dispatch, we took into account the financing of funds and reasonable costs and kept abreast of the information on the capital and bill markets in real time, and maintained a stable and positive relationship with banks. ● We established a foreign exchange operations team to kept abreast of changes in the foreign exchange market and exchange rate trends to adjust the foreign currency position flexibly. ● We sold goods and collected payment as soon as possible to offset the exchange differences, thereby reducing the impact of exchange rate changes.
<p>Important Policy Changes at Home and Abroad</p>	<ul style="list-style-type: none"> ● The prevalence of trade protectionism around the world has affected the competitiveness of stainless steel and the Company’s production and sales plan and operational strategies. ● To avoid shrinking revenue, the Company pays close attention to relevant domestic and international policies, and actively and continuously expands into overseas markets to diversify our operational risks and impact.
<p>Changes in the Industry</p>	<p>Indonesia uses lateritic nickel to smelt stainless steel and sells it to the global market due to its advantage in cost. The Company sources raw materials from the above and is committed to developing new stainless steel grades to enhance added value.</p>
<p>Significant Impacts of Covid-19</p>	<p>In the early stage of the global COVID-19 pandemic, our export sales came to a standstill at one point while the domestic demand was sluggish, resulting in a drop in both price and quantity. In response, Tung Mung offered employee training, scheduled personnel leave, maintained and repaired equipment, and expanded export sales against the trend.</p>
<p>Employees’ Work Hazards</p>	<p>We checked the safety of the operation and strengthen the implementation and inspected the operational safety regularly to ensure compliance with occupational safety and health requirements.</p>
<p>Manpower and Skill Gap</p>	<p>We expand talent recruitment channels, strengthen the efficiency of talent recruitment, establish an internal technical certification system, and pass on experience.</p>

: Tung Mung's Business Philosophy, Mission, and Vision



**Cold-Rolled Stainless Steel
Comprehensive Service Leader**

Business Philosophy

Integrity and pragmatism; advancement with the times, joint creation of values; giving back to society.

Mission

Profit maximization, perpetual growth, persistent charity, customer satisfaction, accomplished employees, optimal shareholder returns, supportive family members, and corporate success.

Vision

Supply high-quality stainless steel surface treatment materials that create value and promote better lifestyles.



: SWOT Analysis

SWOT analysis and review of all aspects. The 2022 business goals were discussed in the consensus camp and proposed the mid- and long-term strategies for 2023. Each department would then implement the plans, and the President's Office was responsible for tracking the implementation status and results of each plan.



Strengths

- 1 Highly flexible processes with great production efficiency.
- 2 Good quality (proactive improvements).
- 3 Competent at producing thin plates.
- 4 Product diversity.
- 5 The anti-dumping duty is free for the sales to the U.S.
- 6 Good service and strong reputation.



Weaknesses

- 1 Difficulty in the disposal of idle assets.
- 2 Difficulty of personnel recruitment and transfer.
- 3 The traditional equipment manufacturing process leads to high processing costs.
- 4 Product flatness is inferior.



Opportunities

- 1 Consistent supply of raw materials for the 300 series.
- 2 Anti-dumping against China and South Korea (their cold-rolled products cannot be sold to Taiwan).
- 3 Expansion of the export market.
- 4 Increasing demand for polishing panels.
- 5 Manufacture of special materials.



Threats

- 1 Many variables in purchasing raw materials from external suppliers (e.g., price of nickel, dependency on China for the 400 series).
- 2 Indonesian and Vietnamese producers now supply four-foot 304 2B stainless steel at the world's cheapest price.
- 3 Policy change (tightened regulations, rising energy conservation/environmental protection awareness, carbon tax, tax rate changes, migration or downsizing of industry, etc.).
- 4 Inflation and rise of international trade protectionism is not conducive to export.
- 5 Surging cost of materials and energy.
- 6 Contraction of market demand (e.g. EU).

1.3 Sustainability Management Framework, Indicators, and Performance

1.3.1 Sustainability Management Framework

To fulfill Tung Mung’s corporate social responsibility and promote the sustainable development of the economy, society, and environment, we will implement the guiding principles of corporate sustainable development on a long-term basis, and integrate them into our daily operations through various management systems to promote Tung Mung’s sustainable development from a pragmatic perspective, thereby realizing our corporate vision and core values.

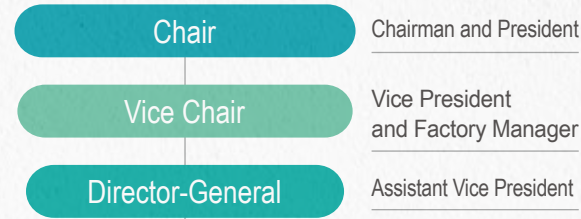
To achieve the Company’s sustainable development, we have established the CSR Implementation Task Force (which was renamed ESG Task Force in 2022), with the Chairman and President chairing the task force, the Executive Vice President and the Factory Manager as the Vice Chairs, and the Assistant Vice President of the President’s Office as the Director General. The heads of each department serve as the executive members and appoint personnel at each department as officers to execute tasks related to sustainable development. The task force is responsible for setting the CSR goals and the company-wide development directions, regularly reviewing if the targets are achieved and the performance, and evaluating the Company’s implementation and countermeasures. This allows the Company to take good care of our stakeholders and realize sound corporate governance, friendly environment, and social care, while achieving sustainable development and fulfilling our corporate social responsibility.

To fulfill our corporate social responsibility and actively respond to the investors’, the government’s, clients’, employees’, suppliers’, community’s, and other stakeholders’ issues of concerns, we have set out the CSR policy below:



Corporate Governance	Products, Clients, Suppliers	Sustainable Environment	Contribution to Society and Employees
<p>Conduct ethical management, comply with laws and regulations, and control operational risks and stakeholder issues. Strengthen competitiveness pragmatically and continue to create profit to give back to shareholders and society.</p>	<p>Actively improve quality and develop technologies, expand overseas markets, maintain quality customer service, and optimize supply chain management to achieve mutual benefits and prosperity in the internal and external stages of production and sales.</p>	<p>Make good use of limited resources and strengthen energy control (energy conservation, water conservation, carbon reduction, and waste reduction), purify and reuse wastewater, and install solar energy facilities to promote ecological sustainability and reduce environmental impact.</p>	<p>Attach importance to employees’ physical and psychological well-being and the harmony between labor and management, enforce occupational safety and health and occupational safety measures, strengthen competence training, pass on experience, and participate in community activities to promote charity development in local communities.</p>

: Composition and Function of the ESG Committee

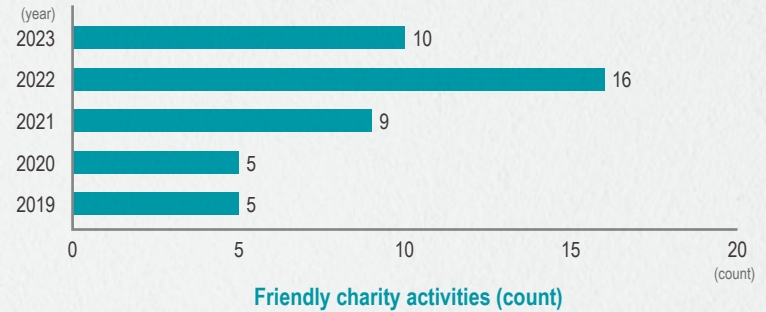
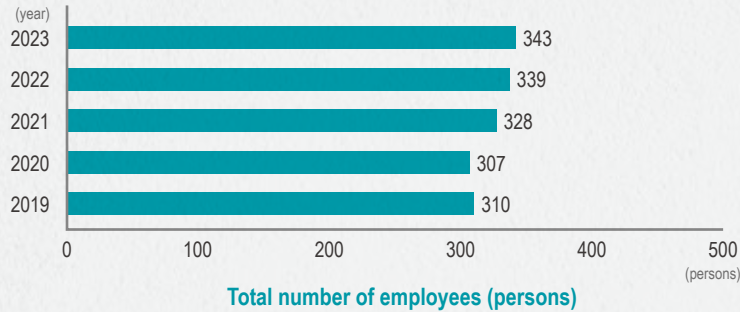


	Corporate Governance Team	Sustainable Environment Team	Product Service Team	Employee/Social Care Team		
Aspect	<ul style="list-style-type: none"> Corporate governance Ethical management Performance management 	<ul style="list-style-type: none"> Risk control Information disclosure Compliance 	<ul style="list-style-type: none"> Environmental management policy Energy management Greenhouse gas management 	<ul style="list-style-type: none"> Water resource and effluent management Waste disposal and management Air pollutant management 	<ul style="list-style-type: none"> Customer service Quality management Third-party certification Innovative/environmental products Supply chain management 	<ul style="list-style-type: none"> Remuneration and benefits Labor-management relations Occupational Health and Safety Talent training Friendly workplace Charity events and activities
Responsible Unit	Finance Department Accounting Department President's Office Information Technology Department	Production Department (3 offices) Engineering Department (3 offices) Environmental Protection Office	Project Engineering Department	Business Department (3 offices) Technology Department Quality Control Office	Production Management Office Materials Department Storage and Transportation Office	Human Resources Department Occupational Safety Department General Affairs Office
Responsibilities	Integration and execution of corporate governance system		Integrate and execute energy conservation and environmental management measures.		Integration and execution of product liabilities	Integration and execution of employee participation and social engagement
Main Tasks	<ul style="list-style-type: none"> Strengthen the functions of the Board of Directors. Put into practice the Company's vision of ethical management. Focus on shareholders' rights and interests and information transparency. Identify stakeholders, analyze their issues of concern, and establish and develop relevant management systems. 		<ul style="list-style-type: none"> Responsible for promoting and implementing the policies on energy conservation, water conservation, carbon reduction, waste reduction, and environmental protection internally. Plan and formulate environmental protection projects for environmental sustainability issues. Plan and execute the ISO 14001 environmental management system. Planning and implementation of ISO 14064-1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and elimination. Cooperate with the requirements of the competent authority. 		<ul style="list-style-type: none"> Responsible for the Company's product sales and quality management work. Manage and maintain the operation of the ISO 9001 quality system. Take the initiative to visit clients and understand their needs, assist them in using products, and provide them with advice. Purchase raw materials and manage the supply chain to maintain normal production and provide high-quality products. 	<ul style="list-style-type: none"> Protect employees' human rights and is responsible for employee education and training, employee benefits, employee health care, and workplace safety and health management. Work with the Education and Training Committee to offer appropriate and effective training courses to employees. Care for employees' health and provide health consultation channels. Hold social and community charity events and activities and participate in social services to maintain harmonious relationship with the community.

1.3.2 Sustainability Management Indicators and Performance

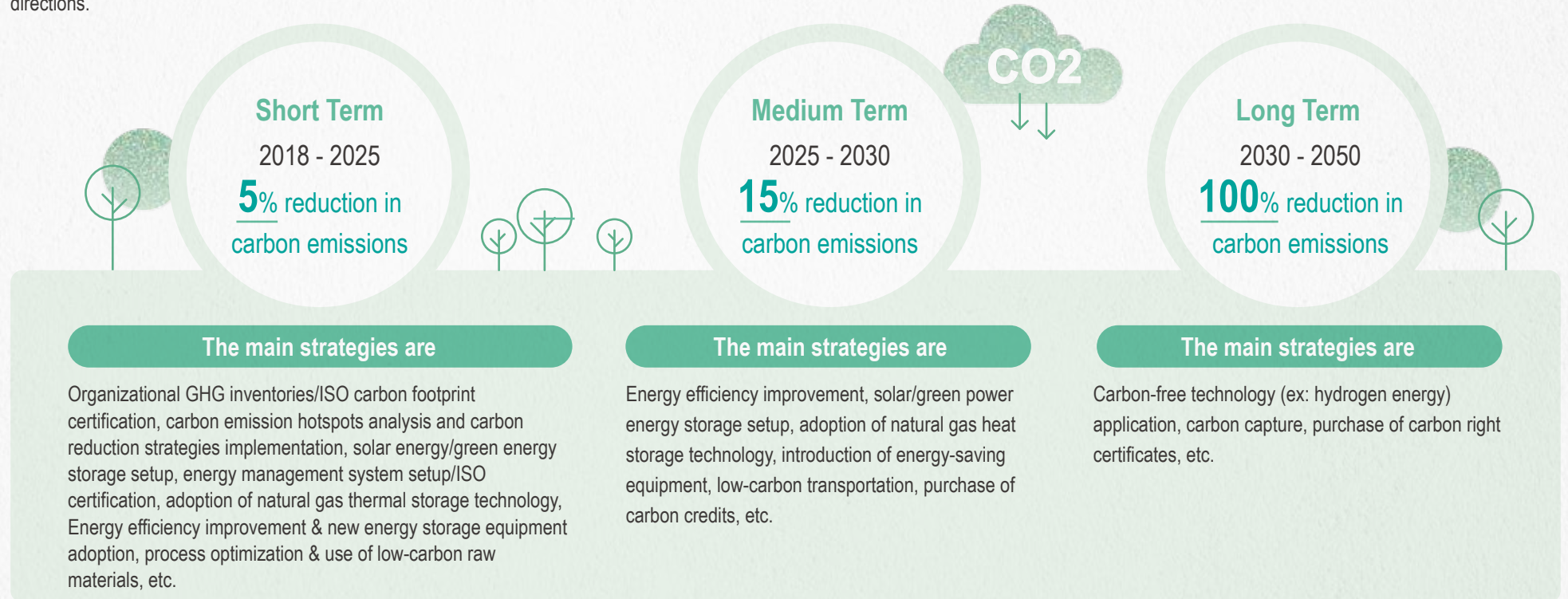


Social Aspect



1.3.3 Tung Mung's Pathways to Net-Zero Emissions by 2050

To align with the government's 2050 net-zero emission initiative and the formal implementation of the Climate Change Response Act, Tung Mung formed a carbon neutrality task force in January 2023. This task force, consisting of members from the ESG Promotion Committee, focuses on the global and Taiwanese era of carbon pricing. Led by the management team, it assesses the risks and opportunities related to climate (carbon emissions) and has established Tung Mung's 2050 net-zero emission pathway, declaring the Company's short-, medium-, and long-term carbon reduction goals and strategic directions.



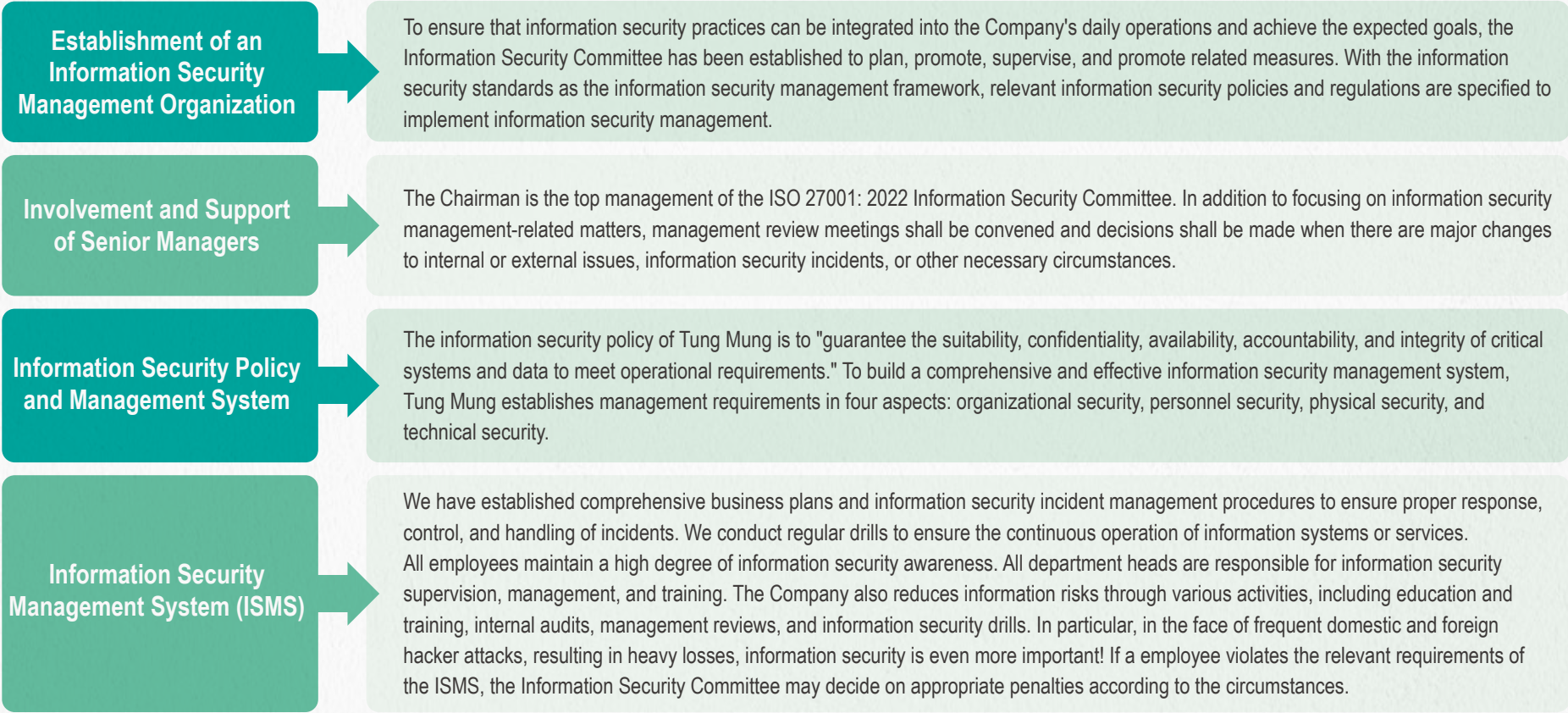


1.4 Information Security

Tung Mung introduced the ISO 27001: 2022 information security management system (ISMS) in 2023 to implement risk management and increase the strength of corporate information security.

Attaching great importance to information security is one of our major commitments to our clients. While conducting business activities, ensuring the confidentiality and respect of the information provided by our customers is a mandatory requirement for all Tung Mung's employees.

Tung Mung is committed to the overall protection capability of the enterprise to meet the information security requirements of the supply chain. To ensure that our information security goals align with our governance objectives, we conduct an inventory of critical information systems and data to identify key areas of focus in information security management and set appropriate targets. At the same time, to fully understand the Company's information environment and achieve effective communication, we have classified material data by appropriate levels.



1.5 Stakeholder Engagement

Tung Mung pursues sustainable development. To understand the issues on which stakeholders focus, realize our commitments to them, and maintain effective and positive communication with them, we have placed the CSR Implementation Task Force in charge of planning and implementation of relevant matters. Tung Mung has distributed questionnaires to the stakeholders it interacts with through business activities held by various departments and established a transparent and effective multi-party communication platform to understand various stakeholders' needs, their expectations of Tung Mung, and their issues of concern as a reference for the implementation of corporate social responsibility policies and relevant projects.

1.5.1 Stakeholder Identification

Stakeholders are internal or external individuals or groups with an impact on or who are affected by Tung Mung's operations. To fulfill our commitments to the stakeholders, the CSR Implementation Task Force has been composed of members from each department to engage in discussion. The task force referred to the groups of stakeholders identified by peers to list the Company's seven categories of stakeholders, namely employees, clients, shareholders/investors, government agencies, local communities, suppliers, and contractors. In 2021, each department distributed questionnaires to the stakeholders based on the relevant stakeholders identified, collected the completed questionnaires, and analyzed the responses to understand their issues of concern.



: Issues Communicated and Communication Channels between Tung Mung and Stakeholders

Stakeholders	Communication Channels	Issues Communicated	Communication Frequency
Employees	Employee Welfare Committee	Employee benefits	Quarterly
	Education and training and policy advocacy	Education and training arrangements and planning	Irregularly
	Internal announcements	Policy advocacy	Irregularly
	Regular meetings	Operation-related issues	Weekly, monthly, quarterly, semiannually, and annually
	Health checks	Health check arrangements	Annually
	Bulletin board	Production site arrangements and communication	Immediately
	Labor-management meetings	Employee rights and benefits	Quarterly
	On-site inspection	Occupational health and safety management	Monthly
	Email for internal communication	Employee needs, expectations, and suggestions	Immediately
Clients	Mutual visits	Product order handling and discussion	Irregularly
	Client satisfaction surveys	Quality and specification requirements	Semiannually
	Sales contact persons Communication by telephone or communication software	Delivery discussion	Immediately
	Visits to exhibitions and participation in trade shows	Customer expectations for future collaborative models	Irregularly
	Email for external communication	Product use	Immediately
	Collaboration to develop potential clients	Needs for development of new products	Irregularly
Shareholders/ Investors	Spokesperson/acting spokesperson	The Company's operational strategy	Immediately
	Company website	Operational and financial performance	Immediately
	Market Observation Post System (MOPS)	Operational risk management	Immediately
	Annual report/financial statements	Corporate governance	Regularly
	Shareholders' meeting	Information on operations	Annually
	Email for external communication	Suggestions about operations	Immediately

1.5.2 Issues and Channels of Stakeholder Communication

Tung Mung respects stakeholders' rights and ideas, maintains positive interactions with stakeholders in daily operations, and maintains two-way exchanges of ideas. Communication with employees through internal announcements, regular meetings (weekly, monthly, quarterly, semi-annually, and annually), bulletin boards, and internal emails is conducted to communicate the Company's policies and messages with them. We provide smooth communication channels to the public, including the Company's website, shareholders' meetings, annual reports, client satisfaction surveys, technical services, participation in external associations or organizations, telephone, fax, and e-mail. As such, we can understand the stakeholders' concerns and expectations first and communicate with external stakeholders in a timely and appropriate manner through various departments regarding their concerns and expectations based on previous experience in working with various stakeholders.



: Issues Communicated and Communication Channels between Tung Mung and Stakeholders

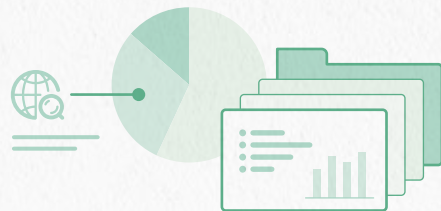
Stakeholders	Communication Channels	Issues Communicated	Communication Frequency
Government Agencies	Random on-site inspection/visits	Corporate governance	Irregularly
	Correspondence	Occupational health and safety	Irregularly
	Market Observation Post System (MOPS)	Labor-management relations	Immediately
	Briefing sessions/seminars	Government policy advocacy and introduction	Irregularly
	Authority reporting systems	Compliance with laws and regulations	Regularly
	Email for external communication	Government requirements	Immediately
Local Communities	Company website	Description of the Company's operations	Immediately
	Visits to local residents	Community care	Irregularly
	On-site communication	Explanation of and response to abnormal wastewater discharge	Irregularly
	Participation in community events/activities	Discussion of participation methods	Irregularly
	Email for external communication	Community participation and community charity	Immediately
Suppliers/ Contractors	Evaluations of suppliers	Material procurement requirements	Annually
	In-plant education and training/awareness-raising activities	Quality of materials delivered	Irregularly
	Face-to-face communication	Supplier evaluation/assessment status	Irregularly
	Procurement contracts/ Engineering outsourcing contracts	Contractor safety training	Contract period

1.6 Material Topic Identification

To understand Tung Mung's issues about which stakeholders were concerned, we designed a CSR questionnaire and listed 14 issues in the economic, social, and environmental aspects: operational performance, compliance, corporate governance, supply chain management, energy management, air and greenhouse gas emissions, wastewater and waste treatment, chemical management, occupational safety, labor-management communication, talent cultivation and equal employment, water consumption, product quality, and technology development. We distributed the questionnaires to stakeholders to rate their degree of concern (for key internal/external stakeholders) and level of impact (for internal managers/employees) regarding each issue on the Company's operation.

A total of **121** questionnaires were issued of which **109 (90%)** were recovered.

Process for Identifying Material Issues



- 1 Identified Stakeholders**

According to the **SEVEN** types of stakeholders identified:

 1. Investors (shareholders and financial institutions)
 2. Government agencies
 3. Clients
 4. Employees
 5. Suppliers
 6. Contractors
 7. Local communities
- 2 Collected Issues**

Based on the Company's CSR policy, we referred to relevant international standards and the GRI Standards and listed 14 issues in the economic, environmental, and social aspects.
- 3 Resolved to Decide Material Issues**




Through the questionnaire survey, we understood different stakeholders' degree of concern about each issue. In addition, the Company's top-level managers assessed and analyzed the level of potential impact caused by each issue on the Company's operations.
- 4 Prioritized Material Issues**

We sorted the 14 issues according to the degree of concern and the level of impact on the Company's operations by score and identified the material issues with higher degree of concern and level of impact on the operations.
- 5 Reviewed and Disclosed Issues**

Relevant information is disclosed in the ESG/Sustainability Report.

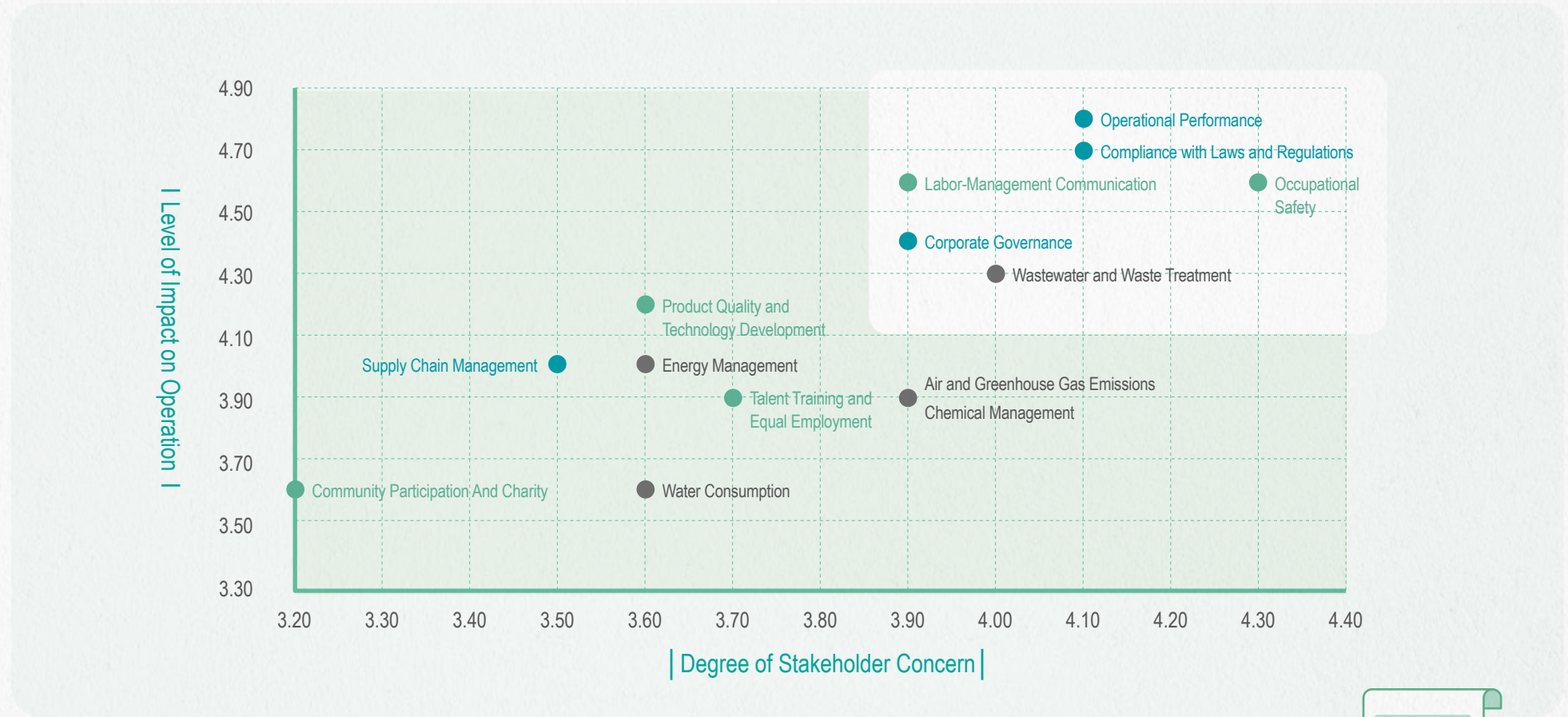
We then collected the completed questionnaires and analyzed each issue according to the "stakeholders' degree of concern" and "level of impact on operation" on a scale of one to five points, and items with a score of at least 16 points are considered material issues. A total of six material issues of high concern and high impact were identified through a matrix analysis based on the scores, which were prioritized to be disclosed and responded to in Tung Mung's ESG Report.

Material Issue Identification and Analysis

Classification of Sustainability Issues	No.	Sustainability Issues	Degree of Stakeholder Concern	Level of Impact	Multiplication	Sorting of Material Issues
Economic Aspect 	1	Operational performance	4.1	4.8	19.6	2
	2	Compliance with laws and regulations	4.1	4.7	18.9	3
	3	Corporate governance	3.9	4.4	17.2	5
	4	Supply chain management	3.5	4.0	13.8	12
Environmental Aspect 	5	Energy management	3.6	4.0	14.3	10
	6	Air and greenhouse gas emissions	3.9	3.9	15.1	8
	7	Wastewater and waste treatment	4.0	4.3	17.0	6
	8	Chemical management	3.9	3.9	15.0	9
	13	Water consumption	3.6	3.6	13.2	13
Social Aspect 	14	Product quality and technology development	3.6	4.2	15.2	7
	9	Occupational safety	4.3	4.6	19.8	1
	10	Labor-management communication	3.9	4.6	17.9	4
	11	Talent training and equal employment	3.7	3.9	14.2	11
	12	Community participation and charity	3.2	3.6	11.1	14

Material Topic Matrix

After multiplying the degree of concern by the level of impact of each issue on our operations, we sorted the scores and identified six major issues, namely occupational safety, operational performance, compliance, labor-management communication, corporate governance, and wastewater and waste treatment. We then conducted relevant operations and management for these six issues. The operations and management approaches are disclosed in this report.



Internal Review and Discussion

The operation and implementation of our strategies have been disclosed in detail in this report after analyzing and sorting the material issues. Other issues of low concern or low impact have been disclosed partially, and the GRI index has been attached to this report for reference.



Material Topic Management Approach

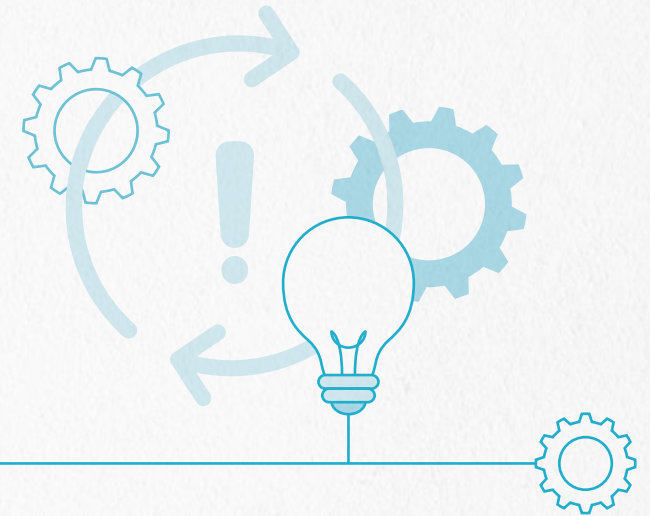
According to the material issues identified, we formulated the management approaches and reviewed each target and its evaluation mechanism in 2023, and will continue in accordance with the management approaches in place.

Please refer to the table below for the policies on material issues, management approaches, management targets, and management results:

Material Issue	Policy	Management Approach	Management Target (2023)	Management Result (2023)	Future Focus
Corporate Governance	Pursue profit and growth and create maximum value for shareholders.	Emphasize the business strategy and corporate culture of risk management and adopt the qualitative and quantitative results of risk management as the basis for formulating business strategies.	<ol style="list-style-type: none"> 1 Measure the risk and efficiency of the operating cycle and provide suggestions for improvement. 2 Strengthen the effectiveness of corporate governance. 	Use already formulated risk management measures to assess and review business operational risks.	<ol style="list-style-type: none"> 1 The Risk Management Committee conducts drills on various types of risk response guidelines. 2 The Corporate Governance Team of the ESG Promotion Committee has been tasked with the responsibility of setting short-, medium-, and long-term goals on ethical management.
Operational Performance	Continue to improve production and management processes starting from corporate culture and implement standardized and safe management to create better sales performance.	Implement various operations and improve operational performance based on the Company's existing management system and operating standards.	Steady growth in sales.	Audited the status of each operating target.	Identify long-term trends through statistical analysis and devise responses accordingly.
Occupational Safety	Zero occupational injuries in the entire factory.	Shorten the period to improve defects in the factory, increase the hours of safety and health education and training, increase the proportion of employees having annual health checks, and motivate employees to make improvement proposals.	<p>Short term: Introduce the Occupational Safety Month activity and raise employee awareness of the concept of safety and health through their participation in the activity.</p> <p>Medium term: Connect the three management systems of quality, occupational safety, and environment and implement them effectively.</p> <p>Long term: Raise employees' awareness of occupational safety and health through an excellent management system and the Plan-Do-Check-Act (PDCA) cycle and motivate them to make improvement proposals to enhance the safe work environment.</p>	One occupational accident occurred in 2020, and we have reviewed and improved our approaches. No occupational accidents occurred in 2023.	Conduct full-scale examination of safety risks and execute improvement measures.
Compliance with Laws and Regulations	Comply with laws, prevent pollution, make optimal use of resources, make continuous improvements.	<ol style="list-style-type: none"> 1 Continue to plan and execute the ISO 14001 environmental management system. 2 Ensure that the requirements of the environmental management system are integrated into the organization's operating processes. 3 Advocate the importance of the requirements of the environmental management system and contribute to the effectiveness of the environmental management system. 4 Strengthen continuous improvement to environmental management. 	<ol style="list-style-type: none"> 1 Reduce environmental complaints and penalties. 2 Dispose of waste through legal channels. 3 Wastewater discharged meets legal requirements. 	<ol style="list-style-type: none"> 1 Compliance rate of waste disposal in 2023: 100%. 2 No. of penalties imposed in 2023 relating to effluent measurement: 1. 	In 2023, environmental penalties were imposed due to the blockage of the polymer dosing pipe in the wastewater equipment, resulting in abnormal dosing and substandard water quality. The blockage was cleared, and the test-run and inspection were conducted again. Improvements were made before the deadline and regular inspection and maintenance will be conducted in the future.
Labor-Management Communication	Establish friendly labor-management relations and hold labor-management meetings on a regular basis.	<ol style="list-style-type: none"> 1 Regular discussion of labor-management issues. 2 Emphasize labor issues and formulate appropriate measures. 3 Maintain smooth labor-management communication and establish a friendly work environment. 	<ol style="list-style-type: none"> 1 Hold labor-management meetings on a regular basis. 2 Avoid labor disputes. 	<ol style="list-style-type: none"> 1 Held four labor-management meetings in 2023. 2 No. of labor disputes in 2023: 0. 	Continue directing attention, responding, and making improvements to workers' expectations.
Wastewater and Waste Treatment	Comply with laws, prevent pollution, make optimal use of resources, make continuous improvements.	<ol style="list-style-type: none"> 1 Increase the number of education and training hours for operating equipment and strengthen employees' skills and knowledge of operating wastewater and waste sludge treatment systems. 2 Plan to purchase the nitrate nitrogen removal equipment. 3 Reuse waste, achieve zero waste to landfill, and reduce waste generated. 	<p>Short term: Continue reducing waste through sludge drying and by controlling the flow of effluents from annealing; measure effluents and avoid exceeding statutory limits.</p> <p>Medium term: Plan and install nitrate nitrogen removal equipment for effluents.</p> <p>Long term: Plan to improve the utilization rate of resources and improve the recycling method of wastewater.</p>	<ol style="list-style-type: none"> 1 Compliance rate of waste disposal in 2023: 100%. 2 No. of penalties imposed in 2023 relating to effluent measurement: 1. 	Continue optimizing effluent and waste treatment through ISO 14001 and carbon neutrality counseling.

02

Chapter Corporate Governance



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2.1 Governance Practices

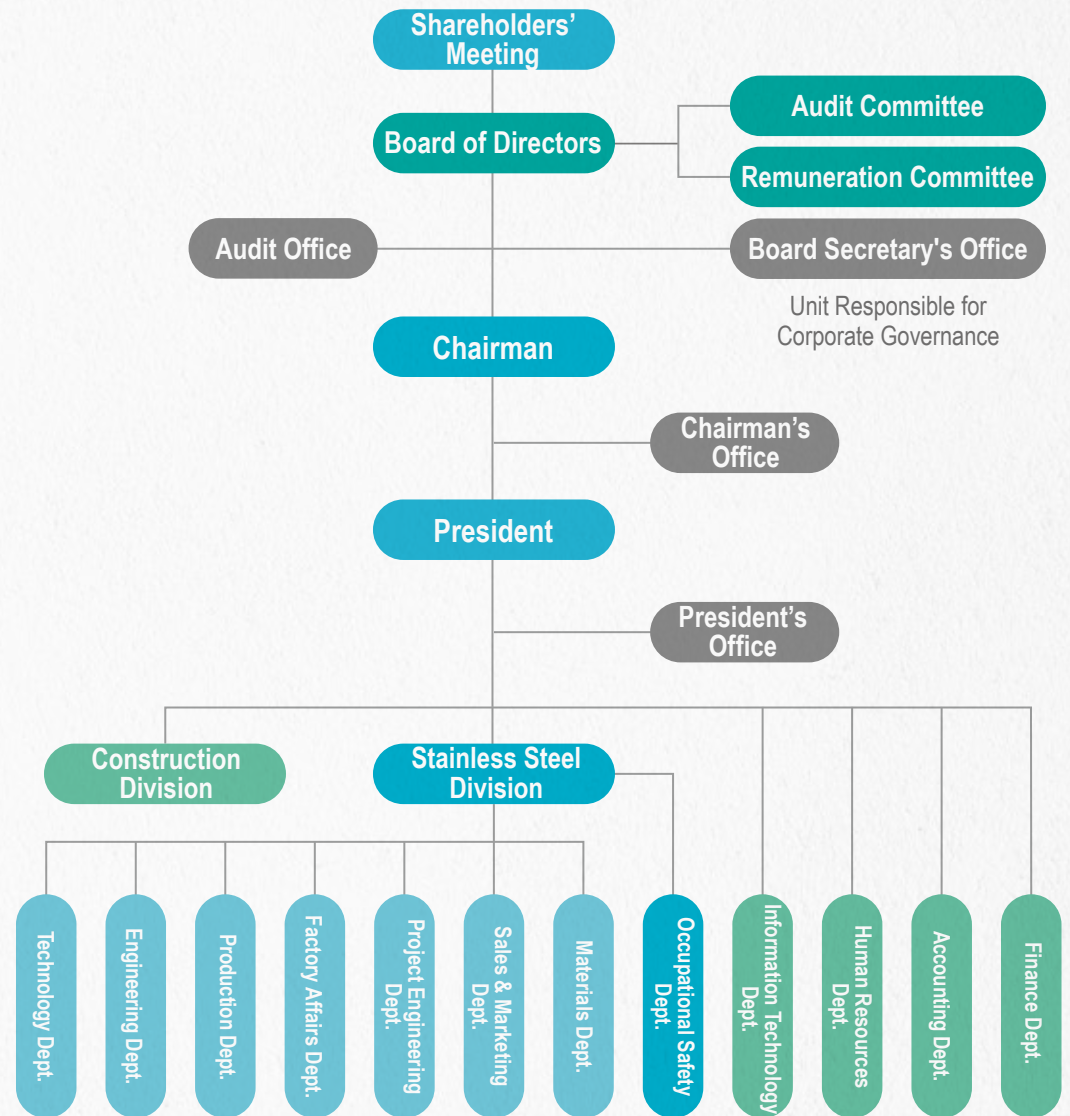
With “integrity and pragmatism, advancement with the times, joint creation of values, and giving back to society” as our business philosophy, Tung Mung is committed to the transparent disclosure of information relating to its operations and finances. The Company upholds ethical governance in alignment with the principles of CSR and in compliance with the Company Act and relevant laws of the Republic of China (Taiwan). In addition to promoting ISO 9001, ISO 45001, and ISO 14001 certification, we also focus on and implement management systems, comply with laws and regulations, improve human rights, and ensure employees’ safety and health as ways to secure the growth and sustainability of corporate operations.

2.1.1 Operation of the Board of Directors

Tung Mung’s Board of Directors is the Company’s highest governance body and the center of major business decisions. It is responsible for formulating corporate strategies, supervising management, and planning corporate governance systems, while supervising and guiding the Company’s operations, appointing top-level managers, confirming business performance, making proposals for earnings distribution, preventing conflicts of interest, and ensuring the Company’s compliance. The Chairman is the chair of the Board of Directors, and the Chairman temporarily serves as the President. The Chairman exercises powers in accordance with the laws and regulations and the Company’s Articles of Incorporation, or the resolutions adopted by the shareholders’ meeting. The President coordinates the operation of and collaboration between various departments and manages the Company’s overall strategic goals and business direction.



: Corporate Governance Structure



: Composition of the Board of Directors 2023 Board Members

The Board of Directors of Tung Mung is elected by the shareholders' meeting in accordance with the Company Act and the Company's Articles of Incorporation, with each term lasting 3 years. The current term started on June 28, 2022, with 7 directors currently serving. On August 10, 2023, an extraordinary shareholders' meeting was held to establish an Audit Committee, replacing the original supervisor mechanism, and electing 4 independent directors. In terms of corporate governance, the Board of Directors of Tung Mung has established an Audit Committee and a Remuneration Committee to assist the Board of Directors in fulfilling its supervisory responsibilities. The members of the Board of Directors are all over 30 years old and equipped with relevant work experience and social experience. With years of experience in corporate management and services, they can provide the Company with correct and effective business strategic directions.

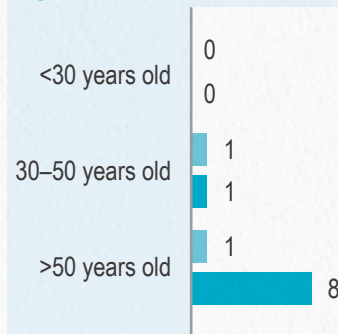
The members of the Board of Directors of Tung Mung have diverse backgrounds. The directors are specialized in business, finance, and industry. They have extensive knowledge and expertise and can provide long-term business strategies and supervise the Company's compliance with various laws and regulations, while supervising the achievement of the Company's operating targets and the improvement of business performance. In addition to supervising business execution, the supervisors are responsible for reviewing the fairness and reasonableness of the Company's financial statements and the effectiveness of the internal systems implemented, thereby reducing the Company's chance of financial crisis and operational risks. When a director or the legal person the director represents encounters a conflict of interest, the Board of Directors shall avoid conflicts of interest in the highest governance body in accordance with the provisions of the Company Act regarding the recusal of conflicts of interest. With a sound corporate governance structure, Tung Mung strives to strengthen the functions of the Board of Directors, leverage the role of supervisors, and respect stakeholders' rights and interests, while improving information transparency to protect shareholders' best interests.

Job Title	Name	Education	Main Experience and Concurrent Positions at the Company and Other Companies	No. of Attendance in Person	No. of Attendance by Proxy	Actual Attendance Rate
Chairman	Chung-Cheng Huang	Doctorate degree, Mining, Metallurgy, and Materials Science, National Cheng Kung University	Incumbent Chairman of Tung Mung Development Co., Ltd. Manager, Technology Department, and Director, Product Technology Department, Fuxin Special Steel Co., Ltd., Formosa Plastics Corporation	7	0	100%
Director	Yu-Hsien Chen	Department of Engineering Management, Tamsui Institute of Business Administration	Director of Tun Yun Textile Co., Ltd. Director of Tuntex Distinct Corp. Director of Tuntex Incorporation	6	1	85.7%
Director	Lien-I Chen	Madou Junior High School	Chairman of Pomp Shine Enterprise Corp.	7	0	100%
Director	Chin-Chun Su	Chang Jung Girls' High School	Chairman of Hao Ying Machine Enterprise Co., Ltd.	7	0	100%
Director	Ke-Cheng Chen	Department of Economics, University of California, Berkeley	Director of Tuntex Incorporation	5	2	71.4%
Director	Chun-Hsin Peng	Department of Accounting, Tunghai University	Assistant Vice President of Finance and Accounting, Taihan Precision Technology Co., Ltd.	7	0	100%
Director	Erh-Piao Chen	Master's degree, Computer Science, Ohio University and Master's degree, Industrial Engineering, Cleveland University	Chairman of Tuntex Incorporation	6	1	85.7%
Independent director	Wen-Che Tseng	Master's degree, Advanced Management College of Management, National Cheng Kung University	Director of Bank Of Kaohsiung Co., Ltd. Independent Director, Audit Committee member, and Remuneration Committee member of Wei Chih Steel Industrial Co., Ltd.	3	0	100%
Independent director	Chao-Ming Wang	National Chengchi University Master's degree, Professional Accountancy	Partner of PwC Taiwan	3	0	100%
Independent director	I-Ching Tseng	University of London Master's degree, International Business Law	Vice Chairperson of Tainan Bar Association	3	0	100%
Independent director	Pao-Sheng Tsai	School of Business, Chung Yuan Christian University Bachelor's degree, Accounting	President Securities Corporation Capital Market	3	0	100%

: Age and Gender Distribution of Board Members

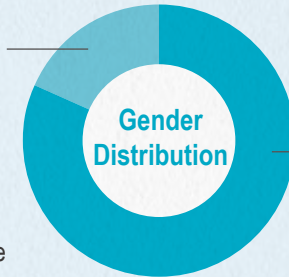
The Board of Directors meets at least once a quarter; a total of seven board meetings, three Audit Committee meetings, and two Remuneration Committee meetings were held in 2023. The board members give priority to shareholders' interests, exercise their powers, and discuss and decide major business issues with a high degree of self-discipline and prudence as a reference for the Company's operations and management.

Age Distribution



18.2%

Female: 2



81.8%

Male: 9

Female

Male

2.1.2 Operation of the Functional Committees

(1) Risk Management

To reduce the potential impact of various risks (business environment, operations management, financial accounting, environment, safety and health, etc.), enhance the awareness of risks to the Company's operation and management, and strengthen risk management, we formulated the Risk Management Regulations in August 2021. We established a risk management team to integrate, plan, execute, evaluate, and continuously improve risk management to effectively respond to the impacts of various risks, achieve the goal of preventing and alleviating risks, and further create opportunities so as to realize the Company's operational goals.



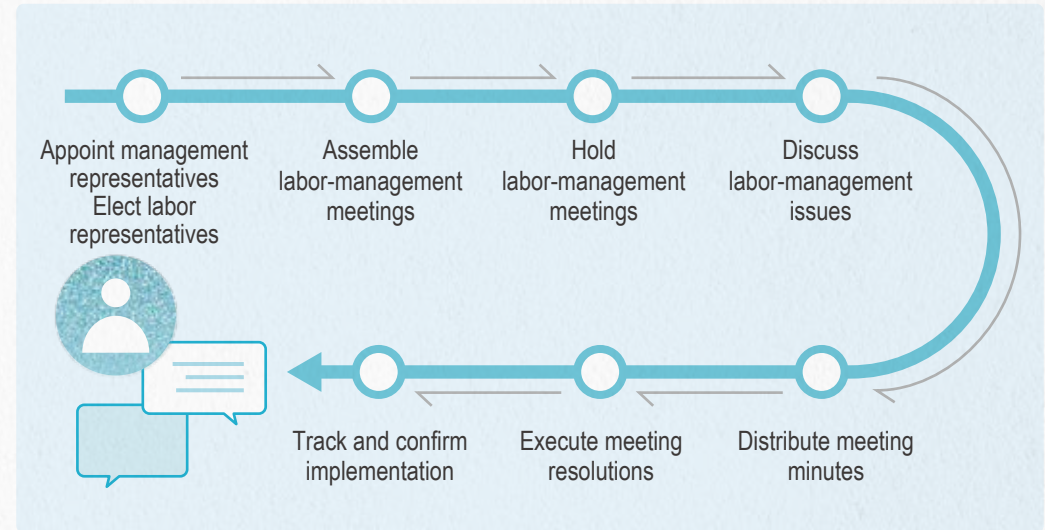
: Operating Process of the Risk Management Team



Organization and Responsibilities of the Risk Management Team (2) Labor-Management Meetings

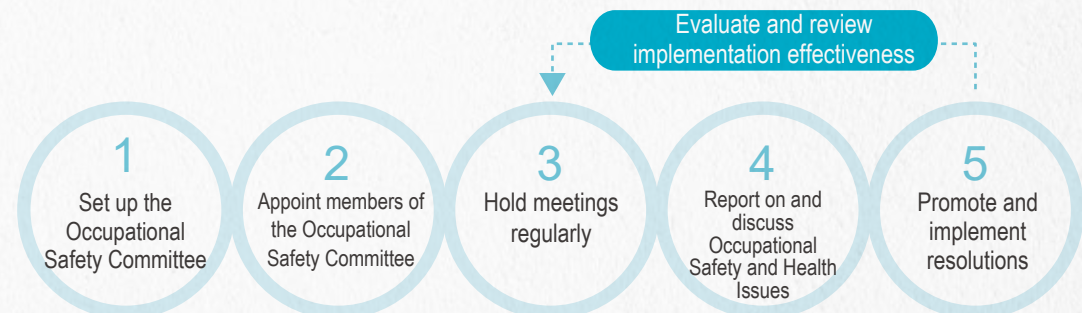


To improve labor-management harmony and better employee benefits, we hold labor-management meetings to discuss employee benefit issues every three months and submit the resolutions to management for approval.



(3) Occupational Health and Safety Committee

To implement the ISO 45001 Occupational Health and Safety Management System, we have established the Occupational Health and Safety Committee in accordance with the requirements of regulations to conduct reporting and discussions as per management requirements and put forth countermeasures to improve and enhance the effectiveness of occupational safety and health.



(4) Education and Training Committee

To gradually improve the education and training plan, Tung Mung established the Education and Training Committee in March 2021. Members of the committee comprise officers and members of the ESG Promotion Committee, whose responsibilities are to discuss issues and implement measures relating to education and training, such as ongoing introduction of digital teaching materials, instructors, certification, and more.

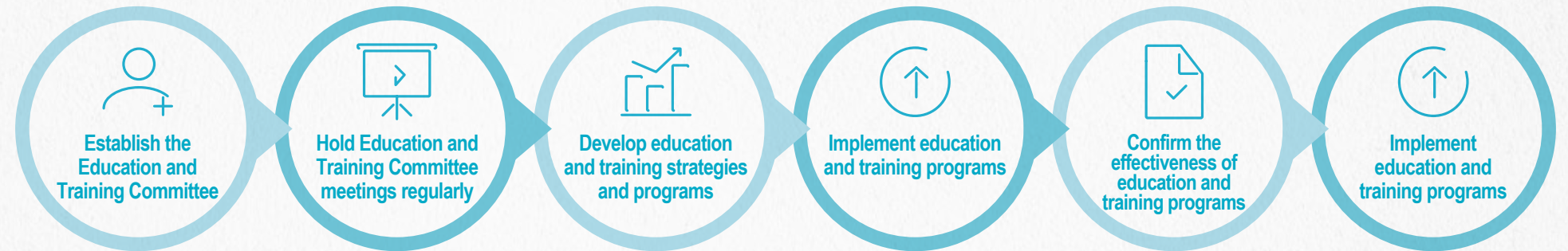
One of the functions of the Education and Training Committee is to discuss matters related to education and training, so that the officers can understand the direction of the education and training implemented by the Company, and brainstorm to provide better insights or suggestions on matters relating to education and training.

: The Advantages of the Education and Training Committee Launched by Tung Mung Are

- 1

Each unit has an education and training officer that represents the unit in the Education and Training Committee. The Human Resources Department and the officers discuss the implementation of education and training, which can shorten the discussion time of education and training effectively.
- 2

Through implementation by and the operation of the Education and Training Committee, we can consolidate education and training resources, convey our messages clearly, as well as planning, arranging, and developing training courses suitable for employees, to effectively improve their willingness to work and technical abilities after training.



(5) Audit Committee and Remuneration Committee

Tung Mung established an Audit Committee during the 2023 extraordinary shareholders' meeting, formulating the Audit Committee Charter to replace the original supervisor mechanism. The Audit Committee has four independent directors as the audit committee members, with Wen-Che Tseng as the convener; the "Remuneration Committee Charter" has been formulated, and the "Remuneration Committee" has been established. The Remuneration Committee has elected four members.



2023 Audit Committee and Remuneration Committee Members and Their Meeting Attendance Overview

	Job Title	Name	No. of Attendance Required	No. of Attendance in Person	No. of Attendance by Proxy	Actual Attendance Rate
Audit Committee	Independent director	Wen-Che Tseng	3	3	0	100%
	Independent director	Chao-Ming Wang	3	3	0	100%
	Independent director	I-Ching Tseng	3	3	0	100%
	Independent director	Pao-Sheng Tsai	3	3	0	100%
	Job Title	Name	No. of Attendance Required	No. of Attendance in Person	No. of Attendance by Proxy	Actual Attendance Rate
Remuneration Committee	Independent director	Wen-Che Tseng	2	2	0	100%
	Independent director	Chao-Ming Wang	2	2	0	100%
	Independent director	I-Ching Tseng	2	2	0	100%
	Independent director	Pao-Sheng Tsai	2	2	0	100%

2.2 Risk Management





Risk management is an important part of an enterprise's sustainable development. To avoid operational risks, we have formulated relevant measures to avoid risks or countermeasures according to the characteristics of the risks and the scope of impact regarding the potential risks that may be faced in the operating activities, to minimize the impact. Meanwhile, we work to fulfill corporate social responsibility, to strengthen the risk management operations and reduce operational risks in the hope of reducing losses while safeguarding stakeholders' rights and interests.







As for risk assessment and management, each department evaluates the Company's overall operations and its operations at the end of each year, and then submits a risk management report to the Chief Risk Management Officer, who then forwards it to the President. Each department then executes countermeasures or monitors measures according to the approved countermeasures.



: Operational Risk and Response

Risks	Potential Operational Risks	Risk Management and Approaches
 <p>Market</p>	<ul style="list-style-type: none"> • The sales prices of the Company's main steel grades are affected by the fluctuations of nickel prices and the price war in Indonesia, making it difficult to make profit. • It is difficult for our business to grow further in the domestic market of Taiwan. • The world's stainless steel is oversupplied, and it is still difficult for the stainless steel market to improve in the short term. • Due to the prevalence of trade protectionism in various countries, such as the China-US trade war and the EU's defense mechanism, exports are affected by trade barriers, and high freight costs and increased procurement costs for clients all affect the export volume. • Import and export markets are susceptible to currency depreciation. 	<ul style="list-style-type: none"> • Produce products based on orders placed every month to reduce the loss from idle production capacity and control production costs stably, while improving production efficiency and product quality. • Continue to expand the direct export market, diversify client sources, and reduce the risk of dependence on a single market. • Adjust the pricing strategy to stay aligned with market conditions at any time. • Research and develop new products, expand sales, and develop customized products. • Strengthen production and sales collaboration with overseas distributors, strengthen existing export channels, and reduce regional sales risks.
 <p>Clients</p>	<ul style="list-style-type: none"> • The Company's product market is highly homogenous, and clients have low dependence on our products. • Due to offshoring, most overseas clients source materials locally. • Domestic clients' import volume increased, and the prices are low. • Stainless steel is a well-established and competitive market. Low price, high quality, diverse sources, and fast delivery have become the basic criteria for competition. 	<ul style="list-style-type: none"> • Continue to strengthen high value-added stainless steel products and supply downstream processors with materials for metal stamping parts, gaskets, and electronic product components in a customized manner. • Enhance technical services for clients, solve product problems with them, and increase the depth of collaboration between both parties. • Continue to expand opportunities with domestic clients and develop direct trade business and channels to diversify sales regions. • Improve production processes and product quality consistency.
 <p>Procurement</p>	<ul style="list-style-type: none"> • The price of materials fluctuates greatly, the risk of material preparation is high, and the cost variability is large. • The sources of material procurement and supply are concentrated in a few suppliers. • Stainless steel suppliers use a great deal of nickel pig iron (NPI), which has a low cost of materials. 	<ul style="list-style-type: none"> • Sign long-term contracts with material suppliers to ensure stable sources of production materials. • Pay close attention to nickel price trends in the market and changes in the supply and demand of materials, and collect real-time information on various relevant markets as a reference for short, medium, and long-term nickel price trends, thereby keeping abreast of the trends of nickel-based material prices and evaluating the timing of purchases to purchase relatively cost-effective materials to reduce production costs. • Plan the production and sales volume as per the procurement lead time and inventory of various materials, purchase spot goods, and prepare materials. Manage the material inventory based on the principle of balance to ensure the stability of the sources of production materials and reduce the risk of inventory valuation losses.
 <p>Government Laws</p>	<ul style="list-style-type: none"> • As environmental protection laws and regulations are becoming more stringent, it is not easy to develop the final site to dispose of waste, and the cost of subsequent treatment is increasing year by year. • The implementation of the Greenhouse Gas Reduction and Management Act has affected the expansion of production capacity, thereby reducing enterprises' competitiveness. • The government requires carbon reduction and energy conservation, which setting out improvement measures as per laws and regulations. • The government's legislation requires that energy conservation and waste reduction targets be set year by year, which will increase costs. 	<ul style="list-style-type: none"> • Consult multiple parties for sludge and other waste treatment and regularly monitor and analyze waste to effectively control the amount of waste generated on the premise of compliance with environmental protection regulations. • Update equipment gradually, improve equipment efficiency, and maintain the Company's competitiveness in response to the needs of environmental protection, energy conservation, quality assurance, and new product development. • Strive for greenhouse gas reduction, energy conservation, and carbon reduction, and propose corresponding improvement plans every year. • Convene various departments to discuss and formulate energy conservation programs to reduce electricity consumption and costs.

: Operational Risk and Response

Risks	Potential Operational Risks	Risk Management and Approaches
 <p>Finance</p>	<ul style="list-style-type: none"> • Changes in interest rates. • Risk of financing. • Changes in exchange rates. • Liquidity risk. • Risk of trading derivatives. 	<ul style="list-style-type: none"> • Keep abreast of the capital and evaluate various financing methods and tools according to the annual budget demand to reduce the cost of capital. Closely monitor changes in the exchange rate market and quotations on a daily basis, manage USD positions, timely on-lend TWD and USD loans for repayments, and control USD positions exposed to risks. • Monitor changes in the interest rate market, collect information on interest rates of various banks, control existing long-term and short-term loan positions, evaluate existing loan interest rates timely, continue to establish positive relations with banks, and obtain preferential loan interest rates. • Dispatch foreign currency funds through regular import and export transactions, offset foreign currency claims against foreign currency debts for natural hedging, and consult the foreign exchange departments of banks regarding hedging strategies. • Manage various assets, including current and non-current assets, and liabilities of different attributes at relevant percentages regularly, regulate the solvency for liabilities upon maturity, increase the working capital turnover rate, and reduce the liquidity risk. • Trade derivatives for hedging purposes.
 <p>Human Resources</p>	<ul style="list-style-type: none"> • Employ turnover and difficult to recruit employees. • Inappropriate handling of labor-management relations, resulting in employee complaints. • Insufficient employee training, which undermines efforts to pass on skills and improve technical capabilities. 	<ul style="list-style-type: none"> • Strengthen the original recruitment channels (such as human resource platforms or campus job fairs) and add new recruitment channels, such as referral by the Company's employees (with referral bonuses), signing contracts with head hunters, or recruitment by phone. • Hold meetings for labor representatives to put forth suggestions to seek benefits from management or discuss coordination methods and feasibility with management to strive for employee benefits, thereby enhancing harmony between labor and management. • Require all departments to provide education and training needed for their work every year and schedule training, including internal and external training, to enable employees to improve their technical capabilities. The Company has prepared digital materials to facilitate skill transfer.
 <p>Occupational Safety</p>	<ul style="list-style-type: none"> • Dangerous work environment that may lead to occupational accidents easily due to carelessness. • Insufficient alertness to work safety, which can easily lead to injuries due to carelessness at work. • Injuries caused by new employees due to unfamiliarity, who are employed to take over jobs from retired employees. • Diseases caused by overwork and health factors due to shift work for middle-aged and senior workers. 	<ul style="list-style-type: none"> • Hold occupational safety and health education and training: Implement the occupational safety and health management system in the factory, regularly inspect and identify the operational risks, and continue to reduce accidents. • Assist new employees in learning and fitting in: Implement an employee guidance system, teach them one-on-one by leaders or senior employees, and identify and improve their actions that need to be corrected to prevent injuries for occurring. • Implement contractor management: Request contractors to fulfill corporate social responsibility, require collaborative companies and contractors to follow the Company's occupational safety and health policy, to jointly comply with the requirements of occupational safety and health laws and reduce the occurrence of injuries and accidents. • Improve occupational health management: Strengthen employee health management, prevent work-related illness, and hold health seminars to improve employees' physical and mental health.

2.3 Operational Performance

Tung Mung operates its business with integrity and is committed to creating value and profit, delivering appropriate returns on investments to shareholders, creating employment opportunities for the society, and providing employees with reasonable compensation. In the future, we will continue to focus on our core business, improve process technology and develop products in line with the market demand in the field of rolled stainless steel coil processing, and actively extend the applications of well-developed processes, while keeping abreast of the developments of products on the market and capitalizing on opportunities to increase our market share, thereby ensure steady growth and profitability.

2.3.1 Financial Performance - Stainless Steel

Our products are mainly stainless steel coils. The processed products are sold to downstream stainless steel companies to cut and slit before making them into stainless steel-related consumer products. Therefore, the operating income or loss disclosed is mainly based on stainless steel products. Starting in 2023, the Construction Division was discontinued.

: Description of Operational Performance

Sales Type	Domestic Sales		Export Sales		
	Unit	Amount	Amount	Volume	
2023		6.734 billion	93,640 tons	1.941 billion	25,792 tons
2022		7.784 billion	89,619 tons	3.642 billion	39,735 tons
2021		NT\$9.024 billion	119,811 tons	NT\$2.781 billion	40,941 tons
2020		NT\$7.446 billion	130,534 tons	NT\$474 million	9,376 tons

: Income Statement



Operating Income/Loss	Unit: NT\$ thousand				
Item/Year	2023	2022	2021	2020	2019
Income					
Operating Income	8,943,512	11,671,265	12,008,118	7,968,116	8,389,203
Non-Operating Income	119,878	287,414	82,337	71,591	50,638
Total Revenue	9,063,390	11,958,679	12,090,455	8,039,707	8,439,841
Expenses					
Operating Costs	8,982,949	11,162,602	10,733,387	7,709,895	8,198,861
Operating Expenses	181,278	186,468	193,012	116,648	109,156
Non-Operating Expenses	236,172	456,168	54,252	59,220	57,363
Income Tax Expense (Benefit)	-24,998	-3,466	-18,925	0	0
Total Expenditure	9,375,401	11,801,772	10,961,726	7,885,763	8,365,380
Earnings Distribution					
Net (Loss) Profit After Tax	-312,011	156,907	1,128,729	153,944	74,461
Dividend per Share (Nt\$)	-	-	-	-	-
Earnings (Loss) per Share (Nt\$)	-0.75	0.44	3.17	0.43	0.21

2.4 Compliance and Grievance System

2.4.1 Ethics and Opinion Mailbox



Although Tung Mung has not outlined a set of behavioral guidelines, it has specific requirements about how employees should perform at work, and demands adherence to the work rules. All employees are expected to perform their duties with dedication, accountability, integrity, and trust. Employees are required to treat customers, suppliers, and colleagues in a fair manner for the purpose of protecting the Company's interests and the interests of stakeholders. They must refrain from any manipulation, concealment, or abuse of information gained in relation to their duties, and are prohibited from making false disclosures of material information and exploiting improper gains through any unfair means. With the exception of gifts or treatments that are offered in line with social customs, employees may not demand, arrange, deliver, or accept any form of gift, treatment, kickback, bribe or illegitimate gains, whether for the benefit of themselves, the Company, or any third party.

Tung Mung encourages employees to report any illegal or unethical conduct over the intranet. Employees of any grade are able to report misconduct to the President through the President's Office and schedule a meeting to express opinions on issues concerning internal management personally with the President. Employees that file named reports are also subject to confidentiality protection; only the Vice President and Chief Internal Auditor have access to such information. In addition, a physical employee feedback box is available in the factory to collect paper feedback. In 2023, there were no complaints related to violations of the code of conduct (such as corruption).

Tung Mung has been providing employees with the means to raise suggestions face-to-face with the President for many years, but no violations of integrity have occurred in the past. However, given the public's rising expectations for ESG, Tung Mung will begin planning integrity training courses for directors and employees in the second half of 2023, so that everyone may have a proper understanding of Tung Mung's integrity policies and requirements.

2.4.2 Internal Audit

Tung Mung has an Audit Office that carries out internal audit tasks according to the annual audit plan. These tasks include convention of pre-audit meeting, execution of audit procedures, drafting of internal audit recommendations, convention of closure meetings, and presentation of audit reports. Once the Chairman has approved the audit report, an official correspondence will be issued to have the audited unit make improvements within the given timeframe. For any abnormalities discovered during the internal audit, the Audit Office follows up on the progress made based on the improvement measures proposed by the audited unit and produces an internal audit tracking report. The Audit Office also prepares [the Report on Annual Internal Audit/Control Defects, Abnormalities, and Improvements](#) and seeks the Chairman's approval before uploading the report to the competent authority over the internet before the end of May each year.

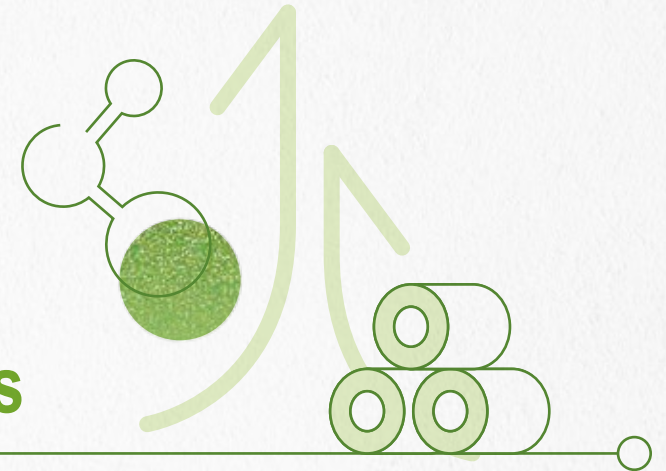
2.4.3 Compliance with Laws and Regulations

Tung Mung is a public company. In addition to complying with the Company Act and relevant regulations, the Company also enforces sound corporate governance for the protection of stakeholders' interests. The Company did not commit any violations against laws related to the economy, human rights, anti-corruption, or product responsibility in 2023 that resulted in penalties from the competent authority or prosecution. One environmental penalty was imposed due to the environmental protection bureau's regular discharge outlet sampling test. The test result showed a suspended solids test value of 44 mg/L, exceeding the standard (the standard value is 30 mg/L). A fine of NT\$165,000 was given, and a deadline for improvement was given. The main cause was that the polymer dosing pipe of the wastewater equipment was blocked, resulting in abnormal dosing and substandard water quality. The dosing pipe blockage has been overhauled and cleared, and there are no more abnormal dosing after dosing is stabilized. The system was restarted and tested, with improvements completed before the deadline. Future inspections and maintenance will be strengthened.



03

Chapter Joint Creation of Values



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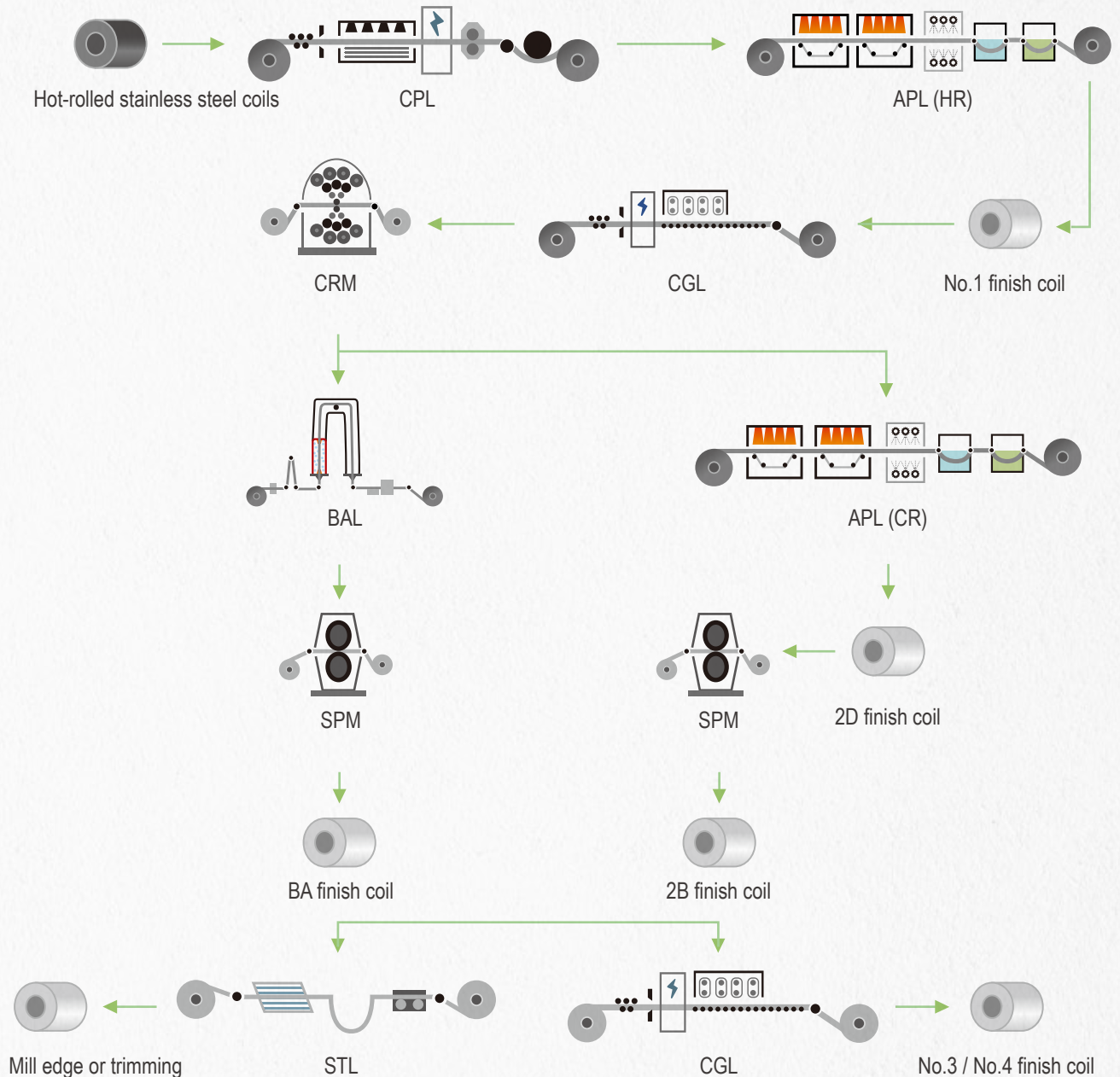
3.1 Product Production Processes

Tung Mung has introduced important equipment, including the 20-Hi cold rolling mills (CRM) and skin-pass mills, established the annealing and pickling line (APL), bright-annealing line (BAL), and coil grinding line (CGL). The 200 series and 300 series hot-rolled stainless steel coils are sent to coil preparation line (CPL). The coil ends are then cut, and the lead strips are welded before being sent to the annealing and pickling line for annealing, descaling, and pickling to remove the surface scales on the surface to form a passivation film. The finished stainless steel coils are commonly known as white coils (No.1 finish coils).

The No.1 finish coils can be sent to the CGL for grinding if surface defects occur. If there are no defects or slight defects, they can be directly rolled back and forth by the 20-Hi cold rolling-mills (CRM) to the required thickness. After that, they are sent to the APL or the BAL for processing for 2D finish or BA finish coils depending on the finish requirements of the finished products. Then, after processing by the skin pass mill, the coils will possess a smoother and flatter surface, that is, 2B or BA finish coils.

As for our non-stable 400 series product, the hot-rolled stainless steel coils need to be heat-treated in a stack annealing process (SAP) for a long time first to adjust the size and distribution of carbides in the material structure. The coils will be sent to CPL first and then sent to the APL for pickling to remove the rust scales on the surface. The rest of the production process is the same as that of the 300 series.

After being processed as above, the stainless steel coils are trimmed, coiled, and slit by a slitting machine or cut to length by a slicing machine according to clients' needs, and then packaged and shipped to clients for precision cold-rolling materials, industrial pipe fittings, medical devices, kitchen utensils and tableware, and construction materials



3.2 Product and Research and Development

3.2.1 Technology Development

Driven by a strong conviction towards “advancement with the times” and “joint creation of values”, we jointly develop new products and new markets with clients in response to domestic and international clients’ needs and market demand. For example, we integrate existing resources, improve equipment, and create new products.

Develop new products through process technologies to enhance competitive advantages



439 Steel Grade

For this steel grade, the C content of the common ferrite (430) is reduced and the Cr content is increased, while Ti and other stabilizing elements are added, to improve the intergranular corrosion resistance, formability, and weldability of this steel grade. Compared with 304 steel, although its elongation is lower (about 30%), its strength and corrosion resistance are comparable and its corrosion resistance is better than that of the 200 series materials.

This steel grade has been developed for elevators, decorative escalator panels, and decorative architectural panels, such as decorative structural parts, structural pipes, automobile exhaust system parts, and inner cylinders of washing machines.

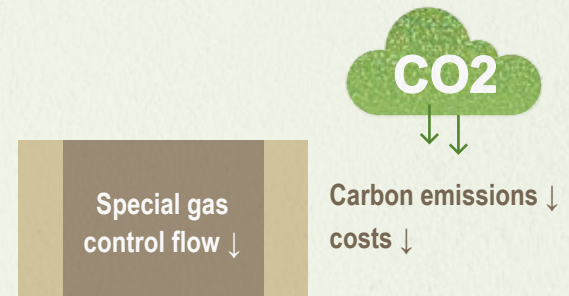
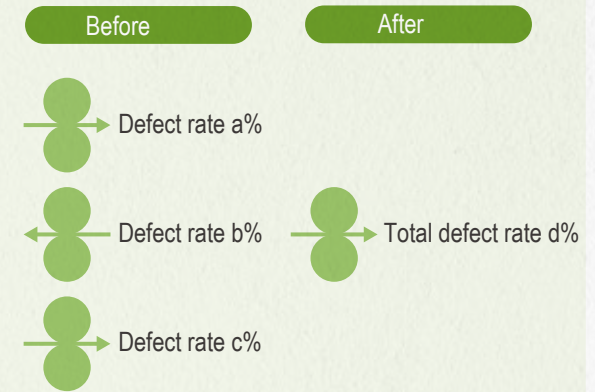
430LX Steel Grade

This steel grade features Ti or Nb in the SUS 430 steel to reduce carbon content and improve processability and weldability.

This steel grade has been developed for hot water tanks, hot water supply systems, sanitary wares, durable household equipment, bicycle cassettes, and inner cylinders of washing machines.

3.2.2 Production Efficiency Improvement Measures

- 1 Through process improvement experiments, we discovered ways to reduce the number of temper rolling passes for certain types of steel, which helps reduce defect rates by 50% (and increase output by 40%) and increase customers’ satisfaction on delivery time and quality. [For example, reducing from 3 passes to 1 pass in a particular product showed a total defect rate of $d\% < (a\% + b\% + c\%)$]
- 2 By optimizing the gas mixture in the annealing furnace, the Company was able to reduce costs and carbon emissions, and reduce the consumption of special gases in certain products by 60%.
- 3 Installing a belt wrapper and using the No.1 sleeve improves output rate during CRM rolling.
- 4 During the CRM process, the steel plate goes directly into the steel sleeve to reduce waste from cutting, which improves the output rate and partially shortens work hours.



Thickness of Base Material (mm)	Output Rate Improvement (%)
2.5	0.084
2.8	0.047
3.0	0.019

Thickness of Base Material (mm)	Output Rate Improvement (%)
2.5	0.167
2.8	0.093
3.0	0.037

3.2.3 Product Quality

Guaranteed quality is one of the main reasons that Tung Mung's products are favored by clients, and we are still continuously making improvements. Therefore, we have established a rigorous quality management system, clearly defined the Company's quality policy, and we uphold the principle of **"First Quality, Best Reputation, Excellent Service"** to provide clients with satisfactory products.

We manage quality from material acquisition, storage, and production to shipment as per the quality standards to ensure the consistency of product quality and satisfy clients' needs. Through rigorous control over our execution, we continue to reduce the rate of defective products. By collaborating with procurement, production, and sales partners, we optimize production schedules to minimize losses from production switches. Meanwhile, goals have been set to increase the pass rate of product self-inspections.



Self-inspection pass rate = weight of Grade A products / weight of total output



Material Management

The materials of Tung Mung's hot-rolled steel coils are in compliance with the requirements of the EU's Restriction of Hazardous Substances (RoHS), the Conflict Minerals Regulation, and EU's REACH Substances of Very High Concern (SVHC). We inspect all incoming materials in accordance with relevant regulations of ISO 9001: 2015 quality management system to ensure that the quality of materials meets requirements.



Product Quality Management

To ensure that the stainless steel coils we process and produce can meet clients' needs and end users' quality requirements, Tung Mung has adopted the surface quality inspection system of Krupp in Germany to strengthen surface quality inspections and purchased a number of advanced inspection and testing equipment from Europe and Japan to analyze and research products. In addition to establishing a complete and rigorous ISO 9001 quality management system, we conduct production and testing operations in accordance with ASTM, JIS, EN, and other international standards, and provide clients with complete pre-sales and after-sales services to achieve quality assurance and track improvements, thereby improving and enhancing product quality.



Rigorous Process Control

To ensure product quality, Tung Mung conducts strict inspection of incoming materials before they are put into production to ensure that the quality meets the requirements. During the production process, we closely monitor the production parameters and conditions of each production line process and continuously monitor the equipment to ensure stable processing and production. We also arrange for qualified quality control personnel to inspect and sample each steel coil to ensure that the products are in line with relevant international norms and standards and meet clients' needs. After we have tested the products, we determine the grade and send them to the warehouse. We record and enter the quality inspection results and process parameters of products into the database detail, so that when there is a quality issue, we can investigate and improve it efficiently.



Product Quality Assurance

Tung Mung implements the quality management system and is committed to improving product quality. In addition to passing the verification of the ISO 9001: 2015 quality management system, our products have been certified for JIS MARK G4305, CNS Mark, India BIS, CE marking in compliance with CPR regulations, and Pressure Equipment Directive (PED). We implement a rigorous quality management system, operate a TAF-certified laboratory, and are able to provide clients with quality-assured products.

Product Quality Assurance



ISO 9001 certificate



India BIS certification



JIS MARK certificate
(Japanese version)



JIS MARK certificate
(English version)



Compliant with CPR certification



CNS Mark (7682) certificate



CNS Mark (7831) certificate



India BIS certification



PEDE certificate



TAF Laboratory certification

3.3 Customer Service

Tung Mung attaches great importance to clients' needs for various products and services and is committed to providing reliable products that satisfy clients' needs. We also focus on clients' satisfaction with various service indicators and their perception of the Company's image and service quality. Through client satisfaction surveys and visits to or communication with clients from time to time, we exchange ideas with them and provide high-quality services regarding product quality, technology and delivery schedules, as well as other issues, to maintain positive and stable partnerships with clients. To effectively provide clients with satisfactory services and improve deficiencies in a timely manner, the Company has established a customer complaint response process.



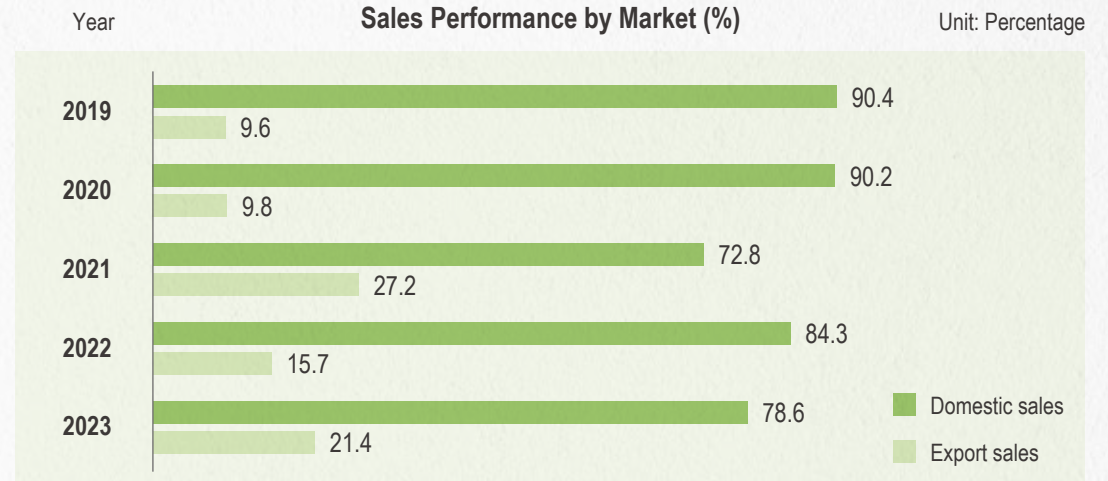
3.3.1 Product Sales and Markets

About 90% of our products are sold domestically, whereas the remaining 10% is exported mainly to the US. We supply clients with materials for cutting, slitting, polishing, and other processing processes to make industrial and medical equipment, kitchen utensils and tableware, and building materials. In recent years, Tung Mung has been actively expanding into international markets. It is expected that the proportion of exports will grow to 30% in the future.

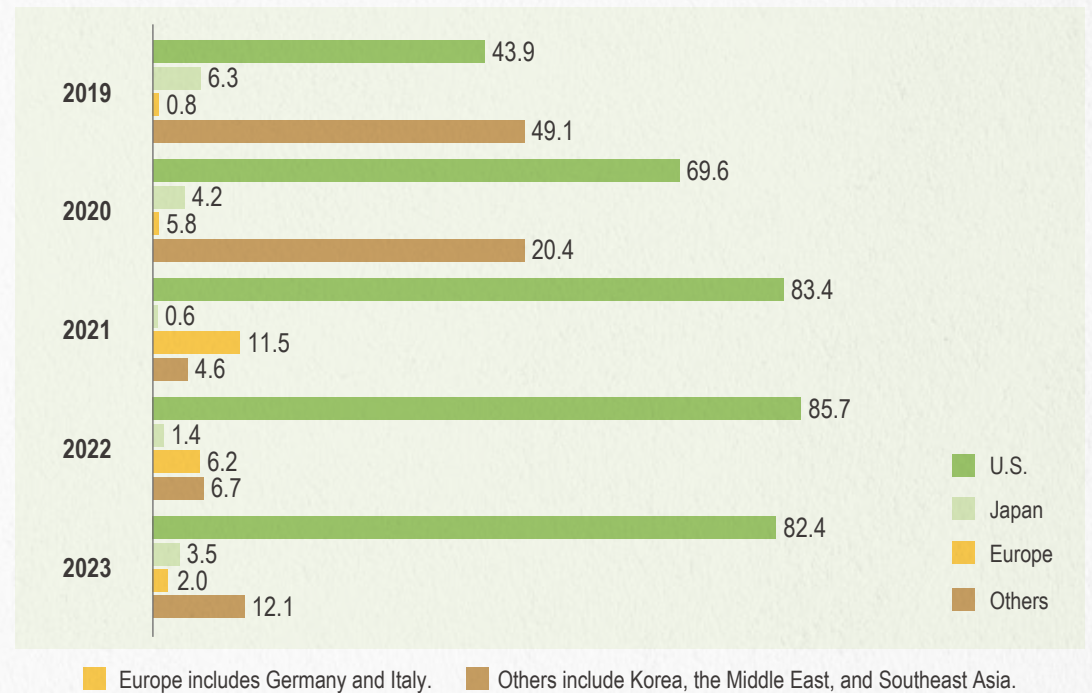
Tung Mung sells a variety of products to the US, Japan, and European markets, and our operations have grown stably. The Company continues to maintain positive partnerships with clients to keep abreast of existing marketing channels, actively establishes an international marketing system, and develops more clients to increase its international reputation, while striving to improve customer service, enhance product quality, and continue to seek collaboration opportunities with other



Product Sales Performance 2019–2023



Export Sales Performance by Market (%)



3.3.2 Customer Service and Management

(1) On-Site Visit

Tung Mung's sales personnel visit clients or provide technical services from time to time. The parties served range from clients to end users, and we provide technical services to clients in need, including product information and matters to be noted during processing. Through the catalog, sample sheet book, and official website, we have made the complete product information public as a reference for clients to choose products. After-sales services include product return and exchange and product use guidance.

(2) Customer Satisfaction Survey

To be informed of clients' needs and product quality and continue to provide them with good services, the Company conducts customer satisfaction surveys twice a year. We conduct satisfaction surveys on personnel service, sales service, and product quality, with a score of 80 points set as the qualifying standards. We may convene relevant units when necessary based on the analysis results to discuss, make improvement suggestions, and follow up on improvement results, which will then be used as internal evaluation indicators.

Customer satisfaction increased further in 2023. The Company is dedicated to meeting customers' needs, and will continue earning customers' loyalty and support in the future.



(3) Clients' Rights and Interests and After-Sales Service

a Clients' Rights and Interests

Tung Mung strictly manages clients' information, attaches importance to customer privacy, complies with marketing ethics, and bears responsibility for protecting the privacy of the data of clients' companies and individuals. We will never disclose such data to any third party or use it for other purposes without prior notice. In addition, in accordance with the EU's General Data Protection Regulation (GDPR), the Company's internal personnel needs to log in with personal account IDs and passwords to access data, while an external firewall has been set up to prevent hackers from invading our network.

b After-Sales Service

Tung Mung provides transparent and effective customer grievance procedures for products and services and responds to grievances fairly and instantly. On the aspect of customer service, we provide pre-sales, sales, and after-sales services. To have a more complete customer service system in place, we have formulated the Domestic Sales Management Regulations, the Export Management Regulations, and the Customer Complaint Response Procedures, to quickly resolve clients' complaints and claims. We have set up a customer complaint channel, clients can report quality issues through the business units and we will follow the customer complaint response process to respond to complaints quickly and take necessary steps based on the negotiation with clients. The number of customer complaints in 2021 was 18% lower compared to the previous year. The Company has taken the initiative to investigate the causes of customers' dissatisfaction, and adopted corrective, preventive, and improvement measures to alleviate quality concerns.

Customer Complaint Cases in 2019–2023



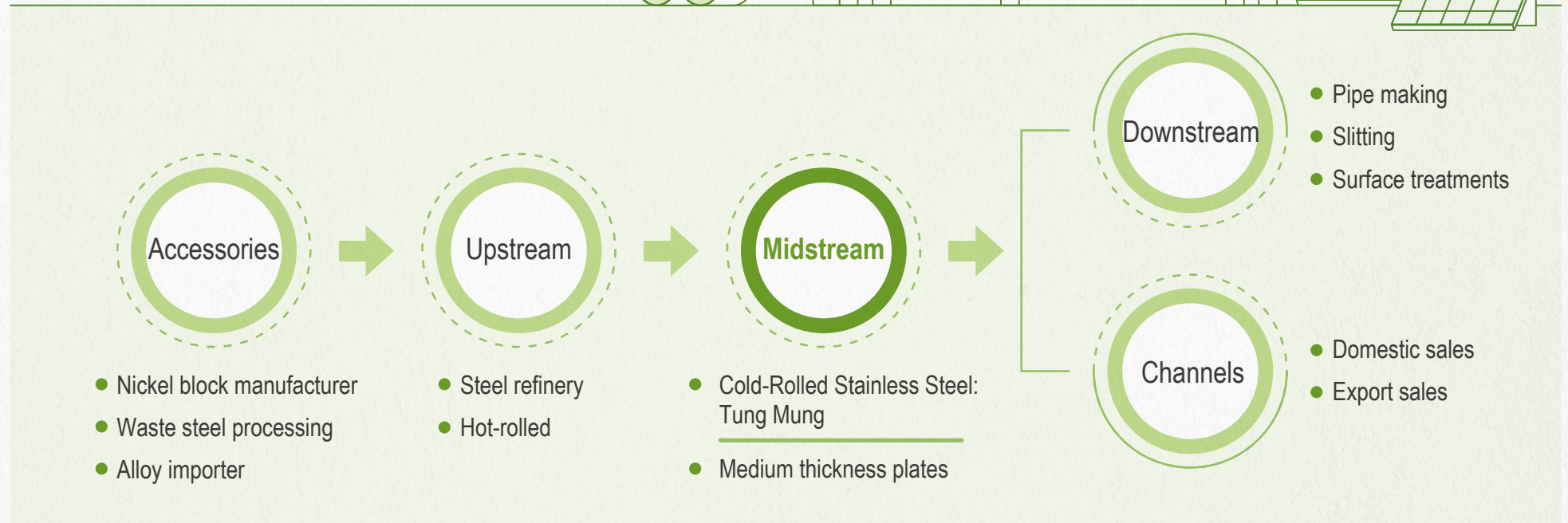
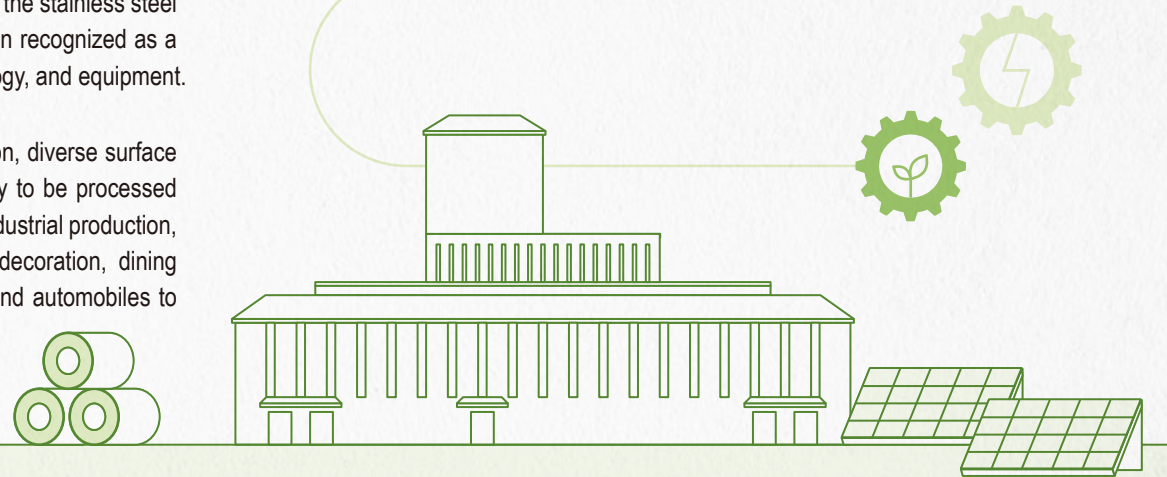
In 2023, there were 31 more customer complaints than in 2022. The Company strengthened quality management and production improvement, identified the causes of quality and complaint issues, and implemented preventive measures to continuously improve and reduce quality problems.

3.4 Supply Chain Management

3.4.1 Value Chain

The association between upstream, midstream, and downstream participants of the stainless steel industry is depicted below. Tung Mung operates in the midstream and has been recognized as a global first-rate supplier of cold-rolled stainless steel in terms of quality, technology, and equipment.

Cold-rolled stainless steel offers many advantages in terms of stability, precision, diverse surface treatment, ease of coating/electroplating, mechanical properties, and versatility to be processed into many varieties of products. It is used in a wide range of applications, from industrial production, precision rolling, home appliances, elevators, shipping containers, building decoration, dining utensils, kitchenware, household containers, building materials, solar power, and automobiles to precision electronics, and is therefore in high demand.



3.4.2 Supplier Management

Tung Mung regards suppliers as partners. We have established stable long-term partnerships with suppliers featuring mutual benefits and jointly established a reliable and stable supply chain of materials and supplies to achieve mutual growth and sustainable development.

We require our employees to select suppliers based on the principle of fairness and openness in the procurement process and objective and impartial standards. When we engage in business dealings with suppliers, there should be not any concealment or false reporting or any other violations of ethics. In the evaluation and selection process of procurement contracts, our employees should ensure the transparency of information and processes to protect the rights and interests of both the Company and our suppliers.



1 Supply Chain Overview

With Tung Mung as the manufacturing center, we connect clients (product demand side), material suppliers (material supply side), and collaborative companies (services) to form a complete supply chain.

2 Supplier Selection

A Supplier Selection Summary

Materials

We purchase a small quantity of samples from new suppliers first and provide a report on the samples used. After new suppliers pass the evaluation and assessment, they will be listed as qualified suppliers. The physical samples are used by the units in need and judged by the Technology Department.

Those whose physical samples have passed the evaluation according to the Material Supplier Evaluation Form will be listed as Grade B qualified suppliers.

After the physical samples are qualified, those who meet two of the following criteria are listed as Grade A suppliers (prioritized for purchase):

- 1 Suppliers who have passed the ISO 9001 quality management system assessment.
- 2 Suppliers who have obtained the CNS Mark.
- 3 Foreign suppliers who have obtained relevant product certifications in their home countries.
- 4 Suppliers who have obtained ISO 17025 laboratory certification.



Supplies

- 1 Those who have met one of the following criteria are listed as Grade B qualified suppliers:
 - (a) Tung Mung evaluates suitable candidates through word of mouth in the industry, sample evaluation, or reputation.
 - (b) Suppliers who have passed the evaluation by the unit using the product according to the Material Supplier Evaluation Form.
- 2 Suppliers whose physical sample has passed the evaluation by the unit using the sample according to the Material Supplier Evaluation Form will be listed as Grade A suppliers when meeting two of the following criteria (prioritized for purchase):
 - (a) Suppliers who have passed the ISO 9001 quality management system assessment.
 - (b) Suppliers who have obtained the CNS Mark.
 - (c) Foreign suppliers who have obtained relevant product certifications in their home countries.
 - (d) Suppliers who have obtained ISO 17025 laboratory certification.
 - (e) Suppliers who have exclusive agency or patent rights.
 - (f) Suppliers who have engaged in business dealings with the Company for at least two years and whose quality and delivery time of the products supplied have been recognized by the Company.

2 Supplier Selection

B Sample System

Tung Mung evaluates and screens new suppliers by using their samples and products or referring to other competitors' feedback to select qualified suppliers. For suppliers of raw materials, however, we evaluate them only through trial use of actual samples.


C Supplier Evaluation

Suppliers of material coils and supplies and collaborative companies are evaluated every six months, with the main focus on quality and delivery. We have established a list of qualified suppliers of materials and supplies. For suppliers evaluated by the Company, Grade A suppliers are prioritized to participate in tenders, followed by Grade B suppliers. The Company may not make purchases from suppliers who have not been evaluated, except for samples. Those whose samples fail to pass the evaluation and assessment twice in a row will not be listed as suppliers and can be used for special procurement when necessary.

In 2023, the Company engaged a total of **72** suppliers, including **8** suppliers of raw materials and **64** suppliers of general supplies

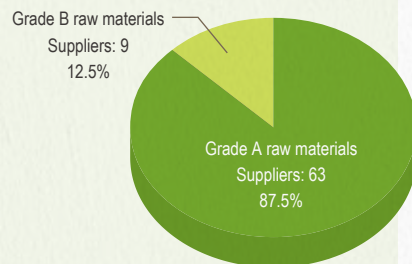
D Quality Rating Criteria

The Company conducts graded management of materials and suppliers by rating them Grade A and Grade B. The score of Grade A is at least 90 points, followed by Grade B with a score of at least 80 points. If a supplier scores lower than 80 points twice in a row, it will be regarded as an unqualified supplier.

In 2023, the ratings are as follows: 

there were **63** Grade A raw material suppliers, representing **87.5%** of the total;

and **9** Grade B raw material suppliers, representing **12.5%** of the total.



E Supplier Sustainability Commitment and Self-Assessment

The Company signs the following commitments with qualified suppliers for the enforcement of corporate social responsibility. More than 60% of suppliers have made commitments and conducted self-assessments on business integrity, environmental sustainability, and protection of basic human rights:

- 1 Commitment to abide by business integrity principles, including but not limited to anti-corruption, fair trade, avoidance of improper gains and false advertising, and compliance with intellectual property rights regulations, and to handle transactions in an open, transparent manner.
- 2 Employees shall avoid conflicts of interest and refrain from engaging in improper or illegal activities, including but not limited to bribery, forgery, or any conduct that violates business integrity.
- 3 Comply with domestic environmental regulations, international guidelines, and corporate social responsibility policies of both parties; adopt appropriate actions to protect the environment and remain devoted to ensuring sustainability of the environment.
- 4 Avoid water, air, and soil pollution from business operations. Minimize adverse impacts on health and the environment to the extent that is cost-effective and technologically feasible, and adopt the best feasible pollution prevention measures.
- 5 Comply with the Labor Standards Act and related laws, protect employees' legitimate interests, respect labor and human rights principles that are globally recognized, and refrain from any conduct that is detrimental to workers' basic rights.



3.4.3 Supplier Supervision

Material suppliers should submit the steel coil chemical composition table for each batch of delivery. If there is any change to the substances of the supplies, suppliers should take the initiative to submit a substance report to update the data and any required changes in maintenance. The substance reports should be submitted to the Quality Control Office for verification and confirmation to ensure that the substances of the materials meet the Company's requirements.

Tung Mung evaluates qualified suppliers in terms of quality and delivery time in January and July every year and completes the Supplier Evaluation Form before the end of January and July. In the case of poor performance of a supplier, we will not conduct transactions with it in principle. If the supplier still wants to sell materials and supplies to the Company, then, before continuing to purchase products from it, we will not only require it to improve but will also re-evaluate it to make sure it meets the Company's requirements for raw materials and supplies.



Ratio of Materials/Supplies Purchased at Home to Abroad

Main Materials/ Supplies	2019		2020		2021		2022		2023	
	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas	Domestic	Overseas
Steel Coils	0	100	0.67	99.43	0	100	0	100	0.74	99.26
Slip Sheets	0	100	0	100	2.7	97.3	50	50	36	64
Hydrogen	100	0	100	0	100	0	100	0	100	0
Steel Rolls	0	100	0	100	0	100	0	100	0	100
Rolling Oil	100	0	100	0	100	0	100	0	100	0
Hydrofluoric Acid	100	0	100	0	100	0	100	0	100	0
Nitric Acid	100	0	100	0	100	0	100	0	100	0

3.4.4 Procurement Practices

In the process of procurement and requesting quotations from suppliers, the Company complies with the Purchasing and Outsourcing Management Regulations, adopts the principle of mutual benefit, and compares and negotiates quotations from qualified suppliers, and considers the Company's costs and suppliers' reasonable margins before purchasing materials according to suppliers' reasonable quotations. All operations must be handled in accordance with the Company's procurement policies and principles, and we sign various long-term and short-term contracts with suppliers according to the quality and quantity of materials to ensure the supply of materials.

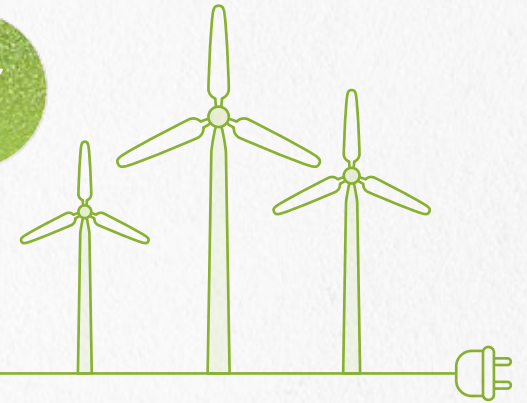
The sources of materials imported are mainly from Indonesia and China. In addition to costs, this can shorten the transportation distance of the materials and reduce GHG emissions to reduce carbon emissions in the supply chain.

We mainly purchase supplies from suppliers in Taiwan; we select high-quality suppliers and suppliers who have been evaluated and qualified by Tung Mung to purchase materials therefrom. When purchasing supplies from suppliers, we sign purchasing contracts to ensure the clarity and fairness of the transaction terms between both parties.

04



Chapter Sustainable Environment

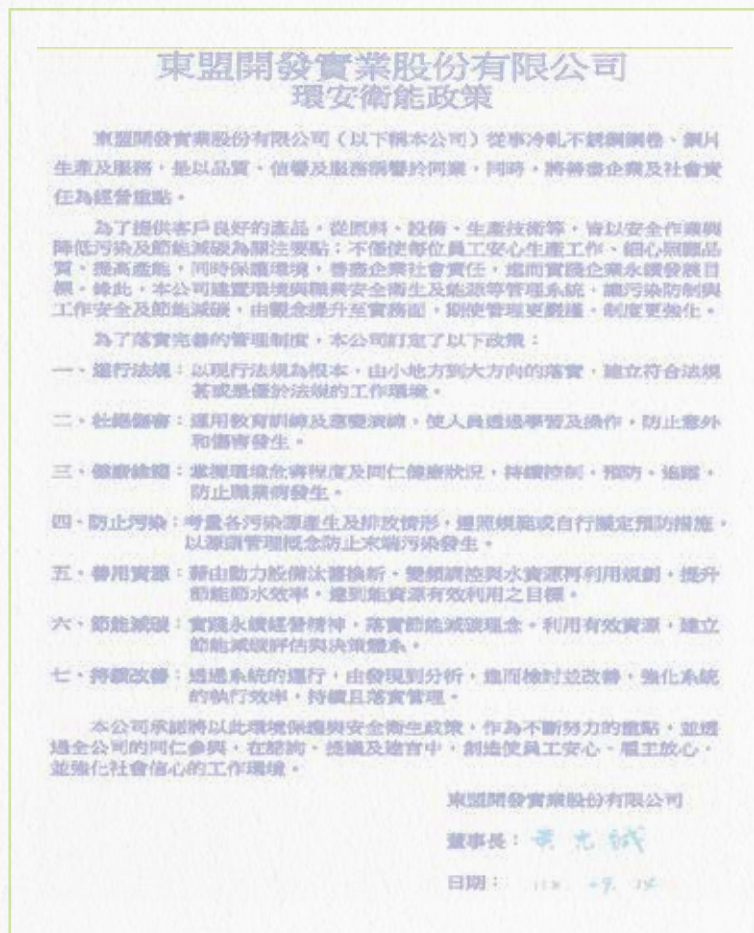


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4.1 Environmental, Health and Safety, and Energy Management Policy

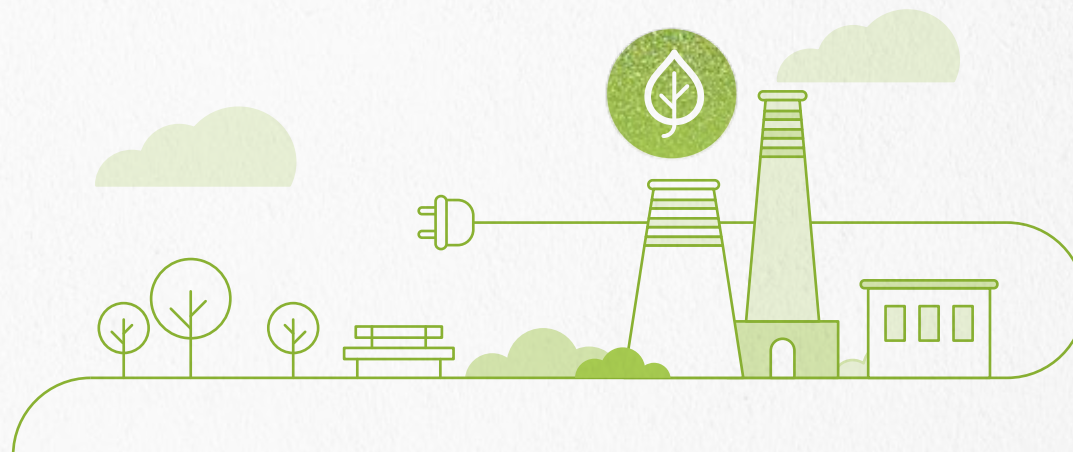
Tung Mung initiated the ISO 50001 Energy Management System implementation in April 2023, passed external verification in November 2023, and obtained the ISO 50001 certificate issued by TUV Rheinland Taiwan in December 2023.

Due to the establishment of a new Energy Management System, Tung Mung's environment, safety, health, and energy policy was re-signed by the Chairman on September 14, 2023 and promulgated as follows:



It Encompasses the Following Environmental Management Policy and Goals

Policy	Target
 Compliance	Upon identifying inspection deficiencies or unit-initiated improvement proposals, the completion rate of improvements within the units' scheduled working days is 100% .
 Pollution Prevention	Zero violations involving discharge from production activities
 Optimal Use of Resources	The annual water-saving rate exceeds 10% of tap water consumption.
 Make Continuous Improvements	Raised more than four improvement proposals on environmental protection during the year



4.1.1 Environment-Related Budget and Expenditure

Tung Mung incurred approximately NT\$86,755,803 of expenses related to environmental protection in 2023; see the following chart for a more detailed breakdown. These expenses are categorized into control of stationary pollution sources, control of wastewater pollution, waste clearing, management of chemical substances of concern, control of soil/groundwater pollution, drinking water testing, and greenhouse gas inventory. This represents Tung Mung's attention to environmental protection.

Summary of Tung Mung's Environmental Protection Expenditures

Item/Name	Stationary Pollution Sources	Wastewater	Waste	Chemical Substances of Concern (Hydrofluoric Acid)	Soil/Groundwater	Drinking Water	Greenhouse Gases
Certification maintenance and counseling expenses							1,250,000
Permit and approval document-related expenses	97,038				83,392		
Testing expenses	147,000	335,295	95,760	144,750	265,000	8,000	
Chemical agent expenses		29,218,725					—
Clearance expenses			30,598,152			—	
Environmental protection equipment acquisition expenses	39,000	22,080,000					
Environmental protection equipment repair expenses		2,097,247					
Environmental protection equipment replacement expenses		25,000					
Environmental protection equipment maintenance expenses	150,000						
Emergency response equipment expenses							
Personal protection gear expenses				77,990			
Education and training expenses		25,400		18,054			

Unit: NT\$

4.1.2 Environmental Protection Proposals

Policy	Target	Proposal No.	Recommendations	Execution	Estimated Amount
Compliance	Raised more than four improvement proposals on environmental protection during the year.	113-001	Raised by the Environmental Protection Office: Re-examine the plan related to the operation of the chemical substance of concern (hydrofluoric acid).	Commissioned to consultancy companies for handling	About NT\$200,000
Make continuous improvements	Raised more than four improvement proposals on environmental protection during the year.	113-002	Raised by the Environmental Protection Office: ISO 14001 internal audit education and training.	Commissioned to consultancy companies for handling	About NT\$60,000
Make optimal use of resources/Make continuous improvements	Raised more than four improvement proposals on environmental protection during the year.	113-003	Raised by the Project Engineering Department: Phase II solar photovoltaic installation.	Carried out by contractors	NT\$93.6 million
Pollution prevention/Make continuous improvements	Zero violations involving emissions from production activities	113-004	Raised by the Pre-Production Office: Add fluoric acid gas detection points.	Carried out by contractors	About NT\$190,000
Pollution prevention/Make continuous improvements	Raised more than four improvement proposals on environmental protection during the year.	113-005	Raised by the Rolling Mill Office: Education and training on the operation of the Magic Oil Drum Truck.	Carried out by contractors	None
Pollution prevention/Make continuous improvements	Upon identifying inspection deficiencies or unit-initiated improvement proposals, the completion rate of improvements within the units' scheduled working days is 100%.	113-006	Raised by the Post-Processing Office: Improvement of the oil leakage in the gearbox of the STL2 export coiler.	Replaced by Machinery Office	NT\$5,000
Pollution prevention/Make continuous improvements	Upon identifying inspection deficiencies or unit-initiated improvement proposals, the completion rate of improvements within the units' scheduled working days is 100%.	113-007	Raised by the Post-Processing Office: Install oil pans in the SPM hydraulic oil refill area.	Carried out by contractors	NT\$10,000
Make optimal use of resources/Make continuous improvements	Raised more than four improvement proposals on environmental protection during the year.	113-008	Raised by the Utilities Section: Miniaturization of BAL boilers nearby.	Carried out by contractors	About NT\$6 million
Make optimal use of resources/Make continuous improvements	The annual water-saving rate exceeds 10% of tap water consumption.	113-009	Raised by the Utilities Section: Collect and treat discharged reclaimed water from the bottom of steam boilers.	Carried out by contractors	NT\$280,000
Compliance	Raised more than four improvement proposals on environmental protection during the year.	113-010	Raised by the Utilities Section: In-service training for hazardous and concerned chemical substances response personnel.	Sent personnel for external training	NT\$8,500
Make optimal use of resources/Make continuous improvements	Raised more than four improvement proposals on environmental protection during the year.	113-011	Raised by the Storage and Transportation Office: Update the air conditioning system in Building 5's weighing scale area and shipping office.	Carried out by contractors	About NT\$160,000

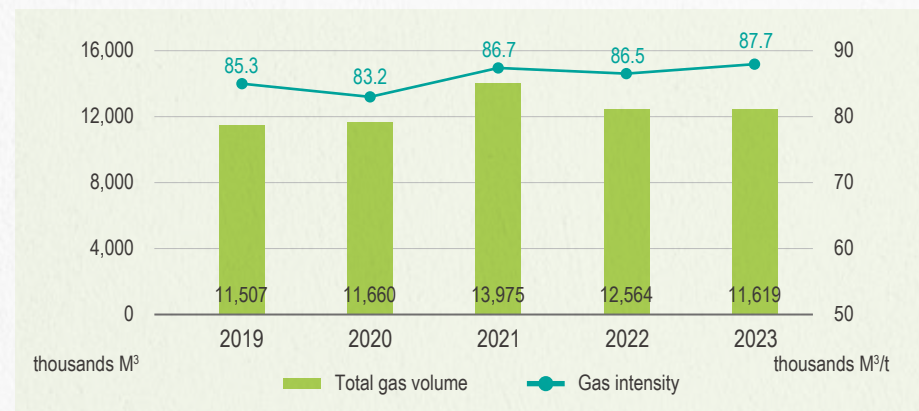
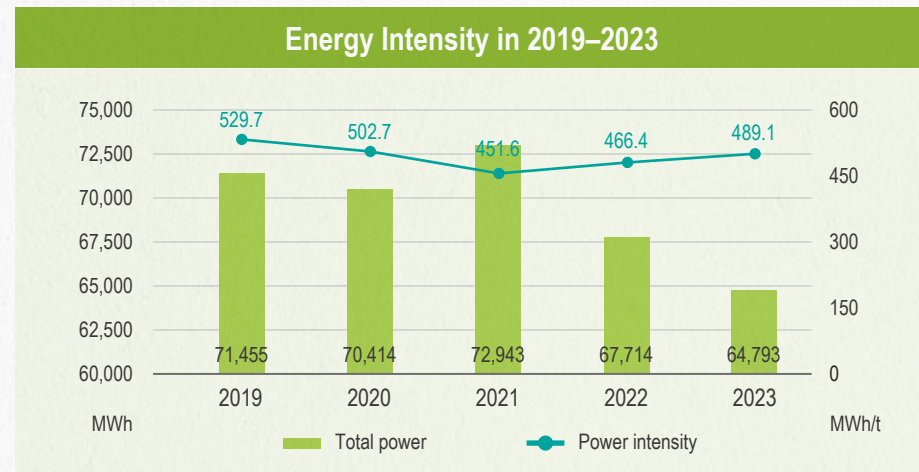
4.1.3 Compliance with Laws and Regulations

In 2023, the Department of Environmental Protection took water samples on-site and found the level of suspended solids exceeded the effluent standards. A total of one penalty relating to wastewater discharge was received in 2023.

4.2 Energy Management

4.2.1 Energy Usage and Intensity

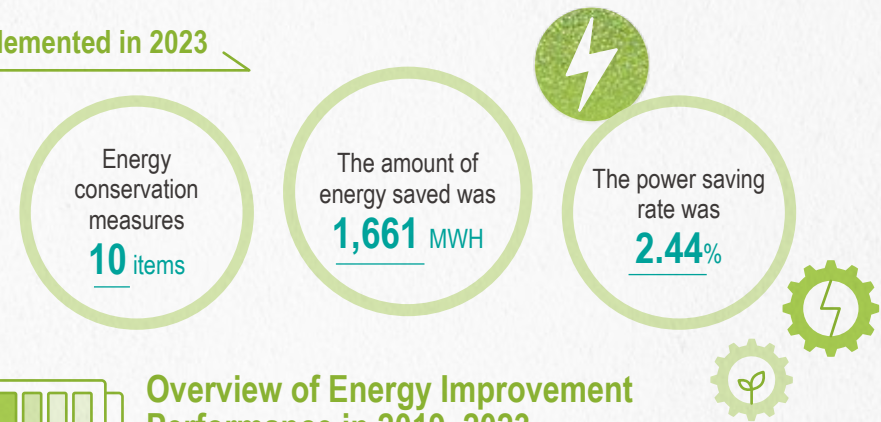
The types of energy used in Tung Mung's production of stainless steel include electricity, natural gas, and diesel. The Company uses large volumes of electricity and natural gas during production. Stainless steel output represents the net volume of products transferred to the warehouse and is measured in metric tons. The Company used 64,793 MWh of electricity and 11,619 kilocubic meters of natural gas in 2023.



4.2.2 Energy Conservation Measures

To alleviate the impact on the environment, Tung Mung has made continuous improvements over the years to save energy. We have complied with the Regulations on **Setting of Energy Conservation Targets and Implementation of Plans** by Energy Users promulgated by the Bureau of Energy, Ministry of Economic Affairs, and managed to save power above the 1% requirement per year set by the bureau.

Implemented in 2023




Overview of Energy Improvement Performance in 2019-2023

Year	Number of Improvement Projects	Power Saving (MWh/year)	Power Saving Rate (%)	Investment Amount (NT\$1,000)
2019	6	1,129	1.56	10,530
2020	6	1,566	2.18	755
2021	7	1,018	1.38	1,793
2022	10	740	1.08	2,777
2023	10	1,661	2.44	51,672

Note: The data is based on the records of energy conservation data filed

Major Energy Conservation Improvements in 2019–2023

Year	Major Improvements	Investment Amount (NT\$1,000)	Improvement Effect (MWh/year)	Note
2019	Replaced 800 HP air compressors to improve efficiency	5,960	828	Replaced air compressors
2020	<ol style="list-style-type: none"> ① The CRM stainless steel plate cooling oil motor was equipped with an inverter to control the oil quantity ② Adjusted the number of stainless steel electrolytic transformers in use in the electrolysis section of APL 	564 0	641 872	<ol style="list-style-type: none"> ① Installed inverters ② Made adjustment as per production needs
2021	<ol style="list-style-type: none"> ① Replaced APL No. 3 electrolytic rectifier transformer that had deteriorated in efficiency ② Modified the power rating of the SCALE PIT pump 	1,488 470	191 49	<ol style="list-style-type: none"> ① Replaced rectifier transformers ② Lowered the pump motor power
2022	<ol style="list-style-type: none"> ① Replaced APL No. 4 electrolytic rectifier transformer that had deteriorated in efficiency ② Reduced hydraulic pressure for SPM work roll ③ Replaced high efficiency motors for the jet cooling fans used at the APL cooling section 	1,580 0 200	296 124 55	<ol style="list-style-type: none"> ① Replaced rectifier transformers ② Lowered the pressure of pressure valves ③ Replaced high efficiency motors
2023	<div style="text-align: center; margin-bottom: 10px;">  </div> <ol style="list-style-type: none"> ① First phase of solar panel installation ② Replaced APL No. 4 electrolytic rectifier transformer that had deteriorated in efficiency ③ Replaced high efficiency motors for the jet cooling fans used at the APL cooling section ④ Installation of inverters and pressure reduction for No. 3 tap water supply pumps in the water treatment plant 	48,616 1,580 200 96	1,572 148 78 77	<ol style="list-style-type: none"> ① Installed solar panels ② Replaced rectifier transformers ③ Replaced high efficiency motors ④ Installed inverters



Replaced high efficiency motors for the jet cooling fans used at the APL cooling section

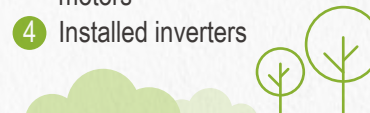
Replaced APL No. 4 electrolytic rectifier transformer



Installation of inverters for No. 3 tap water supply pumps in the water treatment plant



First phase of solar panel installation

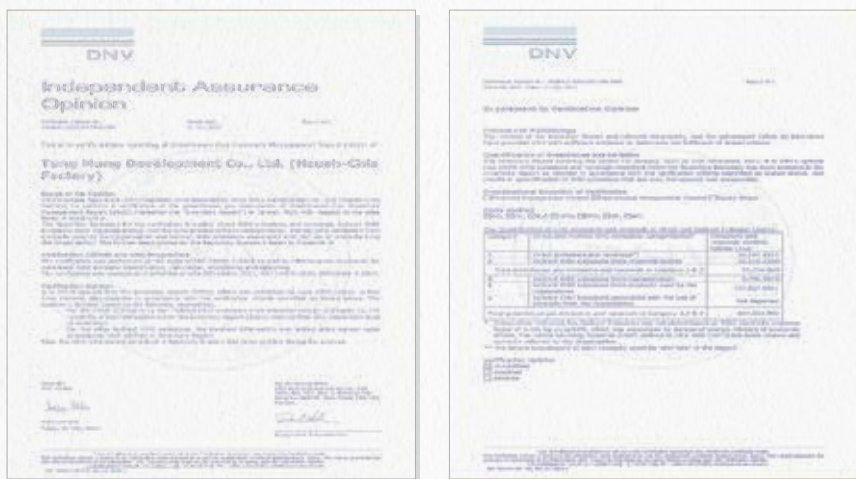


4.3 Greenhouse Gas Management

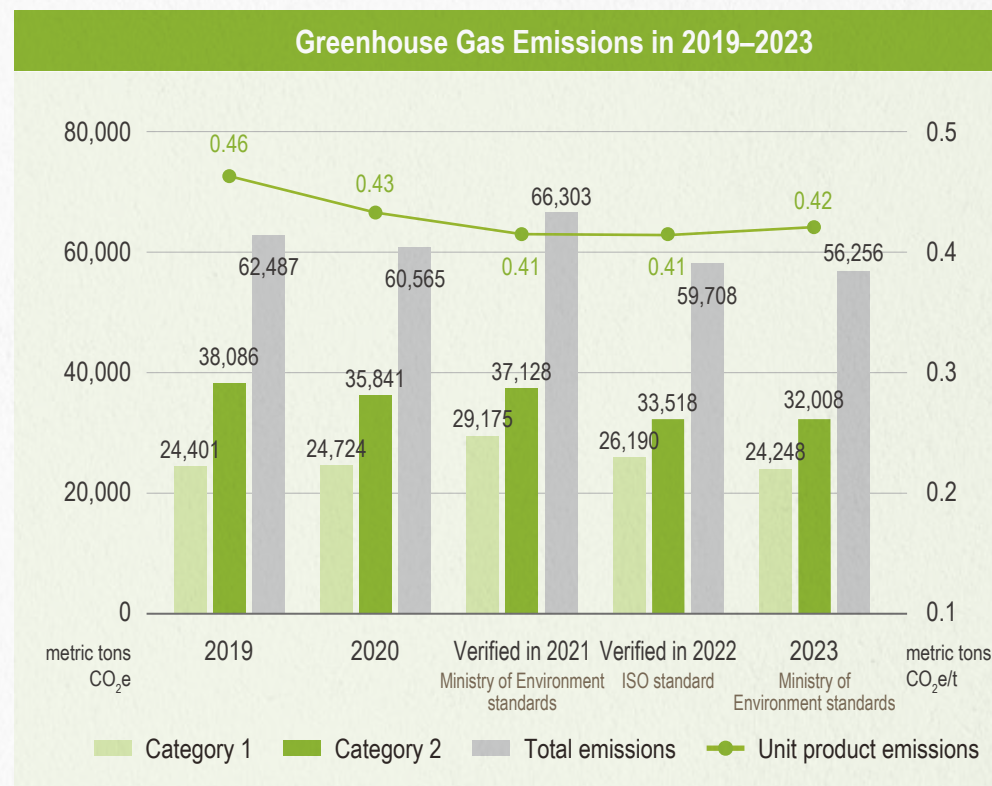
4.3.1 Greenhouse Gas Inventory and Emissions

According to the “Climate Change Response Act” in Taiwan, there are seven regulated greenhouse gases, including carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). In compliance with the ISO 14064-1:2018 standard, Tung Mung has assessed and inventoried greenhouse gas emission sources, classified into six major scopes. The evaluation results indicate that the emission sources need to be inventoried in four scopes: direct emissions, indirect emissions from energy input, indirect emissions from transportation, and indirect emissions from using Tung Mung’s products.

Tung Mung 2022 ISO 14064-1 Greenhouse Gas Emission Verification Opinion



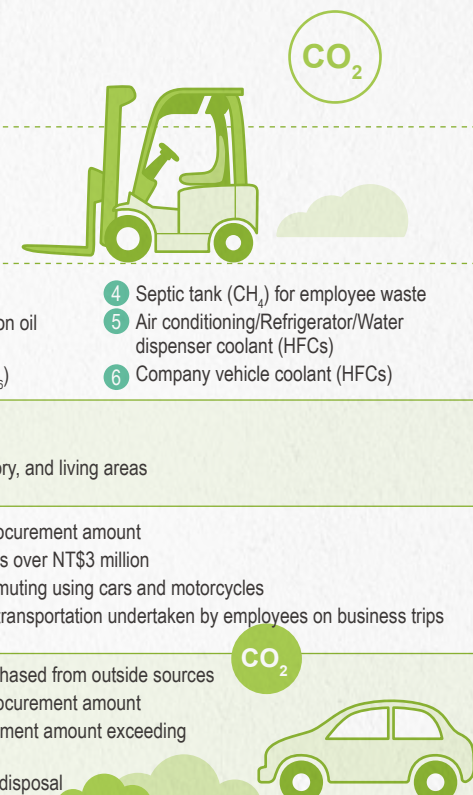
In 2023, Tung Mung engaged DNV, a Ministry of Environment-approved verification company, to verify the greenhouse gas inventory data for the entire plant for the year 2022. Tung Mung reported direct emissions (Scope 1) of 26,190 MT CO₂e and indirect emissions (Scope 2) of 33,518 MT CO₂e, for total emissions of 59,708 MT CO₂e. In addition, other indirect emissions are also verified according to the ISO 14064-1: 2018 standard, such as indirect GHG emissions from transportation (Scope 3) and indirect emissions from product use (Scope 4), which were approximately 9,706 and 597,827 MT CO₂e, respectively. Passed the verification audit and obtained the ISO 14064-1 verification opinion on July 31, 2023.



In 2023, a preliminary inventory of Scope 1 and 2 GHG emission sources was conducted based on the Ministry of Environment’s guidelines. As a result, the direct emissions (scope 1) were approximately 24,248 MT CO₂e, and the indirect emissions from energy input (scope 2) were approximately 32,008 MT CO₂e. The total emissions were about 56,256 MT CO₂e, which has been decreasing year by year. The 2023 ISO 14064-1 third-party external verification is scheduled for July 2024.

∴ Type of GHG and Scope of Operation

Scope of Operation	Category	Corresponding Equipment/Activity
Category 1 Direct emissions	∴ Stationary Emissions GHG emissions from converting fossil fuel into energy	<ol style="list-style-type: none"> 1 Annealing furnace of APL (natural gas) 2 Annealing furnace of BAL (natural gas) 3 Boiler (natural gas) 4 Emergency generator (diesel) 5 Lawnmower/Portable generator (gasoline) 6 Equipment heating (LPG)
	∴ Emissions from Production Activities GHG emissions from maintenance work required for production activities	<ol style="list-style-type: none"> 1 Maintenance cutting (acetylene) 2 Welding (welding wire) 3 Heating (butane for blow torch) 4 Waste gas treatment (urea)
	∴ Mobile Emissions GHG emissions from cars, trucks, and machinery under the organization's control	<ol style="list-style-type: none"> 1 Company vehicle (gasoline) 2 Forklift/excavator (diesel)
	∴ Fugitive Emissions Emissions from vaporization of coolants or repair/maintenance of equipment used in routine operations	<ol style="list-style-type: none"> 1 Fire extinguisher (CO₂) 2 Spray gas (CO₂) for anti-corrosion oil used in maintenance 3 High-voltage circuit breaker (SF₆) 4 Septic tank (CH₄) for employee waste 5 Air conditioning/Refrigerator/Water dispenser coolant (HFCs) 6 Company vehicle coolant (HFCs)
Category 2 Indirect emissions from energy input	GHG emissions of electricity purchased from Taiwan Power Company	<ol style="list-style-type: none"> 1 Electricity used in production 2 Electricity used in office, dormitory, and living areas
Category 3 Indirect emissions from transport	<ol style="list-style-type: none"> 1 Emissions from transportation and distribution of purchased raw materials and consumables 2 GHG emissions from transportation and distribution of products 3 GHG emissions from employee commuting vehicles 4 GHG emissions from employee business travel 	<ol style="list-style-type: none"> 1 Top 3 direct raw materials by procurement amount 2 Procurement of indirect materials over NT\$3 million 3 Emissions from employee commuting using cars and motorcycles 4 Emissions from high-speed rail transportation undertaken by employees on business trips
Category 4 Indirect emissions from the products used by Tung Mung	<ol style="list-style-type: none"> 1 Emissions from purchased raw materials and consumables related to production 2 Indirect emissions from purchased energy (electricity and oil) 3 Emissions associated with the disposal of solid and liquid wastes 	<ol style="list-style-type: none"> 1 Energy (oil, electricity, gas) purchased from outside sources 2 Top 3 direct raw materials by procurement amount 3 Indirect materials with a procurement amount exceeding NT\$3 million 4 Outsourced waste removal and disposal
Category 5 Indirect emissions from the products of Tung Mung	<ol style="list-style-type: none"> 1 Emissions generated from the use of the products produced 2 Direct and indirect emissions from leased assets 3 Waste generated after final treatment of sold products 4 Indirect emissions from investment locations 	None, not included in the assessment for major indirect emission sources
Category 6 Other indirect emissions	Indirect emissions from other sources	None

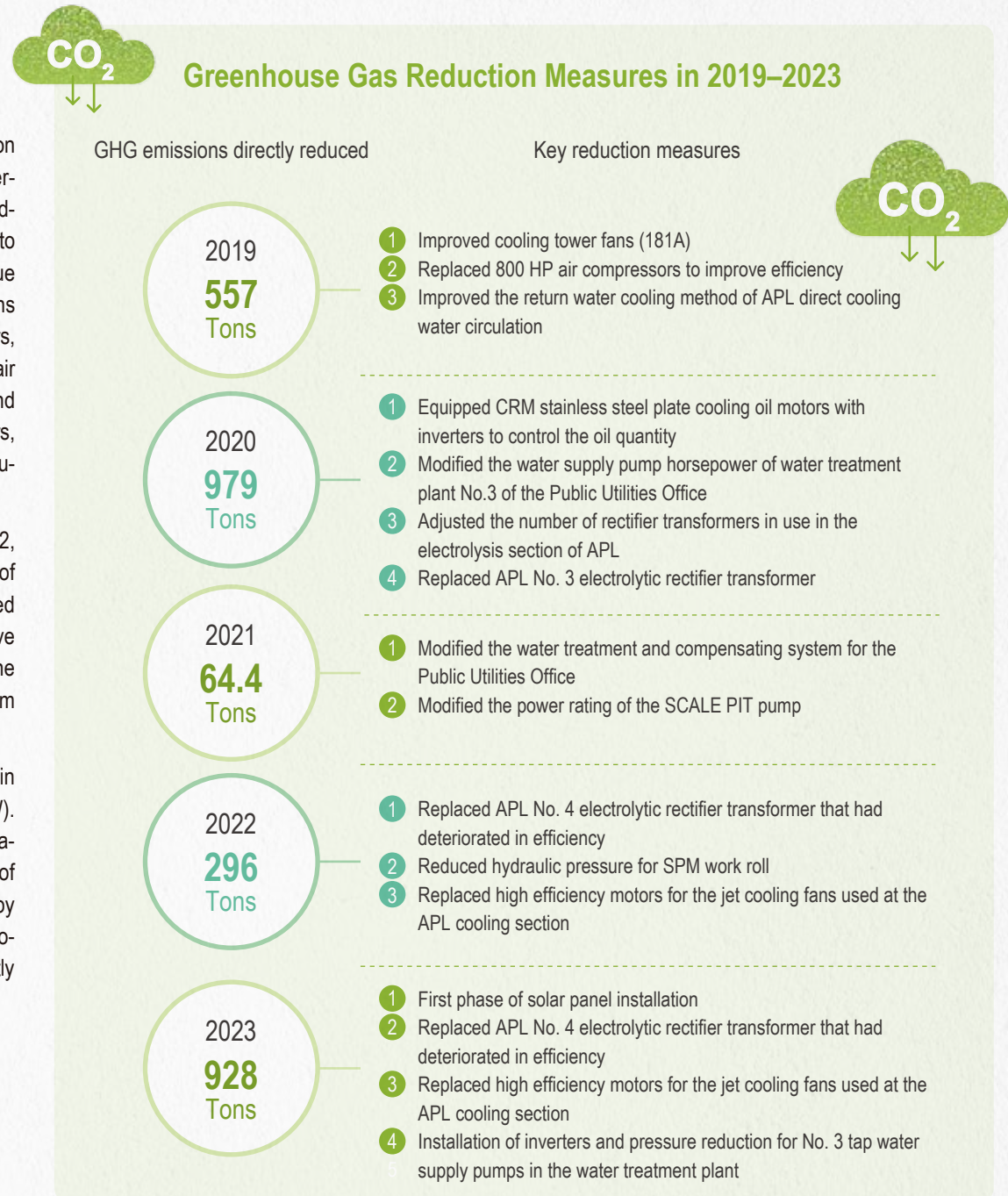
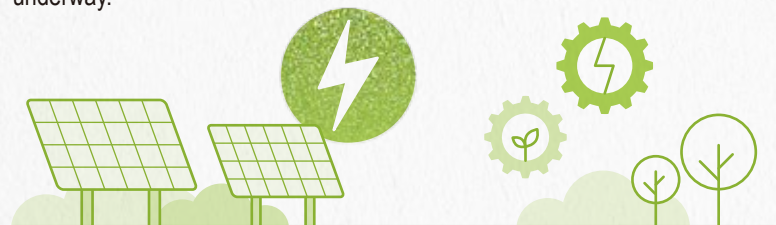


4.3.2 Greenhouse Gas and Carbon Emission Reduction Measures

Since the Company was established, we have spared no effort in energy conservation and carbon reduction, and regularly introduced and executed various energy conservation and carbon reduction measures to reduce GHG emissions. Each year, according to the set energy management goals, the annual total energy saved is targeted to be more than 1% of the total energy consumption of the previous year, and we continue to set corresponding management plans. The greenhouse gas chlorofluorocarbons (CFCs) emissions are mainly from the refrigerants used in various air conditioners, water dispensers, and chillers. To reduce the damage to the ozone layer, the new air conditioners installed after December 2011 all adopted eco-friendly refrigerants and the original R22 was replaced with the CFC-free R410A (GWP: 2256). In recent years, to further reduce carbon emissions, the air conditioners in the plants have been gradually replaced with R32 (GWP: 771), a refrigerant with lower warming potential.

The Legislative Yuan passed the Renewable Energy Development Act on April 12, 2019, which requires all intensive users of electricity with a contracted capacity of 5,000 KW and above to develop renewable energy for at least 10% of the contracted capacity over five years, so as to promote renewable energy development. Intensive users that meet the 10% green energy requirement three years before the deadline may enjoy an early bird discount of 20% and have the obligatory capacity reduced from 10% to 8%.

Tung Mung signed a contract to construct 1,080 KW of solar power capacity back in 2021, which accounts for 8% of the Company's contracted power usage (13,500 KW). The project was completed in December 2022. It has passed Taiwan Power Company's review and has begun generating power. In 2023, the system generated a total of 1,581,602.2KW of electricity, which is estimated to have reduced carbon emissions by 781 metric tons of CO₂e. The tender for the second phase of the 2,116KW solar photovoltaic system project was awarded in December 2023, and construction is currently underway.



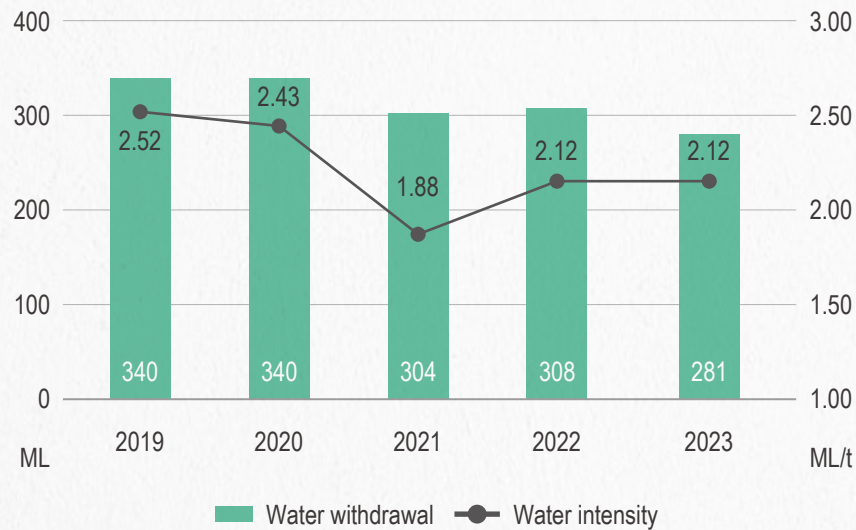
4.4 Water Resource and Effluent Management

4.4.1 Water Resource Management

According to the statistics of the Environment Sustainable Index (ESI), Taiwan ranked 18th among the most water-stressed countries in the world. In addition, the results of scenario simulation analysis by the Aqueduct of the World Resources Institute (WRI) showed that the risk of water scarcity in the region in which Tung Mung is located will be 20–40% in 2030. To cope with the risk of water scarcity, water resource management is also a material issue.



Water Withdrawal and Water Intensity in 2019–2023



4.4.2 Water Resources and Water Conservation

The water used by Tung Mung is supplied by Taiwan Water Corporation and sourced from Tsengwen Reservoir. We use water for general domestic water uses, production process cooling, and stainless steel plate cleaning. Water consumption in 2023 totaled 281 million liters (ML). In recent years, extreme weather events have led to water shortages. The Company is aware that climate change is an issue that the world must confront together. Through water resource management, we promote water conservation and recycling to effectively alleviate the impact of water shortages.

In 2023, Tung Mung adopted seven water conservation projects that aimed to reduce, reclaim, and reuse water. The volume of water consumption in 2023 averaged 0.77 million liter (ML) per day, which was 17.5% lower than the 0.93 ML per day reported in 2020. Tung Mung has also been able to increase the percentage of reclaimed water over the years.

The water recycling target for 2024 has been set at 100 million liters (ML).

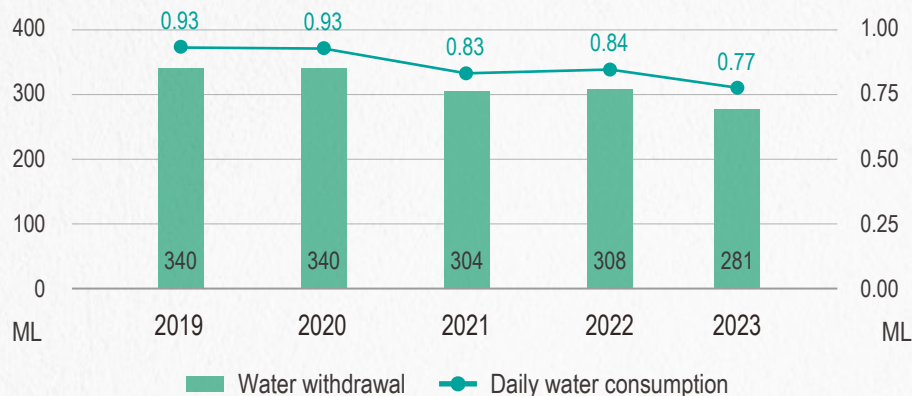
Water Conservation Plan 2023



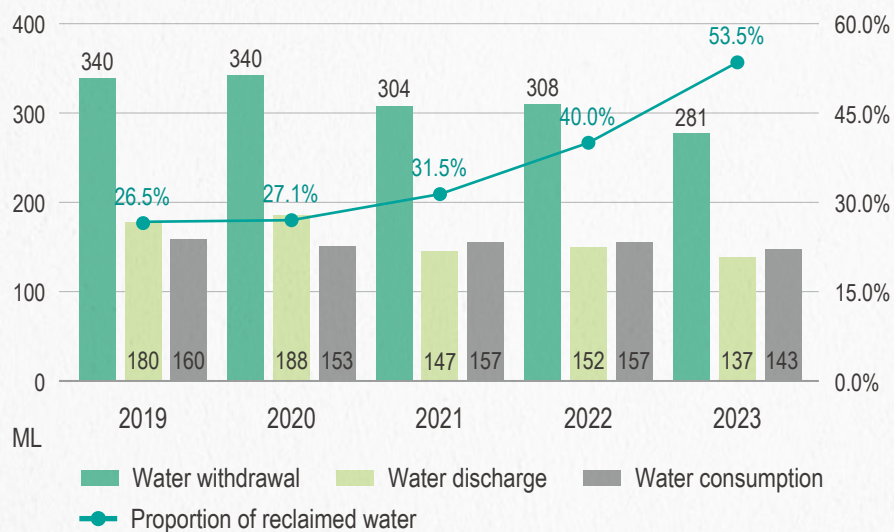
- 1 Control the water output from the faucet
- 2 Replace with water-saving faucets
- 3 Reduce toilet tank water volume
- 4 Reduce cleaning water by 20% in APL

- 1 Recycling/reuse of wastewater from BAL passivation section and from furnace pressure stabilizing water
- 2 Recycle effluents to be used as de-liming agents in the sewage treatment plant
- 3 Recycle sand-filtered cooling water for use with APL

Daily Water Usage in 2019–2023



Water Withdrawal and Water Recycled in 2019–2023



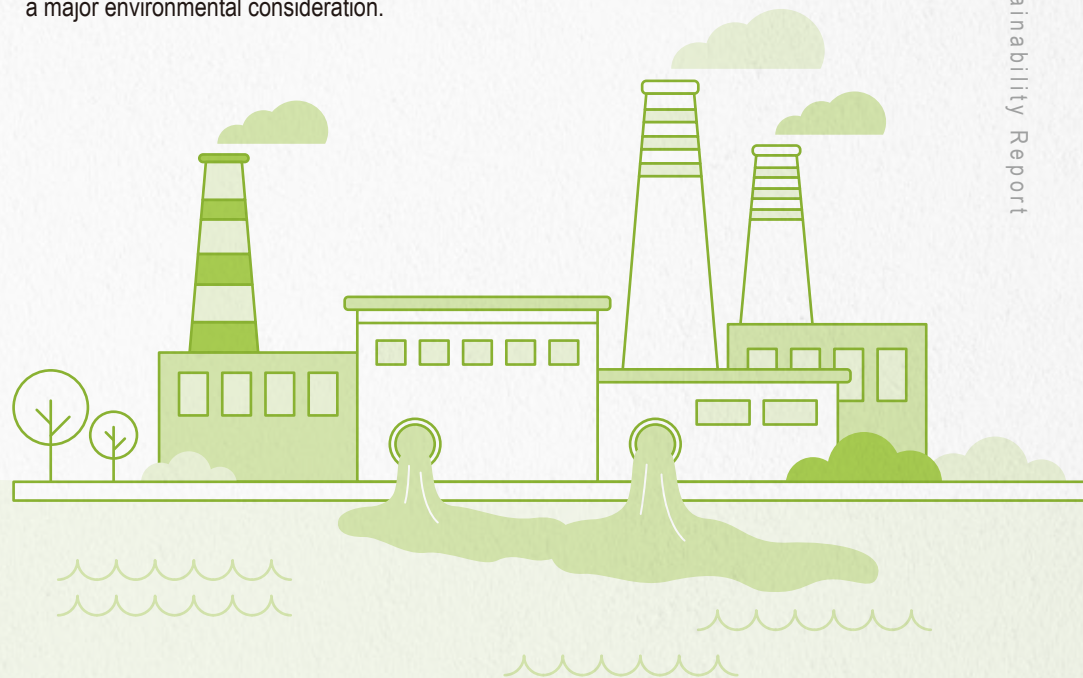
Note: Water consumption = water withdrawal - water discharged

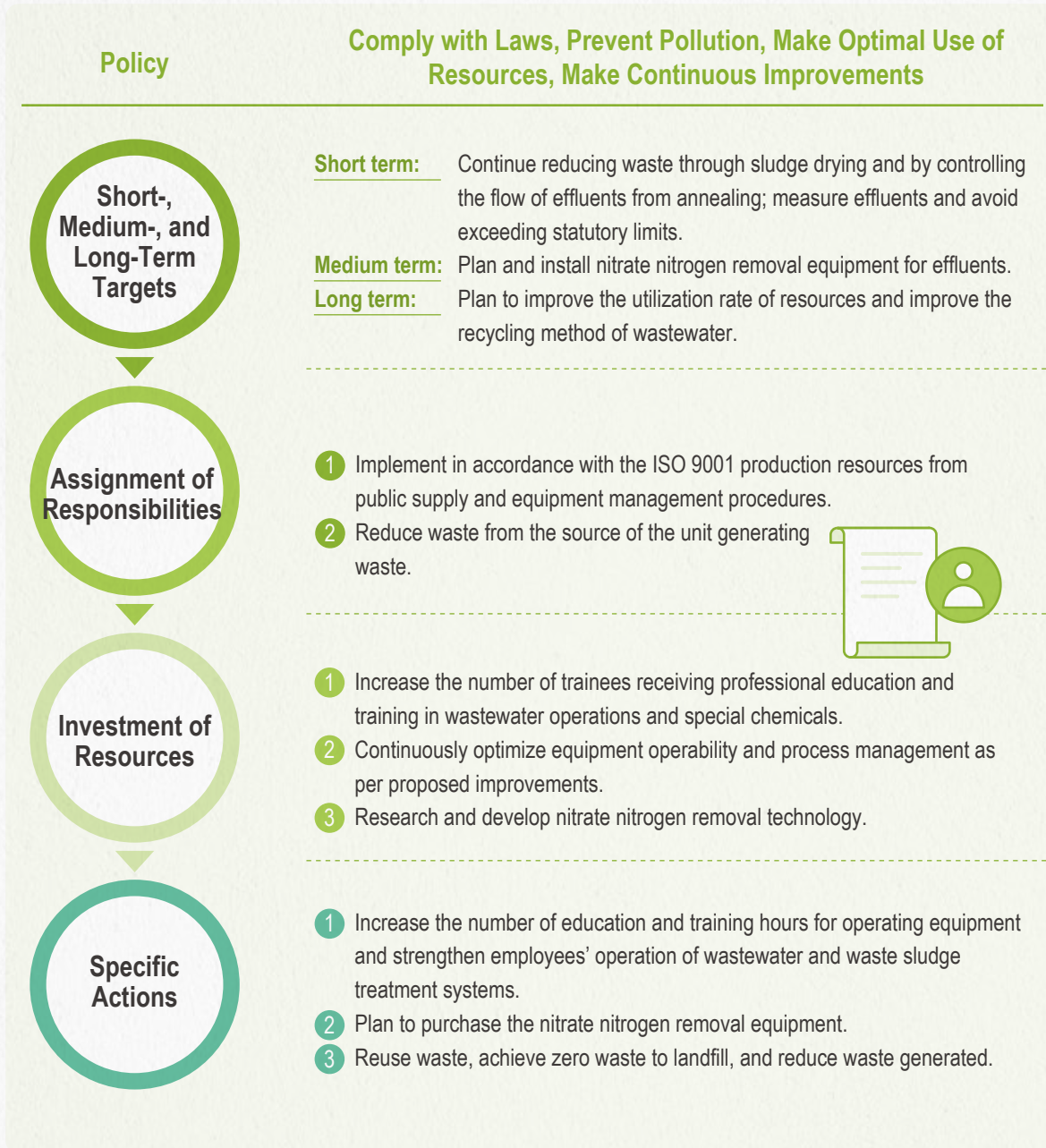
4.4.3 Wastewater Treatment

Tung Mung has a wastewater treatment plant with a daily processing capacity of 1,300 metric tons, which can treat the process water and general domestic sewage in line with effluent standards.

Moreover, Tung Mung is actively trying a variety of wastewater treatment technologies. In 2019, we began to exchange ideas about nitrate nitrogen treatment technologies for effluents with our competitors, and we continue to assess and seek the most suitable methods for our factories.

To ensure the quality of the effluents, the effluent outlet is equipped with a pH monitor, which can observe changes in the water quality at any time. We test 15 items (such as COD and BOD) and eight heavy metals (copper, zinc, nickel, iron, chromium, total chromium, lead, and arsenic) every quarter for the quality of the effluents. Over the past four years, none of the effluents subjected to outsourced treatment exceeded the legal limit standard. During an on-site inspection conducted by the Department of Environmental Protection in 2023, the samples of water were found to contain suspended solids at levels exceeding effluent standards, which constituted a violation of the Water Pollution Control Act. To prevent recurrence, pipelines are dredged on a monthly basis, effluents are inspected quarterly, and improvements are tracked as part of a major environmental consideration.





4.5 Waste Disposal and Management

4.5.1 Generation and Treatment of Waste

All of the waste generated by Tung Mung is considered general business waste and contains no hazardous waste. The Company generated 5,304 metric tons of waste in 2023; reuse and incineration were the only two methods of treatment adopted.

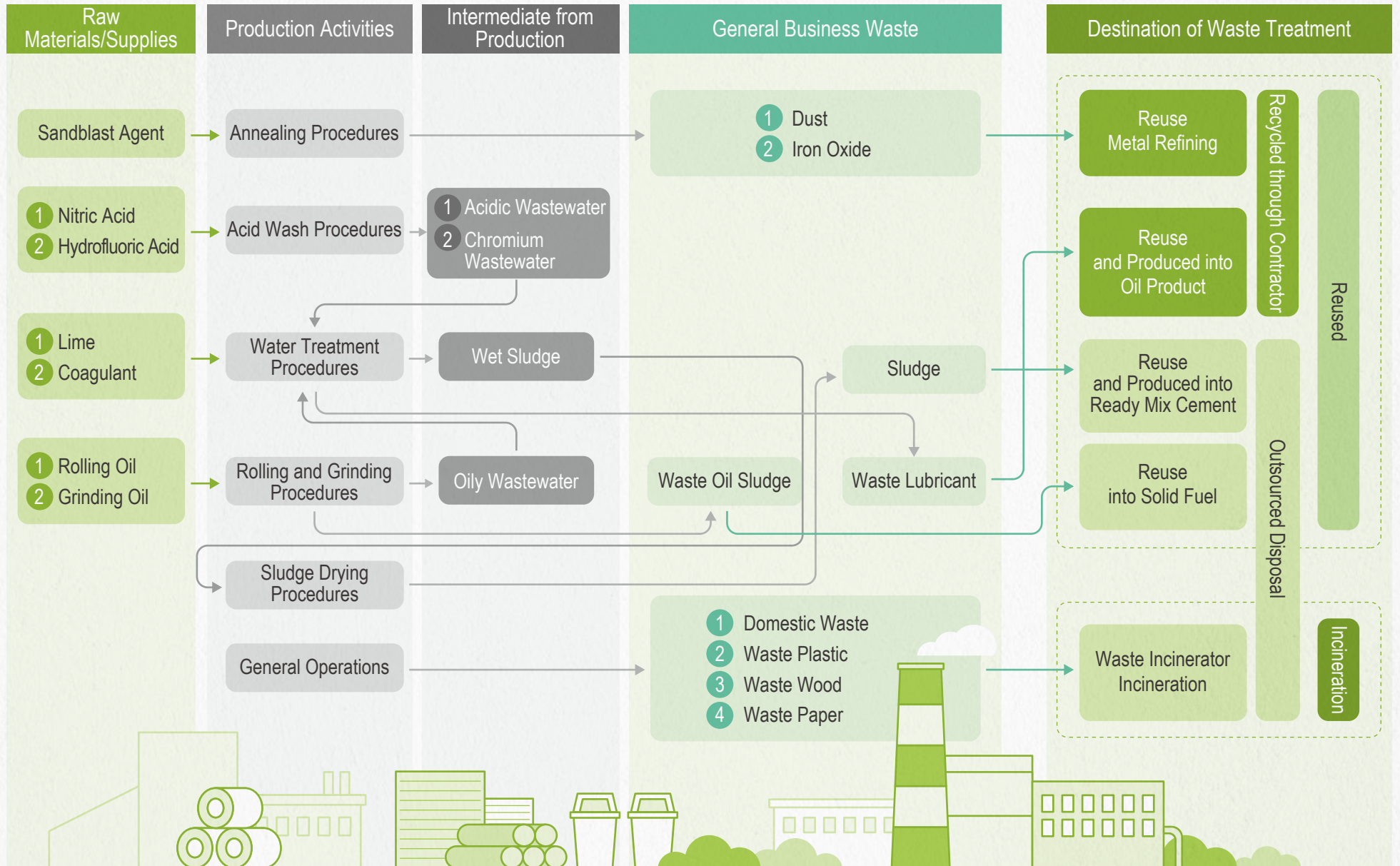
Compliance rate of waste disposal in 2023: 100%

Tung Mung generates business waste primarily in the forms of: sandblasting dust and iron oxide from the annealing and pickling line (APL); waste lubricant and waste oil sludge from the bright annealing line (BAL), cold-rolling mill (CRM), and the continuous galvanizing line (CGL); and sludge from wastewater treatment.

In addition, employees' domestic waste, as well as waste paper, waste wood (packaging materials), and waste plastics not from processes are processed and disposed of by qualified companies commissioned by the Company. Sandblasting dust, iron oxide, and waste that contain iron are recyclable/reusable resources and not treated as waste. We engage qualified service providers to recycle and reuse these resources. Due to the progress made on waste sorting and reuse, the percentage of waste incinerated has decreased from 0.93% in 2019 to 0.90% in 2023. Although there was a slight increase in 2023, an overall downward trend is evident.



Production Procedures and Waste Generation Process



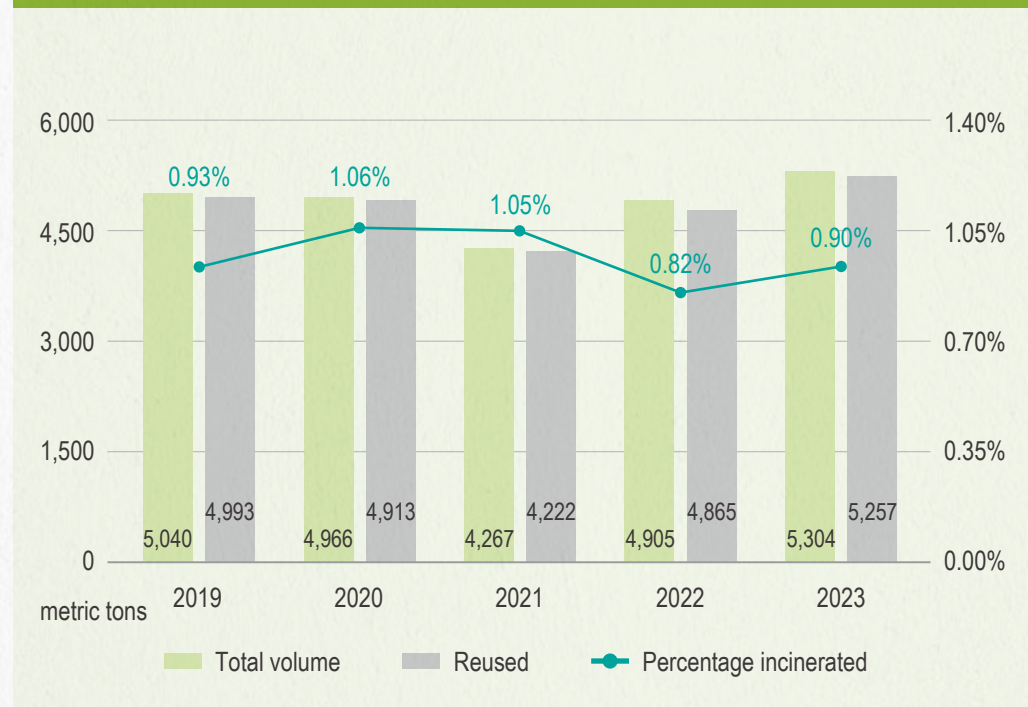
Types of General Business Waste Generated and Treatment Methods

Type of General Business Waste (metric tons/year)								
	Sludge	Oil Sludge	Lubricant	Trash	Waste Plastic Mixture	Waste Paper Mixture	Waste Wood Mixture	Sandblasting Dust, Iron Oxide
Year	D-0902	D-0903	R-1703	D-1801	D-0299	D-0699	D-0799	R-1301
2019	4555.2	107.1	43.7	29.7	9.4	5.5	2.5	286.6
2020	4561.8	63.5	48.6	38.9	6.8	4.2	2.8	239.2
2021	3455.5	77.1	66.2	31.8	6.1	4.6	2.5	622.9
2022	3979.8	79.4	67.0	24.4	7.9	5.5	2.4	738.6
2023	4271.89	83.49	44.1	29.4	7.2	5.8	5.2	857.0
Various Types of Waste Removal and Treatment Methods								
Treatment method	Reused Produced into cement aggregate	Reused Produced into mixed solid fuels	Reused Produced into fuel oil	Incineration	Incineration	Incineration	Incineration	Reused Metal refining

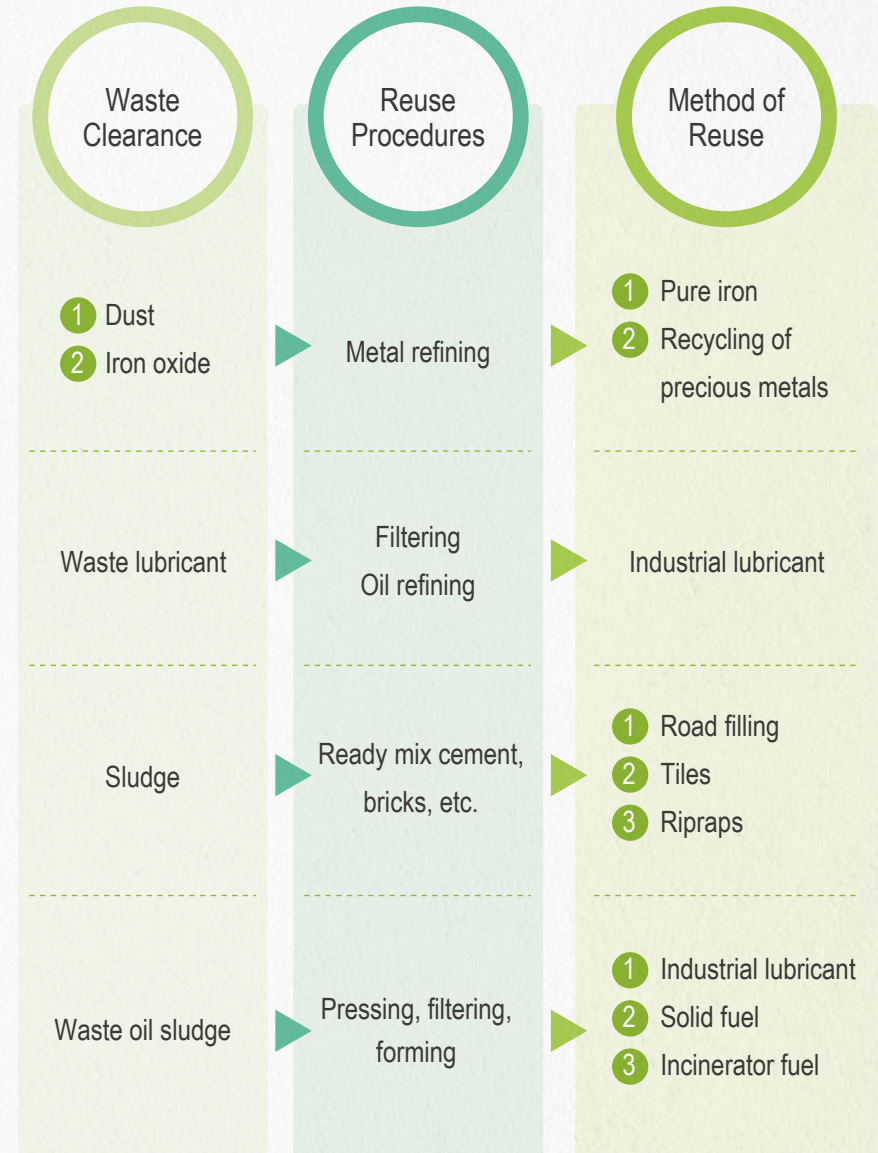
To prevent improper disposal of waste downstream, the Company requires its contractors to specify the method by which waste is to be disposed of in the outsourcing contract, provide proof of qualification for the disposal, and use GPS for tracking. These requirements help ensure the compliance of the entire disposal process.



Waste Reused and Incinerated in 2019–2023



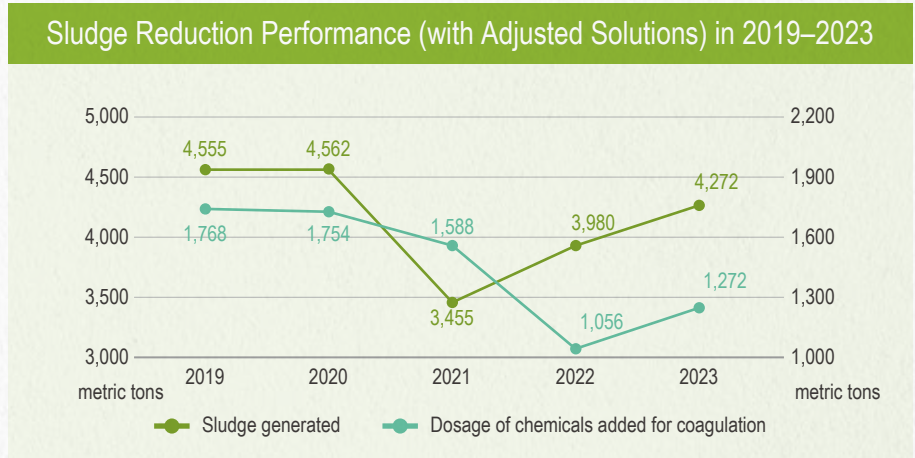
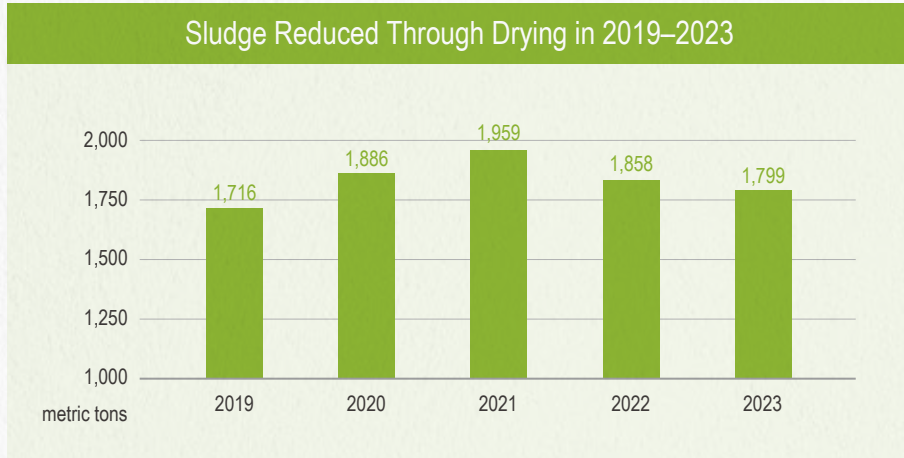
Methods of Reuse Downstream



4.5.2 Waste Reduction

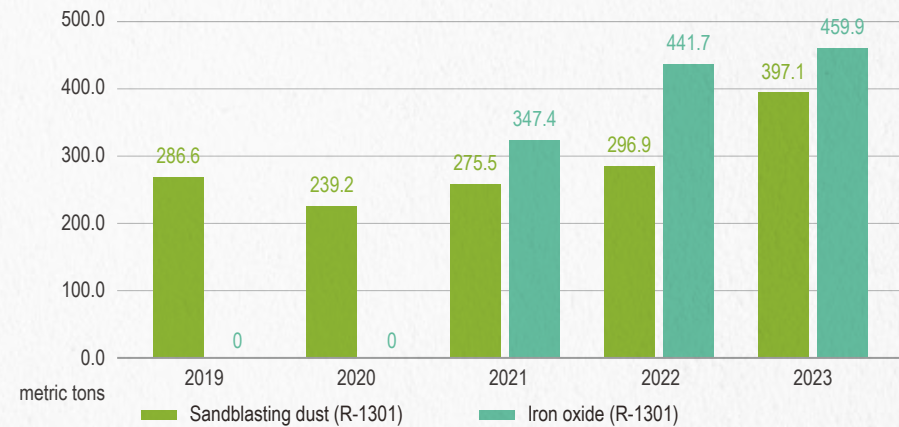
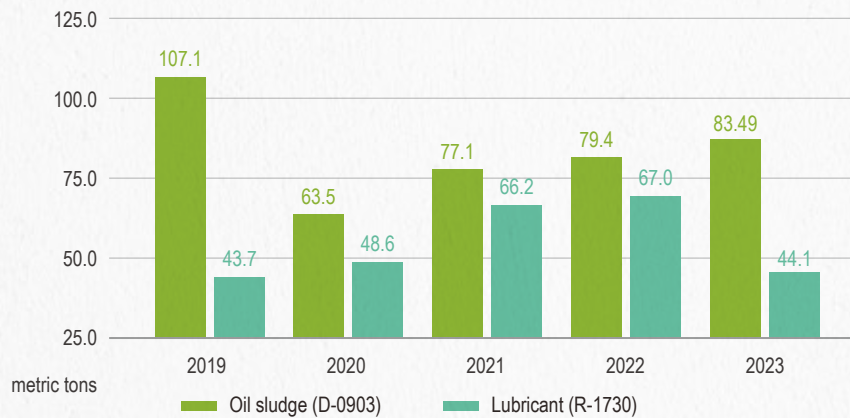
Waste reduction has always been one of our concerns. In 2000, we installed a sludge dryer to direct the exhaust gas and waste heat discharged on-site. It operates in a fuel-free manner and dries the sludge with an original moisture content of 70% to a moisture content of around 50%, thereby reducing waste by 20%. 1,799 tons of sludge was dried in 2023.

At present, the focus of waste reduction is mainly on sludge from wastewater treatment and waste oil sludge. We test the sludge from wastewater treatment regularly to examine the heavy metal content, and adjust the dosage of chemicals appropriately to reduce the sludge generated.



The Company started maintaining statistics on iron oxide from APL since March 2021. The volumes of sandblasting dust and iron oxide (R-1301) generated in 2023 were reported at 397.1 tons and 459.93 tons, respectively, for a total volume of iron waste of 857.03 tons.

Waste from Production Processes in 2019–2023



4.6 Air Pollutant Management

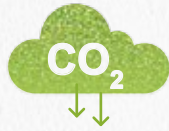
4.6.1 Air Pollutant Emissions

With regards to air pollution control, Tung Mung engages an EPA-approved testing institution to perform measurements on a yearly basis, and regularly maintains air pollution control equipment to ensure optimal performance. In doing so, we are able to protect the environment, promote employees' health, and ensure compliance with environmental protection laws.



Air Pollutant Test Value																	
Year	NOx (ppm)						SO ₂ (ppm)					Particulate Pollutants (mg/Nm ³)					
Standard value	100	100	150	250	150	150	50	50	100	100	100	30	30	100	100	50	100
Emission channel	P001	P002	P003	P009	P012	P021	P001	P002	P003	P012	P021	P001	P002	P003	P005-7	P012	P021
2019		46	134	24	76	110		<1	3	<1	11		1	13	1		73
2020	45		77		76	85	2		3	2	5	1		<1	1		18
2021	49	46	107		100	82		<1	5	3	3		<1	1	2	1	10
2022	51	51	123	Note	94	73	Note	Note	Note	2	Note	Note	Note	Note	1	16	Note
2023	48	57	127	Note	111	74	Note	Note	3	Note	<3	Note	Note	<1	1	Note	4

Note The handling permit no longer requires regular testing

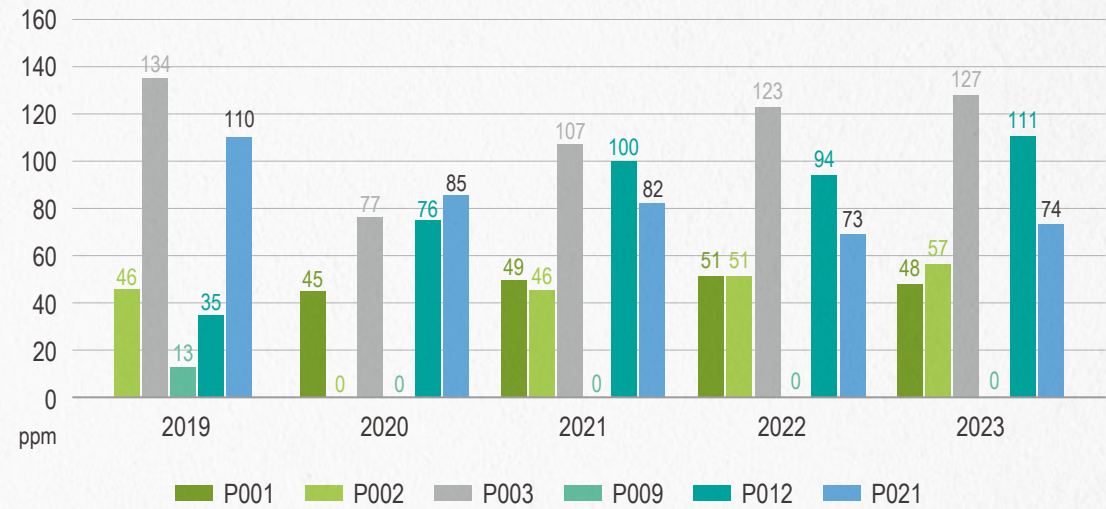


4.6.2 Changes of Test Values

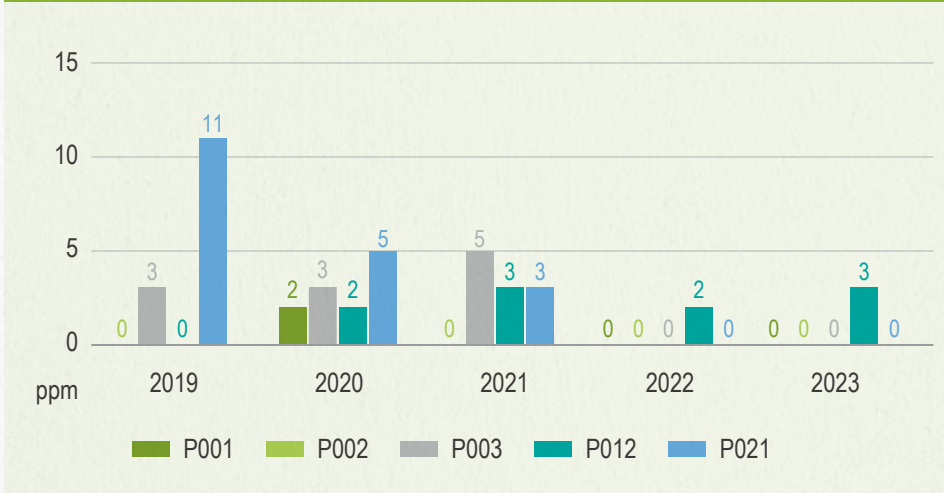
Tung Mung collects and reviews air pollution measurements and data on a yearly basis. An analysis of data collected between 2019 and 2023 found NOx values having increased progressively year after year, but remaining below legal standards. Tung Mung will continue monitoring changes to ensure the fulfillment of corporate social responsibility.



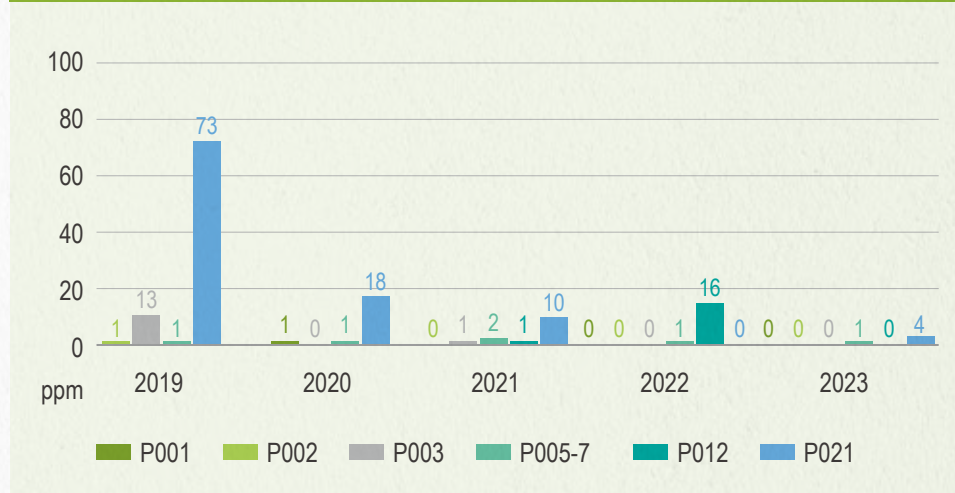
Air Pollutant Test in 2019–2023 - NOx



Air Pollutant Test in 2019–2023 - SO₂



Air Pollutant Test in 2019-2023 - Particulate Pollutants (mg/Nm³)



05



Chapter Employee Care








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5.1 Employee Structure


Tung Mung employees are classified into senior manager, mid-level manager, entry-level manager, engineer, and entry-level staff; headcounts and percentages are explained below:





Year		2019		2020		2021		2022		2023		
Total Employee Count for the Year		309		305		328		339		343		
Employee Category		Number of People	Percentage	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage	
 Senior Manager	Gender	Male	4	100%	4	100%	4	100%	4	100%	4	100%
		Female	0	0%	0	0%	0	0%	0	0%	0	0%
	Age	≤30	0	0%	0	0%	0	0%	0	0%	0	0%
		30–50	1	25%	1	25%	1	25%	0	0%	0	0%
		≥50	3	75%	3	75%	3	75%	4	100%	4	100%
 Mid-Level Manager	Gender	Male	19	86.4%	21	87.5%	21	91.3%	22	88%	22	88%
		Female	3	13.6%	3	12.5%	2	8.7%	3	12%	3	12%
	Age	≤30	0	0%	0	0%	0	0%	0	0%	0	0%
		30–50	2	9.1%	1	4.2%	2	8.7%	3	12%	2	8%
		≥50	20	90.9%	23	95.8%	21	91.3%	22	88%	23	92%
 Entry-Level Manager	Gender	Male	22	95.7%	22	95.7%	22	95.7%	24	92.3%	24	80%
		Female	1	4.3%	1	4.3%	1	4.3%	2	7.7%	6	20%
	Age	≤30	0	0%	0	0%	0	0%	0	0%	0	0%
		30–50	10	43.5%	8	34.8%	3	13%	5	19.2%	3	10%
		≥50	13	56.5%	15	65.2%	20	87%	21	80.8%	27	90%


Year		2019		2020		2021		2022		2023		
Total Employee Count for the Year		309		305		328		339		343		
Employee Category		Number of People	Percentage	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage	Number of People	Percentage	
 Engineer	Gender	Male	51	73.9%	49	68.1%	52	70.3%	57	68.7%	59	72.8%
		Female	18	26.1%	23	31.9%	22	29.7%	26	31.3%	22	27.2%
	Age	≤30	6	8.7%	9	12.5%	11	14.9%	14	16.9%	14	17.3%
		30–50	32	46.4%	32	44.4%	28	37.8%	32	38.6%	30	37%
		≥50	31	44.9%	31	43.1%	35	47.3%	37	44.6%	37	45.7%
 Entry-Level Staff	Gender	Male	184	96.3%	179	98.4%	199	97.5%	198	98.5%	200	98.5%
		Female	7	3.7%	3	1.6%	5	2.5%	3	1.5%	3	1.5%
	Age	≤30	17	8.9%	21	11.5%	29	14.2%	34	16.9%	32	15.8%
		30–50	109	57.1%	93	51.1%	87	42.6%	66	32.8%	55	27.1%
		≥50	65	34%	68	37.4%	88	43.1%	101	50.2%	116	57.1%


 **Senior manager:**
Vice president and above

 **Mid-level manager:**
Special assistant to assistant vice president

 **Entry-level manager:**
Senior engineer to chief

 **Engineers:**
Assistant engineer to engineer

 **Entry-level staff:**
Technician to shift leader

 **Existing senior managers**
Female accounted for 0%

As of December 2023, Tung Mung employed 343 employees. We recruit employees fairly and openly. Tung Mung belongs to the stainless steel industry, with a high proportion of on-site operators; thus, new employees are mainly males, while females mostly hold administrative positions. During recruitment, we only recruit Taiwanese citizens without hiring foreign migrant workers based on the principle of having the right talents for right positions.

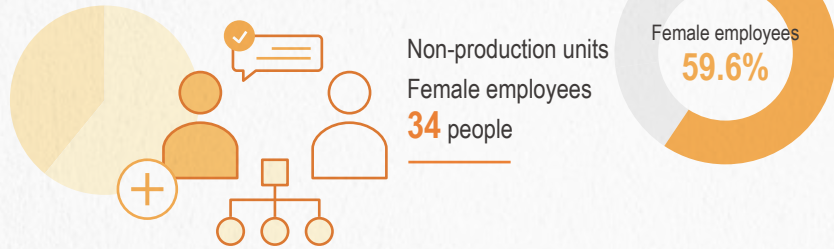
A total of 28 employees resigned in 2023, representing a 1.7% increase compared to 2022. The Human Resources Department and the unit supervisor will confirm with employees who submit their resignation voluntarily by having interviews with them to understand the reasons for their resignation, and wish them the best or attempt to retain them if necessary.



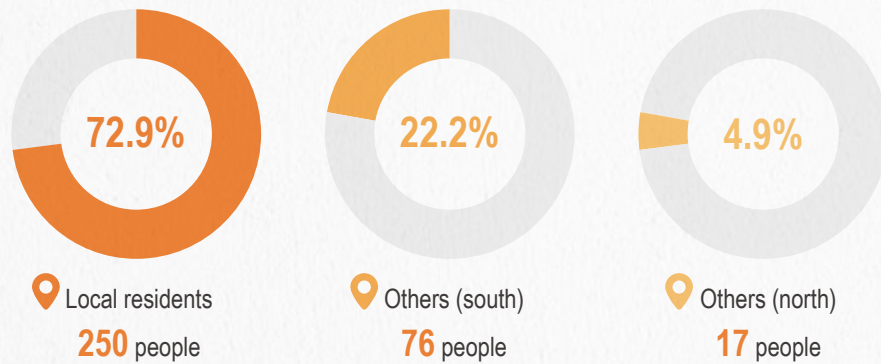
Overview of New Employees and Re-Signees in 2019–2023

Analysis of New Employees and Resignees		2019		2020		2021		2022		2023	
		Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage
Employee Count for the Year (Total)		309		305		328		339		343	
New Employees		18		31		49		33		31	
By Age Group	≤30 years old	8	44.4%	16	51.6%	18	36.7%	16	48.5%	14	45.2%
	30–50 years old	8	44.4%	12	38.7%	26	53.1%	14	42.4%	12	38.7%
	≥50 years old	2	11.2%	3	9.7%	5	10.2%	3	9.1%	5	16.1%
By Gender	Male	16	88.9%	26	83.9%	45	91.8%	28	84.8%	26	83.9%
	Female	2	11.1%	5	16.1%	4	8.2%	5	15.2%	5	16.1%
Resigned Employees		12		35		26		22		28	
By Age Group	≤30 years old	2	16.7%	8	22.9%	5	19.2%	6	27.2%	10	35.7%
	30–50 years old	3	25.0%	13	37.1%	9	34.6%	8	36.4%	10	35.7%
	≥50 years old	7	58.3%	14	40.0%	12	46.2%	8	36.4%	8	28.6%
By Gender	Male	11	91.7%	31	88.6%	22	84.6%	21	95.5%	23	82.1%
	Female	1	8.3%	4	11.4%	4	15.4%	1	4.5%	5	17.9%

Tung Mung is a stainless steel manufacturer, which by nature employs more men than women, hence the gender discrepancy. Nevertheless, Tung Mung continues to promote diversity in the workplace. In non-production roles (including administration, finance, accounting, and sales), female employees account for 34 of 57 employees (59.6%).



Driven by the mission to support the local economy, the Company actively hires local residents (from Xuejia, Jiali, Jiangjun, Madou, Beimen, Yanshui, and Xiaying). At the end of 2023, the Company had a total of 250 local employees that represented 72.9% of total employees.



Tung Mung hired seven employees with disabilities in 2023. Those with disabilities are recruited and selected according to the Company's established evaluation standards without being discriminated against.

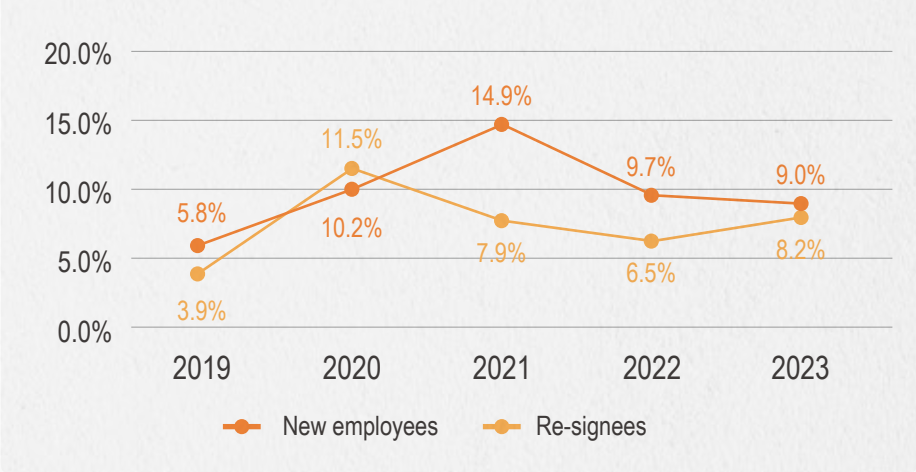
New Employees and Resignees in 2019–2023

Category/Year	2019	2020	2021	2022	2023
New Employees	18	31	49	33	31
Resignees	12	35	26	22	28
New Employee Rate	5.8%	10.2%	14.9%	9.7%	9.0%
Attrition Rate	3.9%	11.5%	7.9%	6.5%	8.2%

New employee rate = Total number of new employees / Total number of employees at the end of the year





Attrition rate = Total number of re-signees and retirees / Total number of employees at the end of the year

New Recruitment and Attrition Rates in the Last Year



Tung Mung signs employment contracts mainly with full-time employees. Re-hired employees are employees who are re-hired by the Company after retirement. All of our employees are full-time and there are no part-time employees.




Employee Analysis	Number of People									
	2019		2020		2021		2022		2023	
Total Number of Employees	309		305		328		339		343	
Employment Contracts	Full-Time Employees Indefinite Contracts	Rehired Employees Term Contracts	Full-Time Employees Indefinite Contracts	Rehired Employees Term Contracts	Full-Time Employees Indefinite Contracts	Rehired Employees Term Contracts	Full-Time Employees Indefinite Contracts	Rehired Employees Term Contracts	Full-Time Employees Indefinite Contracts	Rehired Employees Term Contracts
	279	1	272	3	295	3	302	3	307	2
	29	0	30	0	30	0	34	0	34	0
Type of Employment	Full-Time Employees Regular Employees	Part-Time Employees Part-time Worker Hourly Employees	Full-Time Employees Regular Employees	Part-Time Employees Part-time Worker Hourly Employees	Full-Time Employees Regular Employees	Part-Time Employees Part-time Worker Hourly Employees	Full-Time Employees Regular Employees	Part-Time Employees Part-time Worker Hourly Employees	Full-Time Employees Regular Employees	Part-Time Employees Part-time Worker Hourly Employees
	280	0	275	0	298	0	305	0	309	0
	29	0	30	0	30	0	34	0	34	0

Tung Mung's salary is determined by measuring the supply and demand of manpower and the usual salary standard in the industry. Based on each employee's education, relevant work experience, years of service, and the position they hold after entering the Company, we offer better than the minimum salary stipulated by the Labor Standards Act as a way to attract outstanding talent with a competitive salary system and maintain the Company's overall competitiveness. The ratio of starting salaries for new male employees to their female counterparts under the same conditions is 1 to 1, as the Company does not discriminate by gender.






Tung Mung has taken care of our employees in the early stage of the establishment. Our basic starting salary is about 1.1 times higher than that stipulated in the Labor Standards Act. In recent years, due to the obvious growth of the Company's business, we have raised the basic salary from 1.1 times higher than that stipulated in the Labor Standards Act to 1.2 times based on the concept of profit sharing.

We determine salary based on employees' education and work experience and make appropriate adjustments during their service periods. We provide various bonuses depending on the job positions and adjust salary based on individual performance regardless of gender, race, religion, political affiliation, and marital status.

 We have established a floating performance bonus policy, over-production performance bonus regulations and business performance bonus regulations, with a strong link between salary and performance to share profits.



Compensation Ratio

Year		2019			2020			2021			2022			2023		
Category	Gender	Number of People	Basic Salary	Total Compensation	Number of People	Basic Salary	Total Compensation	Number of People	Basic Salary	Total Compensation	Number of People	Basic Salary	Total Compensation	Number of People	Basic Salary	Total Compensation
 Senior Manager	Male	4	-	-	4	-	-	4	-	-	4	-	-	4	-	-
	Female	0	-	-	0	-	-	0	-	-	0	-	-	0	-	-
 Mid-Level Manager	Male	19	1.07	1.09	21	1.07	1.10	21	1.00	1.01	22	1.00	0.99	22	1.04	1.01
	Female	3			3			2			3			3		
 Entry-Level Manager	Male	22	1.02	1.02	22	1.00	1.00	22	0.97	0.95	24	0.95	0.92	24	0.97	0.90
	Female	1			1			1			2			6		
 Engineer	Male	51	0.92	0.92	49	0.92	0.91	52	0.90	0.91	57	0.92	0.92	59	0.90	0.90
	Female	18			23			22			26			22		
 Entry-Level Staff	Male	184	0.73	0.73	179	0.69	0.70	199	0.73	0.72	198	0.76	0.75	200	0.78	0.75
	Female	7			3			5			3			3		

Note: **Basic salary** includes salary, meal allowance, job allowance, and technology allowance. **Total compensation** basic salary plus year-end bonus, incentive bonus, and other bonuses.

Compensation ratio average salary (compensation) for female employees ÷ average salary (compensation) for male employees across all categories.

5.2 Employee Benefits

Tung Mung has established the Employee Welfare Committee and the employee benefit system and measures, such as cash gifts on the three major holidays, birthday cash gifts, allowances (including marriage and funeral), employee travel grants, group insurance, and festive cash.

We provide four sets of employee uniforms for summer and winter per person each year.

We provide maternity leave, parental leave (1 employee took parental leave from 2019 to 2023), and special leave. Employees can arrange their own paid leave to achieve a fulfilling work-life balance.

Tung Mung set up a new gym and physical fitness classroom in 2023 to encourage employees to develop the habit of exercising, fostering the joint creation of values and mutual growth between the organization and its employees.

Exercise can promote employee health, leading to better spirits and a happier mood. These can help improve the quality of work, make employees more attentive and more willing to devote, become more efficient and effective, and make them more willing to learn.



Employee Benefits	Amounts Spent in 2023 (NT\$)
Group Insurance	2,872,585
Birthday Cash Gifts	347,000
Festive Cash	4,891,180
Subsidies	37,000
Marriage and Funeral Allowances	29,100
Regular Health Checks	375,067
Uniform Costs	1,224,087
Pension System by Law	Employer's contribution to the new system: 12,690,000 Reserves in the old system: 21,525,000

5.3 Talent Training

Tung Mung attaches great importance to the improvement and development of employees' professional knowledge and skills and provides abundant resources for professional training. In 2020, we revised the education and training procedures and began to implement on-the-job training (OJT), so that employees can be trained without leaving their jobs to eliminate the obstacle of being unable to participate in education and training due to working hours. Additionally, we have established a digital platform for the Company, where colleagues can share data and create digital teaching materials with digital audio-visual content. This allows us to organize years of technical knowledge and apply it through information systems, turning it into shared wisdom within the Company and facilitating its transmission.

Average Employee Training Hours in 2019–2023



Year		2019			2020			2021			2022			2023		
Employee Category	Gender	Number of People	Hours	Average	Number of People	Hours	Average	Number of People	Hours	Average	Number of People	Hours	Average	Number of People	Hours	Average
Senior Manager	Male	4	0	0.0	4	27	6.8	4	52	13.0	4	42	10.5	4	46	11.5
	Female	0	0	0.0	0	0	0.0	0	0	0.0	0	0	0	0	0	0
Mid-Level Manager	Male	19	201	10.6	21	1237	58.9	21	1271.5	60.5	22	886.5	40.3	22	851	38.7
	Female	3	0	0.0	3	12.5	4.2	2	5	2.5	3	75.5	25.2	3	127	42.3
Entry-Level Manager	Male	22	308	14.0	22	1825.5	83.0	22	1234.5	56.1	24	1341.0	55.9	24	1695	70.6
	Female	1	0	0.0	1	0	0.0	1	2	2.0	2	31.5	15.8	6	256	42.7
Engineer	Male	51	494	9.7	49	2005	40.9	52	2755.5	53.0	57	2458.0	43.1	59	4620	78.3
	Female	18	45	2.5	23	615	26.7	22	898.5	40.8	26	753.5	29	22	1313	59.7
Entry-Level Staff	Male	184	308	1.7	179	4157.5	23.2	199	2300	11.6	198	3628.0	18.3	200	5939	29.7
	Female	7	28	4.0	3	9.5	3.2	5	58	11.6	3	15.5	5.2	3	24	8

5.4 Labor-Management Meetings

Employees are an enterprise's most important asset and are closely related to the growth of the enterprise's operations. We attach great importance to employees' right to express their opinions and provide smooth communication channels to establish a harmonious relationship between labor and management, thereby bridging the gap between employees and the Company. We hold labor-management meetings regularly to discuss employees' relevant benefits and rights, so that they can recognize the Company's business philosophy and understand the Company's future business policies and development strategies.

To protect the rights and interests of labor and management, we hold labor-management meetings every three months. The participating members are composed of representatives of labor and management, and labor representatives are elected by employees. Through the labor-management meetings, labor representatives can fully express their opinions face-to-face, and management representatives can listen to employees' voices in the first place and convey the Company's operational situation and other relevant matters to employees. Through effective two-way communication, we provide all employees with the contents of the meetings in a timely manner, strengthen the employment relationship, and protect their rights and interests. The labor-management relationship has been harmonious, and no major labor-management disputes have occurred.

Tung Mung convened **four** labor-management meetings in 2023, during which issues concerning salary adjustment, employee promotions, and festive gathering subsidies were raised for discussion. The issues raised have been taken seriously by management and responded to with specific measures.

5.5 Salary Adjustments and Incentives

To improve employees' technical skills and equip them with the necessary skills according to the Company's development needs during their tenure, we encourage employees to take external training, and after they acquire relevant licenses, we will adjust their salary to reward them. The Company has established a digital knowledge learning database and teaching materials, trained internal instructors, and arranged internal professional license exams to improve employees' technical skills and encourage them to learn and acquire the Company's internal licenses. After they acquire relevant licenses, we will adjust salary to reward them.

5.6 Pension System

To stabilize employees' life after retirement, we contribute to various social insurance funds, such as pensions in the new system and labor and health insurances, for employees in accordance with laws and regulations.

We also make contributions to the retirement reserves in the old system every month for employees using the old system. We contribute 6% of each employee's salary under the new system to their individual pension account on a monthly basis according to their pension scale. If employees meet the legal retirement standards, they can apply for retirement. After completing the procedures, those under the old system can receive the pension under the old system; employees under the new system should reach the age of 60 before they can withdraw the pension from their individual accounts as per law. (Tam Tung has fully funded the employee retirement reserve)

5.7 Occupational Health and Safety

Tung Mung belongs to the first category of business entities with significant risks. Therefore, we have established an ISO 45001 occupational health and safety management system at the Xuejia Factory in accordance with legal requirements and conducted risk assessments to identify operational risks and compliance. We have also implemented relevant risk control measures, complied with occupational safety and health laws, and provided workers with a safe work environment.

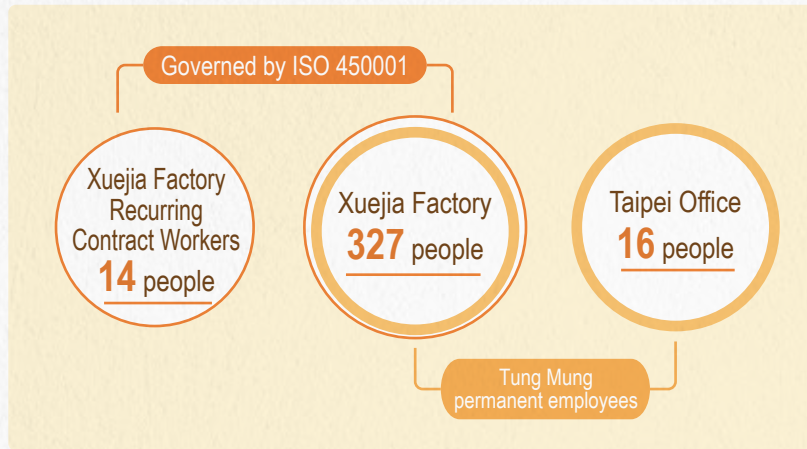
Tung Mung had a total of 343 permanent employees at the end of 2023. In the Xuejia Factory, there were a total of 341 recurring contract workers (such as security guards and cleaners) that accounted for 4% all Tung Mung employees; all of whom were locals and the Company did not hire any foreign worker.

Following the introduction of the environmental management system, the Company has implemented the environment, safety, health, and energy policies listed below since 2021 and introduced an energy management system in 2023 to ensure the safety and health of its work environment, compliance of its operations, openness of communication channels, and effectiveness of various systems:

Environment, Safety, Health, and Energy Policy Implemented in 2023



: No. of Tung Mung Employees and Routine Operators



: Important Milestones in the Occupational Safety and Health System



- 2021**
Obtained the ISO 45001 verification certificate
- 2020**
Carried out ISO 45001 conversion work
- 2018**
Won the Safety and Health Management Progress Award by the Taiwan Steel and Iron Industries Association
- 2018**
Obtained the OHSAS 18001 certificate

Policy → Legal Compliance, Harm Prevention, Health Maintenance, Continuous Improvement

Short-, Medium-, and Long-Term Targets

- Short Term**
Introduce the Occupational Safety Month activity and raise employee awareness of the concept of safety and health through their participation in the activity to reduce occupational accidents that occurred.
- Medium Term**
Establish an environmental management system to link and effectively implement the three management systems of quality, occupational safety, and environment; maintain and update existing buildings and hardware equipment; eliminate and isolate potential sources of hazards to enable employees to work in a safer work environment.
- Long Term**
Raise employees' awareness of occupational safety and health through an excellent management system and the Plan-Do-Check-Act (PDCA) cycle and motivate them to make improvement proposals to enhance the safe work environment, to duly implement occupational safety management and achieve the goal that **all employees are safe and away from occupational accidents.**

- ### Assignment of Responsibilities
- Occupational Safety Department: Formulate regulations and standards and maintain the operation of ISO 45001
 - Units at the office level at the Company: Implement plans as planned
 - Departments at the office level at the Company: Supervise the units they govern to make improvements to management

- ### Investment of Resources
- Implement planned improvement projects according to the approved annual budget
 - Assess and approve ad-hoc proposals (almost all proposals submitted have been approved so far)

- ### Specific Actions
- Shorten the improvement period of defects at the factory
 - Reduce medium risk issues within the plant
 - Increase the percentage of employees receiving annual health checks
 - Encourage employees to put forth improvement proposals
-

5.7.1 Employee Occupational Safety and Health Communication

We have set up the Occupational Safety and Health Committee as per law to review and coordinate business related to occupational safety and health to ensure workers' rights and interests and enable employees to fully express their views.

The Occupational Safety and Health Committee is composed of representatives of both labor and management, with the factory manager as the chair. In 2023, there were 13 management representatives and 8 labor representatives, a total of 21 people, in the committee. The number of labor representatives was more than one-third of the members of the committee. The committee meets every three months, during which it raises awareness of safety and health management in compliance with the Regulations Governing Occupational Safety and Health, and discusses contractor management, accident investigation, and other relevant affairs at the meetings.

In addition to the Occupational Safety and Health Committee meetings, the Company also has an Environment, Safety, and Health Communication Policy in place that enables plant employees and external stakeholders to consult, communicate, coordinate, and raise proposals on safety and health issues.

Furthermore, the Company has introduced incentives as a way to encourage employees to take part in raising proposals that help improve the safety of the work environment. With strong support from the Chairman, the Company approved **all 11 safety and health-related proposals raised** in 2023.

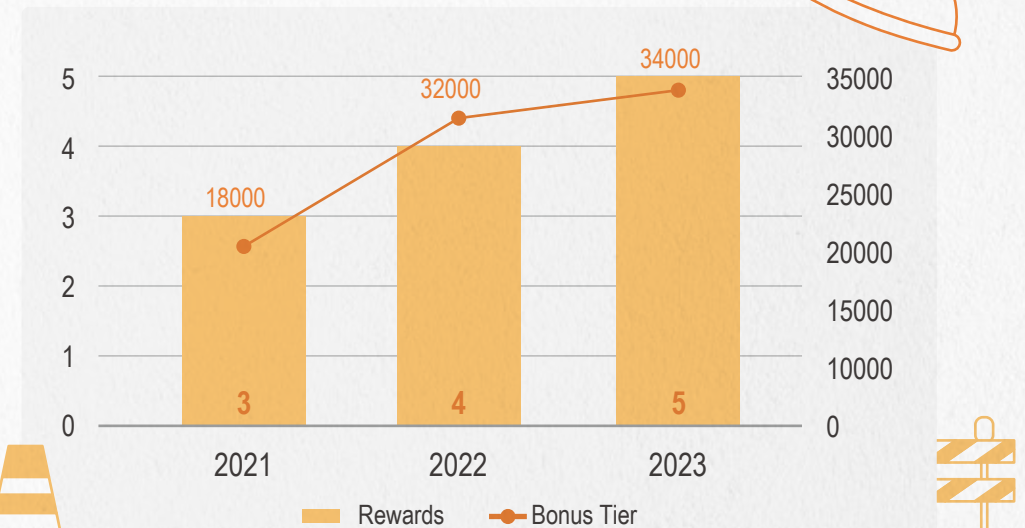
5.7.2 Occupational Safety and Health Campaigns

Tung Mung has designated March as the annual Occupational Safety Month, during which it organizes a wide range of seminars that aim to promote employees' safety and health awareness, enhance the response to emergencies, improve the work environment, and commend employees for raising suggestions. With the support of the Chairman, the Company has increased the diversity and amount of the prize pool each year, so that employees are recognized and compensated for taking part in the campaign.

Occupational Safety Month Events



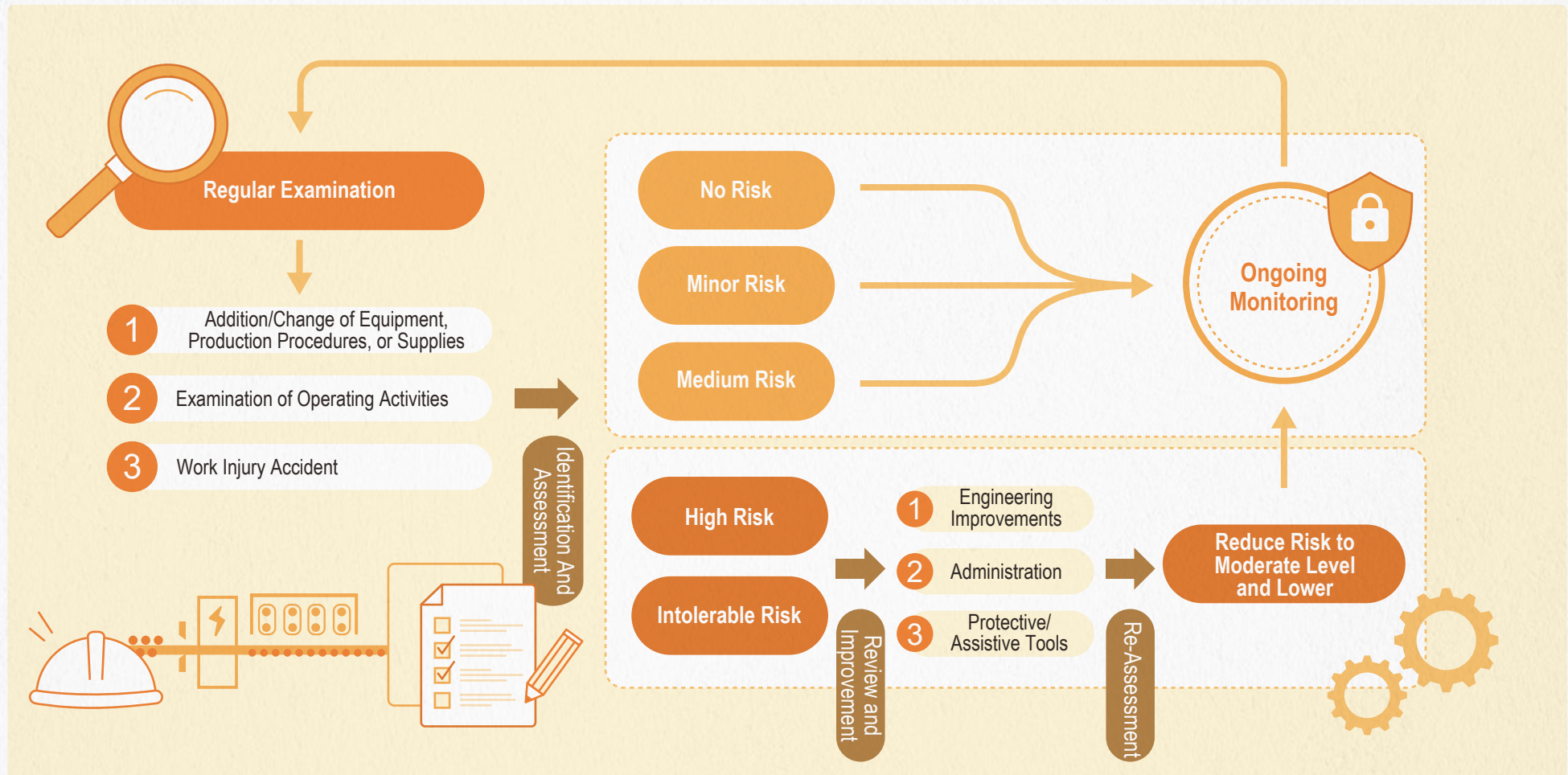
Occupational Safety Month Rewards



5.7.3 Occupational Health and Safety Management System

Tung Mung operates in accordance with the ISO 45001:2018 Occupational health and safety management system and establishes hazard identification and risk and opportunity assessment operations for all processes, activities or service processes, areas, personnel, or facilities to identify the hazards that may arise from the supplies, machines, equipment, operational environment, personnel, clients, contractors, and suppliers, in which the Company is involved. We identify items with high risks that need immediate improvement according to procedures, formulate relevant control measures according to risk characteristics, such as engineering improvement, management system strengthening, or provision of personal protective equipment, set goals, and maintain a safety and health management program to effectively improve operational risks.

Hazard Identification and Risk Assessment Procedures



As Tung Mung is a business entity with significant risks, it has strict control measures in various operating procedures to avoid occupational disasters. The dangerous machinery and equipment used (stationary cranes, boilers, etc.) all meet the requirements of laws and regulations, and we examine the equipment regularly to ensure the safety. In addition, we pay close attention to the safety of chemicals and conduct chemical control banding (CCB) management to implement risk management and control of chemicals.

Owing to the persistent safety enhancement efforts of internal departments, the Company was able to reduce the severity of 13 risk issues from moderate to low or below in 2023. Through constant review and improvement, the Company hopes to provide employees with a safe environment to work in.

In addition to implementing Emergency Response Procedures and planning evacuation routes, Tung Mung holds drills for different emergencies each year to prepare employees for possible hazards and accidents. Through persistent communication and training, the Company hopes to raise employees' awareness of emergency evacuation and proper survival knowledge, thereby complying with Article 18 of the Occupational Safety and Health Act and Article 25 of the Enforcement Rules of the Occupational Safety and Health Act with respect to worker protection.

Examples of Facility Improvement



Setup of guardrails around the roof of the factory



Replacement of spreader racks



Installation of railings at the job site



Improvement made on the work platform



Setup of elevated maintenance platform



Major improvements made in 2023 included the addition of protective rails on the rooftop of the main plant's mid and high towers, walk-on treatment for the skylights, protection measures for high-elevation repair platforms and high-elevation work activities, improvements in the operating environment within the plants, installation/renewal of partition grids that separate personnel and machinery for all production lines, protection against cutting/slitting/rolling/jamming accidents, and renewal of cages, handles, and foot panels for ascending/descending devices to prevent falls.





Installation of new protective rails around the rooftop



Protection for elevated work activities



Implementation of controls for steel coil storage



Implementation of controls for steel coil storage



Ground leveling work



Ground leveling work



Intersection traffic control



Intersection traffic control

5.7.4 Annual Emergency Response Items

In 2023, a total of 7 emergency response items were developed, and multiple drills were carried out by shift personnel. The relevant topics are as follows:



1. Leakage and disposal of hydrofluoric acid pipeline in the storage unit



2. Leakage and disposal of hydrofluoric acid tank in the manufacturing unit



3. Leakage from alkaline drums and pipes and pipeline leakage of the manufacturing unit and their disposal



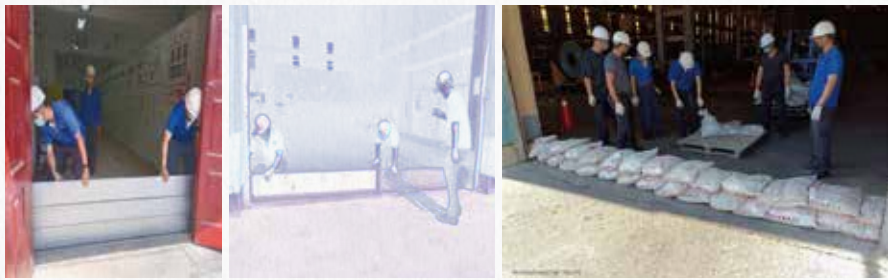
4. Rolling mill fire response drill



5. Collaborated with the Fire and Disaster Relief Brigade to conduct a grinding machine fire drill.



6. Typhoon prevention and disaster response drill



7. Seismic response drill



Major improvements made in 2022 included the addition of protective rails on the rooftop of the main plant, walk-on treatment for the skylights, protection measures for high-elevation repair platforms and high-elevation work activities, controls for in-plant steel coil storage, control of personnel/vehicle movement, protection for ground level workers, installation/renewal of partition grids that separate personnel and machinery for all production lines, protection against cutting/slitting/rolling/jamming accidents, and renewal of cages, handles, and foot panels for ascending/descending devices to prevent falls.



Anti-pinch fences



Outdoor ladders replaced with stairs



Anti-fall railings for annealing furnaces



Inductive stop devices for steel coil trolleys



CRM anti-pinch railings



Railings for work stations in the pickling section of APL

5.7.5 Employee Disabling Injuries and Absence

Hazard elimination, risk reduction, workplace safety, and prevention of occupational accidents are all issues of great concern to the Company. We have implemented the Accident Investigation Procedures to facilitate the investigation of accidents, as well as subsequent reviews and improvements.

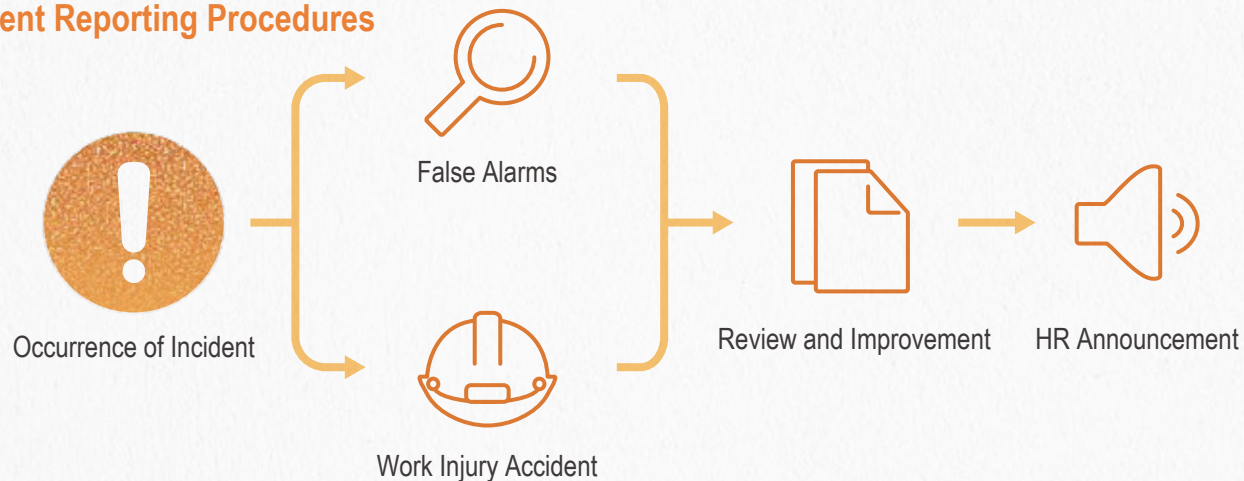
In addition to making improvements to machinery, equipment, and workplace, the Company also provides employees with the full assistance they need to recover from injuries and revisit physicians. No employees have been dismissed, disciplined, or subjected to improper treatment due to work injuries or accidents to date.

The Company encountered only one major accident since it was incorporated, which occurred in 2020. When lubricating and maintaining equipment, personnel were unfortunately killed by the roller in the back. The total number of lost days was 6,000, and the frequency-severity indicator was 4.34.

The Company's occupational safety unit conducted an investigation immediately and took ten on-site improvement measures, including revising the control logic, strengthening the protective effect of the stop button, and enhancing education and training, to avoid the same accident from happening again.



Accident Reporting Procedures



- 1 Accidents are investigated within three days after occurrence.
- 2 False alarms/Work injuries have to be raised for discussion and improvement.
- 3 Once a case is closed, employees are informed and trained accordingly to prevent occurrence in other units.

In 2023, there were no recordable incidents and no injuries per day. These are the achievements of all employees in the Company in complying with safety and health regulations on weekdays. It is hoped that with correct operational safety protection, the goal of protecting employees can be continuously achieved.

Disabling Injuries in 2019–2023

Category	2019		2020		2021		2022		2023	
False Alarms	1		1		3		4		6	
Deaths	0		1		0		0		0	
Severe Accidents	0		0		0		0		0	
Recordable Incidents	2		1		4		5		5	
Employee Category	Tung Mung	Contractor	Tung Mung	Contractor	Tung Mung	Contractor	Tung Mung	Contractor	Tung Mung	Contractor
Total Employees Injured	2	0	1	0	4	0	5	0	6	0
Total Days Lost	14	0	6,000	0	10	0	20	0	0	0

Note:

Severe accidents

Incidents that result in permanent disability or injury requiring more than six months to recover.

Recordable incidents





Incidents that meet the reporting criteria of the Occupational Safety and Health Administration; i.e., incidents that result in the loss of one or more days.



Accidents by Category in 2019–2023

Category	Laceration	Jamming Injury	Fall	Impact	Collision	Fall from Elevation	Contact with Chemicals	Burn	Others	Total
2019	1	1	0	0	0	0	0	0	0	2
2020	0	1	0	0	0	0	0	0	0	1
2021	1	1	1	0	0	0	0	1	0	4
2022	0	0	1	0	0	1	1	1	1	5
2023	0	0	0	0	0	0	0	0	0	0

Occupational Safety and Health Performance in 2019–2023

Category	2019	2020	2021	2022	2023
 Total Work Hours for the Year	570,943	572,067	609,545	618,966	632,457
 Disabling Injury Frequency Rate (FR)	3.5	1.8	6.56	8.08	0
 Disabling Injury Severity Rate (SR)	24	10,488	16	32	0
 Frequency-Severity Indicator (FSI)	0.3	4.3	0.46	0.5	0

$R = \text{Number of Injuries} \times \text{Million Work Hours} / \text{Total Work Hours}$ $SR = \text{Days Lost to Injury} \times \text{Million Work Hours} / \text{Total Work Hours}$ $FSI = \sqrt{[(FR \times SR) / 1,000]}$



Health consultations/interviews (face-to-face)



Health consultations/interviews (face-to-face)

5.7.6 Health Management

Tung Mung conducted annual health checks for general labor and work-related illness prevention in 2023. A total of 323 people participated in the check, including 41 people who engaged in operations with special health hazards; 20 people's health check results were under Level 2 management (where a special health check or health tracking results indicated some or all items being abnormal as determined by the physician after comprehensive judgment, and that such abnormalities are not related to work).

There were no cases judged to be under Level 3 management (special health check or health tracking results indicated some or all items were abnormal as determined by the doctor after comprehensive judgment; if it is not possible to determine if the abnormality is related to work, it should be further evaluated by a specialist in occupational medicine).

Tung Mung treats employees well and provides employees with health checks every year, which is better than the legal requirements. For privacy protection, employee health checkup reports are collectively held in custody by plant nurses and may not be revealed to others without valid reason. Data can be revealed to others for health management or other purposes deemed necessary only with the consent of the data owner. Since July 2021, to meet legal requirements and provide more intensive consultation services to employees, the Company reviews employees' health information on a monthly basis and makes arrangements to have employees with high health risks undergo one-on-one interviews with physicians.



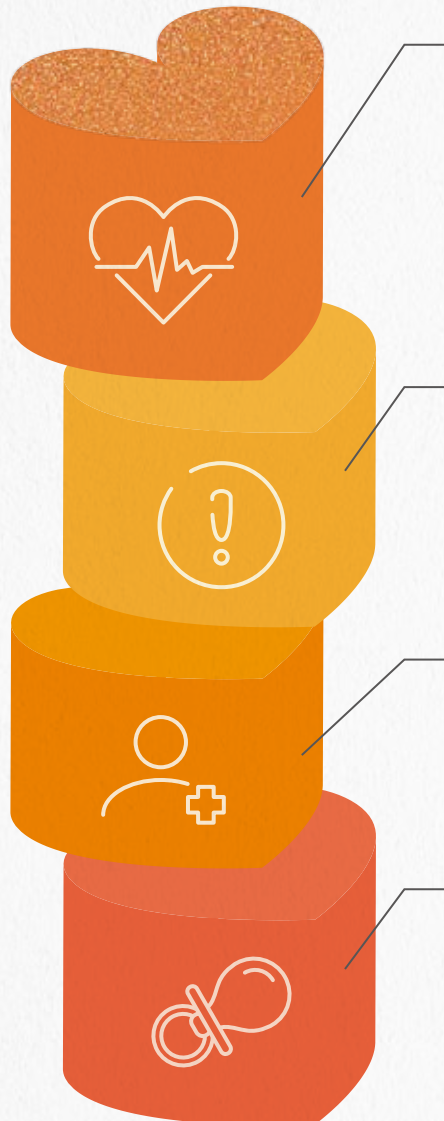
A Total of **323** Employees Participated in the 2023 Health Checkup.



A Total of **83** People Completed Their Consultation Sessions with Physicians in 2023 and Have Been Given Health Guidance.

The Company organized four health seminars in 2023 to promote employees' awareness of diseases, health, and prevention.

Four Main Guidelines Have Been Introduced for Employee Health Management:



1 Prevention of Abnormal Workload-Induced Diseases:

Using the 10-year Cardiovascular Risk Assessment tool, the Company identified 5 employees with a 20–30% risk (high risk) and 74 employees with a 10–19% risk (moderate risk) in 2023. The Company organized on-site medical consultations in 2023, and a total of 5 high-risk employees, 30 moderate-risk employees, and 48 low-risk employees were given health guidance. Among them, low-risk interviews were mainly assessed for night shift workers and middle-aged and elderly workers (45-65 years old) to understand whether the decline of employees' physical function would affect work, and affect their physical and mental safety and health. Based on the assessments performed on-site, the physicians recommended to limit overtime hours and to have site nurses remind managers to keep track of employees' health.

2 Prevention Against Abuse when Performing Duties:

Tung Mung has a prevention plan in place to protect workers against abuse, whether from the employer, managers, colleagues, customers, or other third parties, when performing duties, to ensure the physical and mental health of its workers. The Company has made written statements to prohibit workplace violence, and posted them on bulletin boards. **No violations were reported in 2023.**

3 Prevention of Ergonomic Hazard:

Tung Mung has implemented an ergonomic hazard prevention program to prevent musculoskeletal (ergonomic) illness from repetitive actions or bad postures. **No ergonomic improvements were made in 2023.**

4 Maternity Health Protection:

To protect female employees who are expected to give birth and within one year after giving birth, we have devised a maternal health protection program to ensure the basic safety of female employees in the workplace. To comply with the Act of Gender Equality in Employment and encourage female employees to breastfeed, we have also set up a breastfeeding room, allowing them to use the room with peace of mind and avoid being disturbed by others.

5.7.7 Occupational Safety and Health Professional Competence

To improve personal professional competence and the Company's performance in occupational safety and health, Tung Mung provides employees with OJT in accordance with the on-site requirements for professional competence to develop their correct and safe attitude at work. In addition to basic occupational safety and health management certificates and the professional competence for operating supervisors and equipment operators, we arrange appropriate personnel to receive professional training depending on different operations, such as specific chemical substance supervisors, dust control supervisors, to acquire necessary qualifications and certificates.



Number of People Trained in Occupational Safety and Health in 2020–2023

Unit: persons

Category	Occupational Safety and Health Specialists	Occupational Safety and Health Management Personnel	Class-1 Managers of Occupational Safety and Health Affairs	Supervisors in Charge of Hypoxia Operations	Supervisors in Charge of Specific Chemical Substance Operations	Supervisors in Charge of Dusty Operations
2020	1	2	11	18	18	1
2021	1	3	11	29	22	1
2022	2	3	25	35	23	1
2023	2	3	26	37	25	1
Category	High-Pressure Gas Container Operators	High-Pressure Gas Specific Equipment Operators	Forklift Operators	Stationary Crane Operators	Boiler Operators	First-Aid Personnel
2020	5	7	201	193	12	38
2021	6	7	236	243	13	39
2022	7	8	218	216	14	41
2023	7	8	221	212	16	42

FR = Number of Injuries X Million Work Hours / Total Work Hours SR = Days Lost to Injury X Million Work Hours / Total Work Hours FSI = $\sqrt{[(FR \times SR) / 1,000]}$

06



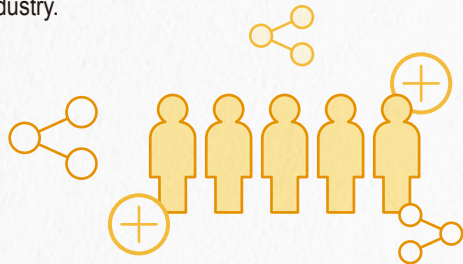
Chapter Charity



6.1 Participation in External Organizations	80
6.2 Community Care	80
6.3 Charity	81

6.1 Participation in External Organizations

Tung Mung continues to participate in and hold appropriate positions in associations or organizations in related industries in the aspects of business and governance. Over the course of participation, we engage in interaction and exchanges to access the latest information to ensure that Tung Mung’s corporate governance is properly aligned with domestic and international trends and relevant groups in the industry.



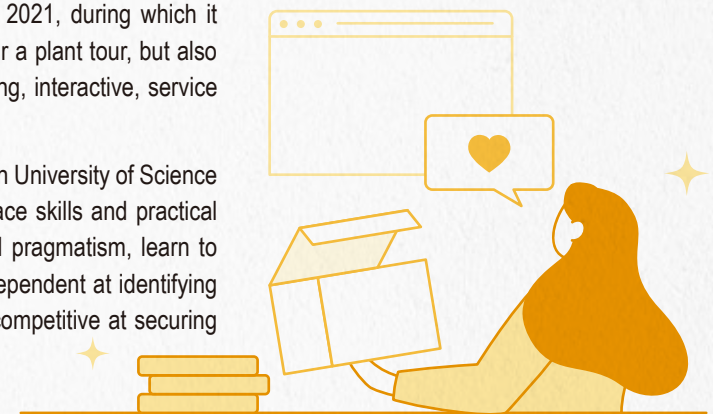
As a support for the education of talent for the steel industry, Tung Mung participated in the 2021 Ministry of Education Industrial Academy - Metal Manufacturing and Heat Treatment Technology Course held by Southern Taiwan University of Science and Technology in 2021, during which it delivered three seminars. Tung Mung not only invited students and lecturers of the Department of Mechanical Engineering for a plant tour, but also offered internship opportunities and engaged academia counterparts in a wide range of research, development, talent training, interactive, service enhancement, technology transfer, and collaborative activities.

In order to train professionals in the work place, the Company renewed its industry-academia collaboration with Southern Taiwan University of Science and Technology in 2022 to continue providing internship opportunities for students, through which they can develop workplace skills and practical experience. In this collaboration, the Company provides an environment where students are able to develop diligence and pragmatism, learn to incorporate theory into practice, observe interpersonal interactions, build teamwork and professional ethics, and become independent at identifying and solving problems. The internship also improves students’ ability to write and present reports, which makes them more competitive at securing employment after graduation.

6.2 Community Care

As Tung Mung has long been committed to sustainable development, fulfilling our corporate social responsibility, and providing community care, we hold community environmental protection activities from time to time and sponsor a number of community charity events.

The wastewater and exhaust gas generated by Tung Mung are all treated by the prevention and control equipment. The wastewater and air pollution tests are in compliance with legal standards and will not cause environmental pollution or affect the community. There have been no reports or complaints in this regard from the community.



Membership of Associations and Organizations

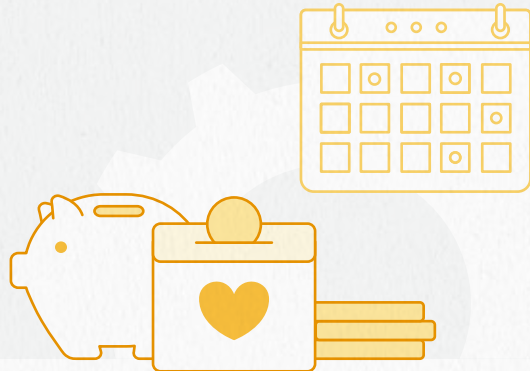
Name of Associations and Organizations	Category	Position	Year	Number of Participants
Taiwan Steel and Iron Industries Association	Corporation	Member	1995–now	7
The Corrosion Engineering Association of the R.O.C.	Individual	Member	1996–now	1
Importers and Exporters Association of Taipei	Corporation	Member	2020–now	3
Tainan City Police Association	Individual	Consultant	2001–now	1
Tainan City Firefighter Association	Individual	Consultant	2019–now	1
Zhongwu Volunteer Police and Civil Defense Consulting Group	Individual	Consultant	2019–now	1

6.3 Charity

: Friendly Charity Activities (2020-2023)



2020	2021	2022	2023
<ul style="list-style-type: none"> ● Consultant for the Zhongwu Police Station ● Sponsored the activity in the Yixiu community on the Double Ninth Festival ● Sponsored the activity of the environmental protection volunteer team in the Xiuchang Village ● Sponsored the anniversary celebration of Syuejia Junior High School ● Sponsored the graduation ceremony of Syuejia Junior High and Elementary School  <p>Letter of Appointment as Consultant from the Zhongwu Police Station</p>  <p>Certificate of Appreciation from Syuejia Junior High School</p>	<ul style="list-style-type: none"> ● Sponsored activities of the Huan Chang Community ● Sponsored the activity of the Zhongwu Volunteer Police and Civil Defense Group ● Sponsored the management funds of Liao An Temple ● Sponsored activities of the Chung Chou Longevity Community ● Sponsored the 100th anniversary celebration of Zhong Zhou Primary School ● Sponsored the anniversary celebration of Dong-Yang Elementary School ● Sponsored the anniversary celebration of Syuejia Junior High School ● Sponsored the graduation ceremony of Syuejia Junior High and Elementary School ● Sponsored the after-school counseling of Syuejia Junior High School 	<ul style="list-style-type: none"> ● Activities of the Huan Chang Community Development Association ● Pandemic awareness promotion activity of the environmental protection volunteer team in the Xiuchang Village ● Celebration of Liao An Temple ● Sponsored the parade of Xuejia Tzu Chi Temple ● Activity of the Zhongwu Volunteer Police and Civil Defense Group ● Technology learning program for students of Syuejia Elementary School ● 61st anniversary celebration of Dong-Yang Elementary School ● Graduation ceremonies of schools in Xuejia District ● Graduation ceremony of Beimen Elementary School ● Activities of the Huan Chang Community Development Association ● Activity of the 5th Community Zhongzhou Elders Association ● Double Ninth Festival activity of the Senior Citizen's Welfare Association ● Relocation of utility poles on connecting roads ● Budget for the evening self-study program of Syuejia Junior High School for the second semester of 2022 ● Anniversary celebration and sports competition of Beimen Elementary School and Syuejia Junior High School ● Combined training of the 3rd Brigade, Tainan City Government Fire Bureau 	<ul style="list-style-type: none"> ● Sponsored the Hollyhocks Season ● Sponsored the Huazong Cup Volleyball Tournament ● Sponsored the Parade of Xuejia Chih Jih Temple ● Sponsored the 67th anniversary celebration of Syuejia Junior High School ● Sponsored the Respect for the Elderly Event on Double Ninth Festival in Xuejia District ● Sponsored the volleyball teams of Syuejia Junior High School and Dongyang Elementary School ● Sponsored gifts for graduation of schools in Xuejia District ● Cooperated with the fire brigade for joint drills ● Assisted Xuejia police substation and its affiliated stations with computer updates and surveillance camera installations ● Sponsored the activity of the environmental protection volunteer team in the Xiuchang Village





To serve the local community, Tung Mung regularly maintains the surface of a 1.2-kilometer-long access road and removes weeds on the roadside to ensure the safety of the road around the factory area and the access road.



Combined training of the 3rd Brigade, Tainan City Government Fire Bureau



To celebrate the Company's 55th anniversary in October 2023, we organized a power walk event and invited members of the community to join us. This initiative aimed to promote a culture of fitness and health, while also fulfilling Tung Mung's ESG corporate social responsibility. The event embodied the Company's commitment to sustainable business practices with the philosophy of "taking from society, giving back to society."

07

Chapter Appendix



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Appendix 3. TCFD Climate-Related Financial Disclosures	91
Appendix 4. Proof of External Assurance for GRI Standards Core	92
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Appendix 8. Proof of External Assurance for ISO50001:2018	97

Appendix 1. GRI Content Index (based on the 2021 GRI Standards)



● GRI 2: General Disclosures

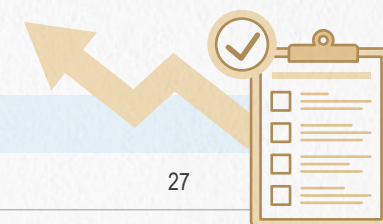
Material Topics (Y)	Item	GRI Description	Report Section	Page	Note
Universal standards					
Organizational Profile and Reporting Practices					
	2-1	Organizational details	0.1 About this report	03	
	2-2	Entities included in the organization's sustainability reporting	0.1 About this report	03	
	2-3	Reporting period, frequency and contact point	0.1 About this report	03	
	2-4	Restatements of information	Appendix 2. SASB Sustainability Accounting Standards Appendix 3. TCFD climate-related financial disclosures	90 91	
	2-5	External assurance	0.1 About this report 7. Appendix 4. Proof of external assurance for GRI Standards Core	03 92	
Organizational Activities and Workers					
	2-6	Events, value chains, and other business relationships	1.1 Company Profile	06	
	2-7	Employees	5.1 Employee structure	59	
	2-8	Workers who are not employees	5.7 Occupational Health and Safety	67	
Y	Governance				
	2-9	Governance Structure and Composition	1.3 Sustainability management framework, indicators, and performance	08	
	2-10	Nomination and selection of the highest governance body	2.1.1 Operation of the Board of Directors	19	
	2-11	Chair of the highest governance body	2.1.1 Operation of the Board of Directors	19	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.1.1 Operation of the Board of Directors	19	
	2-13	Delegation of responsibility for managing impacts	2.1.1 Operation of the Board of Directors	19	
	2-14	Role of the highest governance body in sustainability reporting	0.1 About this report	03	

Material Topics (Y)	Item	GRI Description	Report Section	Page	Note
	2-15	Conflicts of interest	2.1.1 Operation of the Board of Directors	19	
	2-16	Communication of critical concerns	2.1.1 Operations of the Board of Directors (Corporate Governance)	19	
	2-17	Group knowledge of the highest governance body	2.1.1 Operations of the Board of Directors (Corporate Governance)	19	
	2-18	Evaluation of the performance of the highest governance body	2.1.1 Operation of the Board of Directors	19	
	2-19	Remuneration policies	2.1.1 Operation of the Board of Directors 5.1 Employee Structure (Remuneration Ratio)	19 59	
	2-20	Process to determine remuneration	2.1.1 Operation of the Board of Directors	19	
	2-21	Annual total compensation ratio	2.1.1 Operation of the Board of Directors	19	Non-disclosure
Strategy, Policies and Practices					
Y	2-22	Statement on sustainable development strategy	0.2 Words from management 2.1.1 Operations of the Board of Directors (Corporate Governance)	04 19	
	2-23	Policy commitments	2.4 Compliance and grievance system 3.3.2 Customer service and management	28 35	
	2-24	Embedding policy commitments	2.4 Compliance and grievance system 3.3.2 Customer service and management 3.4.2 Supplier management	28 35 37	
Y	2-25	Processes to remediate negative impacts	2.1.2 Operation of the functional committee (risk management operation)	21	
Y	2-26	Mechanisms for seeking advice and raising concerns	2.1.2 Operation of the functional committee (risk management operation)	21	
	2-27	Compliance with laws and regulations	2.4 Compliance and grievance system	28	
	2-28	Membership associations	6.1 Participation in external organizations	80	
Stakeholder Engagement					
	2-29	Approach to stakeholder engagement	1.5 Stakeholder engagement	13	
	2-30	Collective bargaining agreements	1.5 Stakeholder engagement	13	Set up a union and signed collective bargaining agreements

● **GRI 3: Material Topics 2021**

Material Topics (Y)	Item	GRI Description	Report Section	Page	Note
	3-1	Process to determine material topics	1.6 Material topic identification	15	
	3-2	List of material topics	1.6 Material topic identification	15	
	3-3	Management of material topics	1.6 Material topic identification	17	

● **Economic Disclosures (GRI 200) Economic Indicators**



GRI 201: Economic Performance 2016

201-1	Direct economic value generated and distributed	2.3 Operational performance	27
201-2	Financial implications and other risks and opportunities due to climate change	7. Appendix 3. Climate-related financial disclosures (TCFD)	91
201-3	Defined benefit plan obligations and other retirement plans	5.6 Pension system	67
201-4	Financial assistance received from government	5.3 Talent training	66

GRI 202: Market Presence

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Employee structure	59
202-2	Proportion of senior management hired from the local community	5.1 Employee structure	59

GRI 204: Procurement Practices 2016

204-1	Proportion of spending on local suppliers	3.4.4 Procurement practices	39
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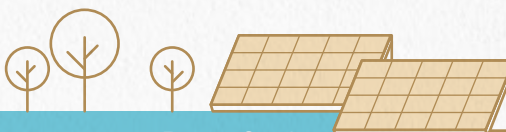
GRI 205: Anti-Corruption 2016

205-2	Communication and training about anti-corruption policies and procedures	2.4 Compliance and grievance system	28
205-3	Confirmed incidents of corruption and actions taken	2.4 Compliance and grievance system	28

GRI 206: Anti-Competitive Behavior 2016

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4 Compliance and grievance system	28
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● Environmental Disclosures (GRI 300) Environmental Indicators



Material Topics (Y)	Item	GRI Description	Report Section	Page	Note
GRI 302: Energy 2016					
	302-1	Energy consumption within the organization	4.2 Energy management	44	
	302-3	Energy intensity	4.2.1 Energy intensity	44	
	302-4	Reduction of energy consumption	4.2.2 Energy conservation measures	44	
GRI 303: Water and Effluents 2018					
	303-1	Interactions with water as a shared resource	4.4.2 Water resources and water conservation	49	Sourced from Tsengwen Reservoir
	303-2	Management of water discharge-related impacts	4.5 Waste disposal and management	51	
Y	303-3	Water withdrawal	4.4.2 Water resources and water conservation	49	Measured in million liters (ML)
Y	303-4	Water discharge	4.4.2 Water resources and water conservation	49	Measured in million liters (ML)
Y	303-5	Water consumption	4.4.2 Water resources and water conservation	49	Measured in million liters (ML)
GRI 305: Emissions 2016					
	305-1	Direct (Scope 1) GHG emissions	4.3.1 Greenhouse gas inventory and emissions	46	
	305-2	Energy indirect (Scope 2) GHG emissions	4.3.1 Greenhouse gas inventory and emissions	46	
	305-4	GHG emissions intensity	4.3.1 Greenhouse gas inventory and emissions	46	
	305-5	Reduction of GHG emissions	4.3.2 Greenhouse gas and carbon emission reduction measures	48	
GRI 306: Waste 2020					
Y	306-1	Waste generation and significant waste-related impacts	4.5.1 Generation and treatment of waste	51	New GRI 306: Waste 2020
Y	306-2	Management of significant waste-related impacts	4.5.1 Generation and treatment of waste	51	New GRI 306: Waste 2020
Y	306-3	Waste generated	4.5.1 Generation and treatment of waste	51	New GRI 306: Waste 2020
Y	306-4	Waste diverted from disposal	4.5.2 Waste reduction	55	New GRI 306: Waste 2020

Material Topics (Y)	Item	GRI Description	Report Section	Page	Note
Y	306-5	Waste directed to disposal	4.5.2 Waste reduction	55	New GRI 306: Waste 2020
GRI 307: Environmental Compliance 2016					
Y	307-1	Non-compliance with environmental laws and regulations			The Company received no major penalties during the year for violations of environmental protection laws.

● **Social Disclosures (GRI 400) Social Indicators**

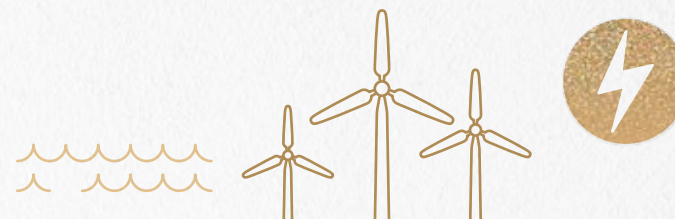
GRI 401: Employment Relations 2016					
	401-1	New employee hires and employee turnover	5.1 Employee structure		59
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Employee benefits		65
GRI 401: Employment Relations 2018					
Y	403-1	Occupational health and safety management system	5.7 Occupational Health and Safety		67
Y	403-2	Hazard identification, risk assessment, and incident investigation	5.7 Occupational Health and Safety		67
Y	403-3	Occupational health services	5.7.6 Health management		76
Y	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Labor-management meetings 5.7.1 Employee occupational safety and health communication		66 69
Y	403-5	Worker training on occupational health and safety	5.7.7 Occupational safety and health professional competence		78
Y	403-6	Promotion of worker health	5.7.6 Health management		76
Y	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.7.3 Occupational health and safety management system		70
Y	403-8	Workers covered by an occupational health and safety management system	5.7.3 Occupational health and safety management system		70
Y	403-9	Work-related injuries	5.7.5 Employee disabling injuries and absence		74
Y	403-10	Work-related ill health	5.7.6 Health management		76

Material Topics (Y)	Item	GRI Description	Report Section	Page	Note
GRI 404: Training and Education 2016					
	404-1	Average hours of training per year per employee	5.3 Talent training	66	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.3 Talent training	66	
GRI 405: Diversity and Equal Opportunity 2016					
	405-1	Diversity of governance bodies and employees	5.1 Employee structure	59	
	405-2	Ratio of basic salary and remuneration of women to men	5.1 Employee structure	59	
GRI 418: Customer Privacy 2016					
	418-1	Substantiated breaches of customer privacy and losses of customer data	1.4 Information security	12	There have been no violations of customers' privacy or loss of customers' information.
GRI 419: Socioeconomic Compliance 2016					
	419-1	Non-compliance with laws and regulations in the social and economic area			There is no such situation for the time being



Appendix 2. SASB Sustainability Accounting Standards

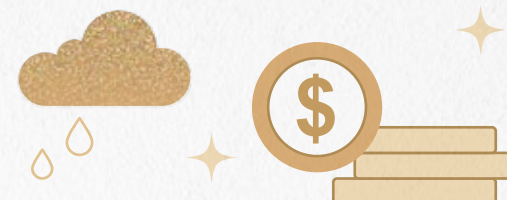
● SASB Sustainability Accounting Standards Index (Indicator code: EM: Mining, Mining and Metallurgical Engineering IS: Iron and Steel Manufacturing)



Disclosure Topic	Indicator Code	Disclosure of Accounting Indicators	2023	Corresponding Chapter/Description	Page	Note
GHG emissions	EM-IS-110a.1	Scope 1 (1) Total emissions (tCO ₂ e) (2) Percentage covered by carbon emission regulations (%)	24,248 43%	4.3.1 Greenhouse gas inventory and emissions	46	
		For Scope 1 (1) Discussion of long- and short-term strategies or plans for emission management and carbon reduction goals (2) Performance analysis for these goals				
Air emissions	EM-IS-120a.1	Airborne pollutants emitted: (1) CO (2) NOX (excluding N ₂ O) (3) SOX (4), and particulate matter (PM ₁₀). All were within the threshold specified by the Ministry of Environment. (5) Manganese (MnO) (6) Lead (Pb) (7) Volatile Organic Compounds (VOCs) (8) Polycyclic aromatic hydrocarbons (PAHs)		4.6 Air pollutant management	57	
Energy management	EM-IS-130a.1	(1) Total energy consumption (2) Percentage of grid electricity consumption (3) Percentage of renewable energy consumption	55.6% 1.4%	4.2 Energy management	44	
		(1) Total fuel consumption (2) Percentage of coal, percentage of natural gas (3) Percentage of renewable energy				
Water management	EM-IS-140a.1	(1) Total fresh water withdrawal (2) Percentage of reclaimed water (3) Percentage of areas with high or very high baseline water stress		4.4 Water resource and effluent management	49	
Hazardous waste management	EM-IS-150a.1	Quantity of waste generated during the production process, percentage of hazardous substances, and percentage of recycling		4.6 Air pollutant management	51	
Workforce health and safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIR) (2) Fatality rate (3) False alarm rate for full-time employees and contract employees		5.7.5 Employee disabling injuries and absence	75	
Supply chain management	EM-IS-430a.1	Discuss the management process for iron ore and/or coking coal procurement risks arising from environmental and social issues				

① Electricity conversion factor: 1 kWh= 0.003600 GJc ② Calorific value conversion factor: diesel - Taiwan = 0.035169 GJ/L; gasoline - Taiwan = 0.032657 GJ/L

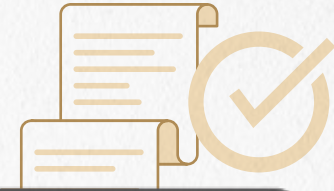
Appendix 3. TCFD Climate-Related Financial Disclosures



• Task Force on Climate-Related Financial Disclosures, TCFD

Disclosure Elements	Element Content	Disclosures	Corresponding Chapter/Description	Page	Note
Governance	Disclose the role of the board of directors in overseeing climate-related risks and opportunities, and the role of the management in the assessment and management of related issues.	1 Describe the board's oversight of climate-related risks and opportunities.			
		2 Describe management's role in assessing and managing climate-related risks and opportunities.	1.3 Sustainability management framework, indicators, and performance	08	
Strategy	Disclose how climate-related issues affect the organization's business, strategy, and financial planning in the short, medium, and long term.	1 Describe the short-, medium- and long-term climate-related risks and opportunities identified by the organization.	1.3 Sustainability management framework, indicators, and performance	08	
		2 Describe the impact of climate-related risks and opportunities on the organization's operational, strategic, and financial planning.			
		3 Describe the organization's strategic resilience, considering different climate-related scenarios.			
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks, and whether the processes have been incorporated into the organization's existing risk management procedures.	1 Describe the organization's process for identifying and assessing climate-related risks.			
		2 Describe the organization's climate-related risk management processes			
		3 Describe the organization's strategic resilience, considering different climate-related scenarios.			
Indicators and Goals	Disclose how the organization measures and monitors climate-related risks and opportunities	1 Disclose the indicators used by the organization to assess climate-related risks and opportunities through the strategy and risk management process.	1.3.3 Tung Mung's roadmap to net-zero emissions by 2050	11	
		2 Disclosure of scope 1, scope 2, and scope 3 (as applicable) GHG emissions and related risks	4.3.1 Greenhouse gas inventory and emissions 4.2 Energy management	46 44	
		3 Describe the objectives used by the organization to manage climate-related risks and opportunities, and the performance of the objective	1.3.3 Tung Mung's roadmap to net-zero emissions by 2050	11	

Appendix 4. Proof of External Assurance for GRI Standards Core





保證聲明書

台灣檢驗科技股份有限公司針對東盟開發實業股份有限公司於2021年企業社會責任報告書永續活動報導之保證聲明書

保證/查證性質與範圍
台灣檢驗科技股份有限公司(以下簡稱SGS)受東盟開發實業股份有限公司(以下簡稱東盟開發實業)委託執行2021年企業社會責任報告書之獨立保證(以下簡稱報告書)。依據SGS永續發展報告保證方法論，其保證範圍係包括報告書中所涵蓋之文本與圖表之數據。根據SGS永續發展報告保證方法論，保證的範圍包括樣本文本內容和相關附表中的數據。這些數據包含在現場查證期間所提交的報告中。SGS保留不將更新保證聲明的權利，具體取決於發布版本的報告內容與協議標準要求之間差異的程度。

保證聲明書之預期使用者
本保證聲明書係以東盟開發實業之所有利害關係人為主要溝通對象。

責任
有關東盟開發實業之2021年報告書中之資訊以及所呈現之內容皆屬於東盟開發實業之企業社會責任負責人、企業社會責任委員會及企業社會責任管理部門的責任。SGS台灣未參與任何有關東盟開發實業之2021年報告書中所包含之內容的準備工作。

我們的責任是對東盟開發實業的所有利害關係者對於所設定查證範圍內所發表的文字、數據、圖表和聲明提供意見。

保證標準、類型與等級
SGS用於執行保證工作引用之ESG類永續報告書保證規則係依據國際認可之保證指引、全球報告倡議組織(GRI)永續性報導準則101: 基礎 2016 之報告品質要求及相關當責性標準於各保證等級及保證方法執行原則之相關指南所規定。

保證及報告要求範疇
保證工作範疇包括評估特定績效資訊的報告品質、準確性及可靠性。此評估依據之報告準則如下:

合約協議之特定報告準則

報告準則項目
1 GRI 準則 (核心選項)

- 評估報告書於GRI內容索引中宣告其所依循之重大主題及其對應之GRI永續性報導準則(100, 200, 300及400系列)符合程度

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保證方法
本報告書保證包含保證活動前的商業研究、東盟開發實業位於台灣之營運據點與本保證活動相關之員工及資深管理階層的訪談、文件和紀錄的審查以及與本保證活動相關之外部機構和/或利害關係者的查證。報告中所引用之財務資訊若已經由獨立之會計稽核，在報告書保證過程中將不會追溯其原始資料。

使用限制及措施
報告中所引用已經獨立會計稽核之財務資訊在報告書保證過程中將不會追溯其原始資料或對其符合程度提供意見。

獨立性及資格聲明
SGS 集團在檢驗、測試和認證的領域在世界上具有領先的地位，我們在超過140個國家營運和提供服務。服務的項目包括管理系統和服務認證、品質、環境、社會和道德的稽核和訓練以及環境報告書保證、社會報告書保證和永續報告書保證。SGS 台灣申明我們對於東盟開發實業、其子公司和利害關係者的獨立性上沒有任何偏見和利益衝突。


保證團隊之組成係根據成員的知識、經驗以及能力資格加以挑選。且由具備品質管理系統、環境管理系統、安全衛生管理系統、能源管理系統、有害物質管理系統、社會責任管理系統、溫室氣體查證之註冊主事稽核員/查證員資格及符合SGS永續報告保證服務資格的人員所組成。

查證/保證意見
依據所訂之方法論以及所完成之查證工作，保證團隊對於保證工作範疇內與重大主題相關的特定績效資訊其準確性及可靠性感到滿意，並且認為其已依保證報告準則要求公允報導。

保證團隊認為報告書所編已為此報告書選擇適當程度之保證等級。

全球報告倡議組織(GRI)永續性報導準則結論、發現事項及建議
東盟開發實業之2021年報告書適切地符合GRI永續性報導準則核心選項的要求。其重大議題及影響之內外邊界已適當地依據GRI定義報告書內容的報導原則完成鑑別。重大主題及邊界的鑑別、利害關係者適合等GRI 102-40至GRI 102-47的相關揭露項目，已正確於內容索引及報告書中列示。未來發行之報告書應考慮將價值鏈中可能具實際與潛在對經濟、環境、人可能構成衝擊的相關議題納入重大性評估範疇，並針對評估所應用之方法論有更詳盡的說明。

簽署人



黃世忠 資深副總裁
台北, 台灣
日期: 2021年04月26日
WWW.SGS.COM

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ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE TUNG MUNG DEVELOPMENT CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by TUNG MUNG DEVELOPMENT CO., LTD. (hereinafter referred to as TUNG MUNG) to conduct an independent assurance of the Sustainability/ Corporate Social Responsibility Report for 2021 (hereinafter referred to as the CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all TUNG MUNG's Stakeholders.

RESPONSIBILITIES

The information in the TUNG MUNG's CSR Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and management of TUNG MUNG. SGS has not been involved in the preparation of any of the material included in the report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all TUNG MUNG's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The assurance of this report has been conducted according to the SGS ESG & Sustainability Report Assurance protocols used to conduct assurance, which are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Select specific reporting criteria included in the contract:

Reporting Criteria Options

1. GRI Standards (Core)

- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with:

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

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LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification, quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from TUNG MUNG, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within TUNG MUNG's CSR Report of 2021 verified is accurate, reliable and provides a fair and balanced representation of TUNG MUNG sustainability activities in 01/01/2021 to 12/31/2021.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core option.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, TUNG MUNG's CSR Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. It should be taken into account the sustainability context across value chain when identifying issues that may have actual and potential impacts to the economic, environment, and people. More information on the sustainability impact assessment methods is to be further described in future reports.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
26 April, 2022

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Appendix 5. Proof of External Assurance for ISO 14001:2015



Appendix 7. Proof of External Assurance for ISO14067:2018





Certificate

Certificat

碳足跡查證聲明書


聲明書編號 TTCFP23231.01-00
 東盟開發實業股份有限公司
 台南市學甲區秀昌里一秀 155 號 T: 06-7820280

查證準則: ISO 14067: 2018
 產品/服務名稱: 不銹鋼鋼卷 304 及 304L 鋼捲 2D 表面、304 及 304L 鋼捲 BA 表面、304 及 304L 鋼捲 NO.4 表面、304 及 304L 鋼捲 NO.1 表面
 功能單位: 每公噸 宣告單位: 每公噸
 生產/服務地址: 台南市學甲區秀昌里一秀 155 號
 查證範圍: 供上述地址之工廠
 查證期間: 2022 年 01 月 01 日至 2022 年 12 月 31 日
 系統邊界: 搖籃到大門
 查證數據:

系列產品名稱	每公噸平均碳排放量	單位: 公噸二氧化碳當量				
		原料階段	製造階段	能源階段	使用階段	廢棄階段
304 2D	3.0060	3.4060	0.4500	NA	NA	NA
304L 2D	3.8895	3.4294	0.4500	NA	NA	NA
304 BA	4.1918	3.7982	0.3958	NA	NA	NA
304L BA	4.2882	3.8828	0.3958	NA	NA	NA
304 NO.1	3.5327	3.3099	0.2227	NA	NA	NA
304L NO.1	3.5284	3.3028	0.2227	NA	NA	NA
304 NO.4	4.0463	3.8296	0.4167	NA	NA	NA
304L NO.4	4.0788	3.8622	0.4167	NA	NA	NA



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 T: +886 235 0066 - F: +886 235 7889 - No. 20999712 - <https://china.affnord.com/zh-tw/>



Certificate

Certificat

查證意見


艾法諾國際 (AFNOR ASIA) 確認上述單位之碳足跡主張係根據協議之查證準則規範的
 溫室氣體評估報告予以準備，並公正地呈現溫室氣體數據及相關資訊，查證數據為
 合理量測及計算，查證結果發現並未違反實質性限制，查證數據為合理保證等級。

碳足跡研究報告審核: 第 2 版; 日期: 2024 年 02 月 26 日
 碳足跡盤查審核報告: 第 2 版; 日期: 2024 年 02 月 26 日
 碳足跡查證總結報告審核: 第 1 版; 日期: 2024 年 02 月 28 日
 查證作業實施日期: 2024 年 02 月 01 日、02 月 02 日及 02 月 26 日
 查證聲明書核對日期: 2024 年 03 月 15 日
 查證聲明書有效期間: 2024 年 03 月 15 日至 2026 年 03 月 14 日
 保留限制: 無

APPROVED BY



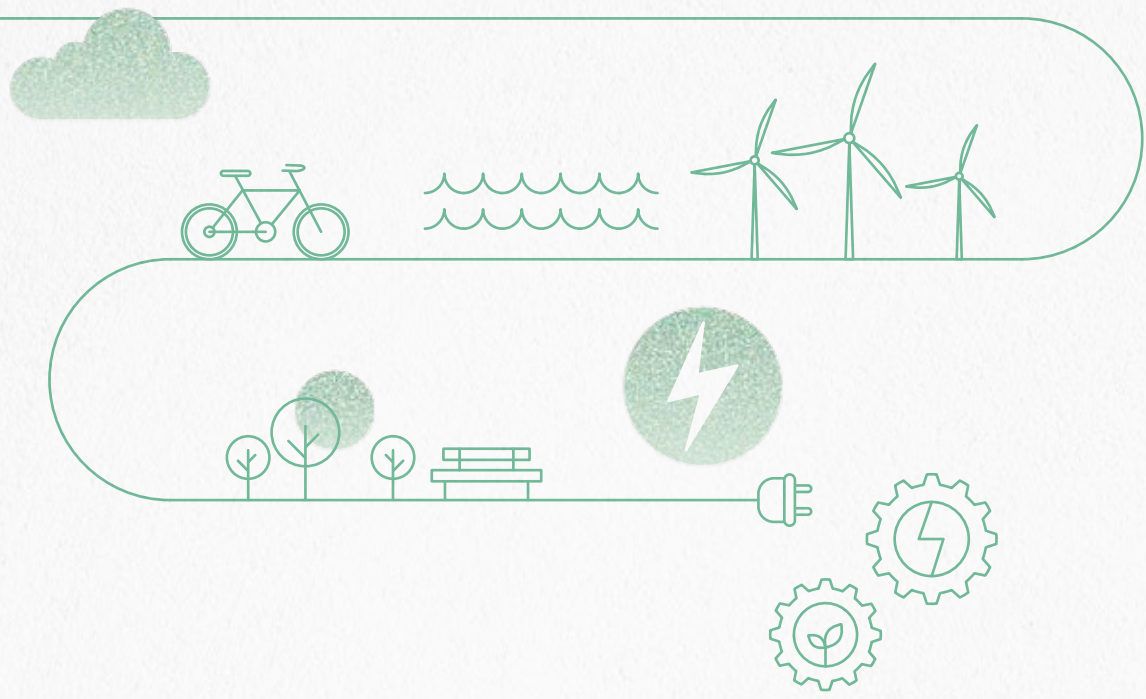
Patrick M.
Director for Certification
ON BEHALF OF
AFNOR ASIA



AFNOR Asia Ltd 艾法諾國際股份有限公司 - JPF-C, No.151, Chung Ping Road, Teyuan, 510, S.O.C., Taiwan
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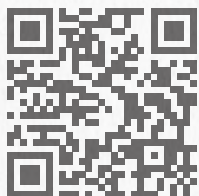
Appendix 8. Proof of External Assurance for ISO50001:2018





TUNG MUNG DEVELOPMENT CO., LTD.
Tung Mung Development Co., Ltd.

First Quality, Best Reputation, Excellent Service



| Headquarters. Xuejia Factory |

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