



GMTC

Gloria Material Technology Corp.

2021

ESG Report



Content

About this Report	4
-------------------	---

Letter from the Chairman	6
--------------------------	---

1 GMTC ESG 8

1.1 Corporate Philosophy and Sustainability Vision	9
--	---

1.2 Stakeholder Engagement	15
----------------------------	----

1.3 Materiality Analysis	20
--------------------------	----

2 Company Operations 27

2.1 Company Profile	30
---------------------	----

2.2 Economic Performance	32
--------------------------	----

2.3 Corporate Governance	34
--------------------------	----

2.4 Integrity Management	41
--------------------------	----

2.5 Risk Management	43
---------------------	----

2.6 Climate-Related Actions	49
-----------------------------	----

2.7 Information Security and Privacy	51
--------------------------------------	----



3 Sustainable Value Chain 56

3.1 Marketing and Customer Service	59
3.2 Quality Management	63
3.3 Responsible Supply Chain	67

4 Environmental Protection 71

4.1 Environmental Safety and Health	75
4.2 Raw materials Management	77
4.3 Power and Greenhouse Gas Management	78
4.4 Water Resource Management	82
4.5 Waste Management	84
4.6 Environmental Protection Expenditure and Environmental Regulations	87

5 Happy Workplace 88

5.1 Diverse Talent Pipeline and Equality	90
5.2 Talent Attraction and Employee Care	94
5.3 Human Rights and Equality	99
5.4 Safety and Health at the Workplace	100

6 Social Engagement 107

Appendix 113

Appendix I GRI Standards Index Comparison Table	114
Appendix II Third Party Verification Statement	128



About this Report GRI 102-45, 102-46, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

This report is the 2021 Sustainability Report (hereinafter referred to as “the Report”) of Gloria Material Technology Corp. (hereinafter referred to as GMTC, “the company”). The Report disclosed GMTC’s planning and practices related to corporate social responsibility and sustainable development, and the materiality analysis results correspond to major sustainability issues concerned by stakeholders, with 6 chapters covering the company’s operations related to the economics of governance, the environment, society and other sustainability issues.

Report Release Date

The Report is published annually and the Chinese version will be released in June 2022. GMTC will release its first English version as well. The previous Chinese version has been released in September 2021, while the next version is expected to be released in June 2023. The contents are also disclosed on GMTC’s official website, with multiple channels to show GMTC’s achievements related to sustainable development.

Reporting Scope and Boundary

The Report’s information disclosure period is from January 1, 2021 to December 31, 2021, covering the information from Taiwanese manufacturing bases Xinying Plant, Liuying District (Liuying Plant, VIM Plant and Precision Forging Plant II), and Liuying Global Headquarters (please refer to the next page for detailed locations and address). The economic data and financial information disclosed in the Report are consistent with the data in the 2021 consolidated financial statements audited by the CPA. The scope of the consolidated financial statements covers ❶ Gloria Material Technology Corp., ❷ its wholly-owned subsidiary, ❸ and other subsidiaries where GMTC possesses substantial controlling power. Other information related to environmental and social issues are also described in the Report.

External Assurance

GMTC appointed Deloitte Taiwan to provide audit and assurance for financial data. GMTC uses various management systems and procedures including the ISO 50001, ISO 14001, ISO 45001 and CNS 45001 systems of Afnor Asia Ltd., accredited by Taiwan Accreditation Foundation (TAF) in Xinying plant and Liuying plant. Xinying plant’s inventory passed the ISO 14064-1 verification of Afnor Asia Ltd., accredited by TAF. In addition, Xinying plant, Liuying plant and Liuying Global Headquarters passed the ISO 9001+AS9100D verification of SAI Global, accredited by ANAB. Financial data is measured in NT dollars, while the environmental and social performances are presented in internationally accepted calculation methods and indicators.

Report Preparation and Verification

Various teams under GMTC’s Corporate Sustainability Committee participated in the preparation of the Report, while information and data are provided after confirmation by the convener and manager of each team, which are then summarized by the executive secretary, and published after approval by the Chairman. The Report was prepared based on the core items in the Global Reporting Initiative Standards (GRI Standards) issued by the Global Reporting Initiative (GRI), which discloses GMTC’s strategies, goals and implementations related to the material topics. The GRI content index is

presented in Appendix 1. The preparation of the report refers to global indicators and initiatives such as UN Sustainable Development Goals (SDGs), Science-Based Targets Initiatives (SBTi), Task Force on Climate-related Financial Disclosures (TCFD), with active disclosures, responding to relevant global issues, and keeping in line with international trends.

A third-party verification company, Afnor Asia Ltd., was entrusted in verification of the Report in accordance with the core options of the GRI standard and AA1000 Assurance Standard (AA1000 AS V3) Type 1 Moderate level assurance, to ensure the quality of the data disclosed via an external verification.

Location

Xinying plant: No. 35, Xinzhong Rd., Xinying Dist., Tainan City

Liuying plant:

Liuying plant: No. 13, Jiaotuzai Blvd., Liuying Dist., Tainan City

VIM Plant: No. 1, Sec. 2, Huanyuan W. Rd., Liuying Dist., Tainan City

Precision Forging Plant II: Building D, No. 15, Gongyi Rd., Liuying Dist., Tainan City

Liuying Global Headquarters: No. 10, Gong'er Rd., Liuying Dist., Tainan City

Contact Information

To express any opinions suggestions or questions about the contents of the Report, please contact us. Our contact information is as follows:

Contact Person: Mr. Huang

Tel: +886-6-652-0031 Ext: 7702


Address: No. 10, Gong Er Rd., Liuying Dist., Tainan City

Gloria Material Technology Corp. official website:

www.gmtc.com.tw


Letter from the Chairman GRI 102-10,102-14

2021 is a year of change for GMTC. In the past, GMTC strengthened its competitiveness by conducting measures including adjustment of the purchasing model within the organization, implementation of the reward system, optimization of the production process, and market expansion strategies for tool steel products. Regarding the overall economy, due to the slowdown of COVID-19 pandemic, we see significant recovery in the civil engineering and infrastructure demand. In addition, the robust demand in the steel market has led to price hikes, and coupled with reduction in crude steel output and cancellation of export tax rebate in China, incentives for infrastructure demand in the U.S., and recovery in shale oil and gas production owing to recent rise in oil prices. Under the additive effects of structural improvement and external factors, 2021 was a prosperous year for GMTC as gross profit margin hit record high and nearly doubled compared to that in 2020, while pre-tax net profit has exceeded NT\$1 billion, with a growth of 269%. To thank all hard-working employees for dedicating efforts in contributing to the company's achievements, GMTC will offer a 5% pay increase in 2022, with the hope to achieve more goals in the future.



Environmental Protection

The United Nations Climate Change Conference (COP26) was held in Glasgow in 2021, and the member countries reached historic agreements with joint efforts and have become more aware of climate change issues. The discussions in the conference, such as how to achieve net zero carbon emissions, have also attracted attention from companies of all sectors and the government, and GMTC cannot stay outside of the matter. The government has dedicated efforts in promoting sustainable energy. In response, GMTC has installed rooftop solar power generation systems at the new plant in Liuying District to comply with government policies, and has signed the agreement for the construction of new solar modules and equipment installation. These will start to supply power in the second half of 2022, and the total annual renewable energy generated by the new and existing equipment will be able to meet the government's requirements, which specified that major electricity consumers use a certain amount of renewable energy. The construction plan is expected to be ahead of schedule and will be completed by the end of 2023, in line with the government's preferential scheme to encourage early development of additional green energy supply. This not only lower the cost of green energy supply, but also help GMTC achieve corporate social responsibility goals.



For sustainable development, the company continues to work towards deepening the corporate culture of sustainable governance and strengthening of board functions. Therefore, the company has established a risk management team under the corporate sustainability committee in 2021, so as to achieve effective corporate governance.

Corporate Governance

Social Engagement

GMTC adheres to the spirit of fulfilling social responsibilities and giving back to the society. For outstanding talents, we strengthened the link of academics and practices talents through industry-academia cooperation, implementing collaborative teaching in the industry to cultivate functional orientation and employee purpose. In addition, GMTC also continued to adopt green spaces in industrial areas to maintain the surrounding environment, and sponsored community meals to consolidate relationships with the local community and develop the corporate image of actively caring for the society. During the difficult period of the COVID-19 pandemic in 2021, GMTC provided care for the society, and upholds the spirit of assisting farmers to get through the COVID-19 pandemic, and purchased 1,053 boxes of mangoes for the employees. In the future, GMTC will not only continue to encourage employees to participate in social welfare, but also actively invest company resources in matters such as talent cultivation, and social care, and realize the concept of "Take from society / Give back to society", in order to achieve sustainability in the society.

The efforts and perseverance of all employees during GMTC's most difficult period in the past few years has continuously driven up corporate growth. Looking forward, for development in the Japanese and Indian markets, the company increased JIS Mark certification in Japan and BIS certification in India, and developed high-end tool steel products, obtaining the NADCA (North American Die Casting Association) certification for its sales, R&D and quality system. In 2022, the company has gradually completed the installation of 50-ton digitalized special steel plant, setting of continuous casting equipment, and rectification of the blooming mill. In addition to expanding production, we extended the product size range in all of the company's product categories. Meanwhile, with more access to the sea, GMTC's revenue and profit will become top within Taiwan Steel Group, sharing the outstanding achievements among shareholders and colleagues. We dedicate efforts to push the company towards future achievements, with diligence and perseverance. GMTC aims to become the top tool steel company in Asia, and top functionally graded stainless-steel provider in the world, with a leading position in the special steel industry.

The background of the slide is a photograph of an industrial facility, likely a steel mill. In the foreground, a large, rectangular ladle filled with bright orange-yellow molten metal sits on a brick base. The ladle is surrounded by a brick wall. In the background, there are large industrial structures, including a tall, multi-story building with a grid of windows and a green-painted section. The overall lighting is warm, with a strong orange glow from the molten metal.

1 GMTC ESG

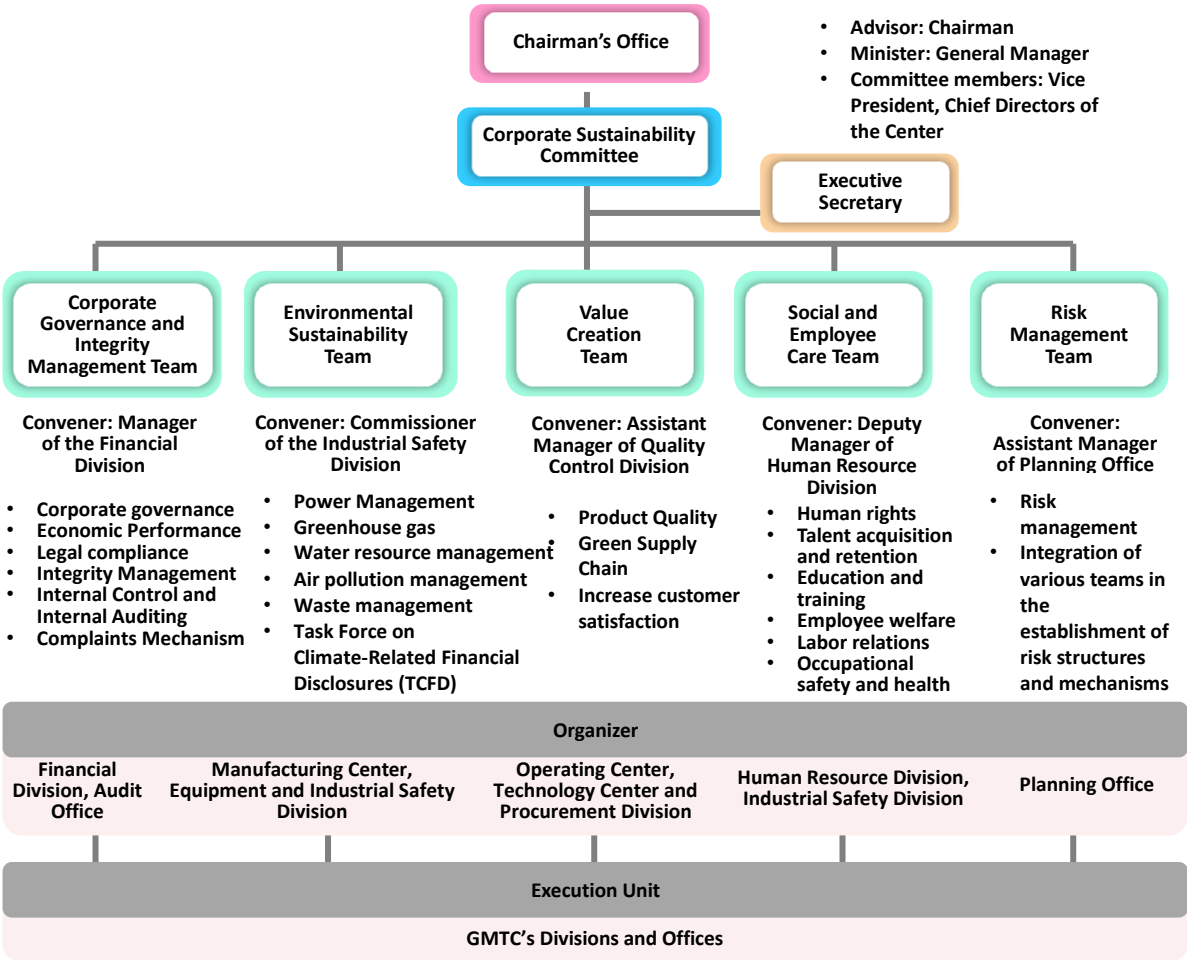
- 1.1 GMTC's Corporate Philosophy and Sustainability Vision
- 1.2 Stakeholder Engagement
- 1.3 Materiality Analysis

1.1 GMT's Corporate Philosophy and Sustainability Vision


Corporate Sustainability Committee GRI 102-18,102-19,102-20



GMT established the "Corporate Sustainability Management Committee" in 2020, with the Chairman as the Advisor, and General Manager as the Minister, to be responsible for formulating corporate social responsibility policies and supervising the corporate sustainability committee on the implementation of policies and preparation of the sustainability report. The resolutions of the Corporate Sustainability Committee shall be submitted by the Minister to the Advisor for review, and the Advisor shall report the business implementation to the Board of Directors every year. The other members of the committee include the vice president and chief directors of the center. An executive secretary is also appointed to assist the committee in the planning implementation of CSR policies. In addition, we appointed the manager of relevant unit as team convener, responsible for formulating and implementing specific promotion plans and goals, and conducting performance evaluation and review. In 2021, GMT has set up a new risk management team under the committee, which will cooperate with each execution unit in conducting risk assessment, and reporting to the board of directors once a year.




In order to integrate resources and implement corporate sustainability policies, GMT's Corporate Sustainability Committee holds at least two meetings every year. In contrast, temporary meetings are held when necessary to review the implementation of and formulation of CSR policies. The committee has held a total of 2 meetings in 2021. The first meeting was held on October 4, 2021 to discuss the implementation status of each team in 2021, the operation mechanism of the risk management team, and the preparation schedule for the corporate sustainability report. The second meeting was held on December 22, 2021 to discuss each team's 2022 work plans and objectives. GMT's Corporate Sustainability Committee aims to give practical instructions for applying "PDCA" (Plan-Do-Check-Act) cycle to promote corporate social responsibility in its operational strategies. Through continuous improvement, GMT continues to promote and deepen the concept of CSR and corporate sustainability.









GMTC's Sustainable Development Results and Promotion Plans

Committee Team	Policy and Sustainable Development Goals	2021 Goals	2021 Achievements	2022 Goals	2022 Execution Plans	Corresponding Chapter	SDGs
Corporate Governance and Integrity Management Team	1. Exercise corporate governance to improve corporate sustainable development initiatives. 2. Strengthen legal compliance education and training courses. 3. Update the company website on a quarterly basis to improve data accuracy and transparency.	Deepen the corporate culture related to sustainable governance	1. Ranked top 5% among the listed companies in the 8th term Evaluation of the Effectiveness of Corporate Governance. 2. Formulate risk management policies and procedures to ensure stable company operations and sustainable development. 3. The corporate social responsibility report has passed the third-party verification.	Deepen the corporate culture related to sustainable governance.	Continuously review corporate governance evaluation indicators to improve the effectiveness of evaluation.	Letter from the Chairman 1.1 GMTC's Corporate Philosophy and Vision 2.3 Corporate Governance 2.4 Integrity Management	 16.6 Establish an efficient system to ensure accountability and transparency 16.7 Inclusive and representative decision-making
		Strengthen board functions	1. All the directors meet the training hours set out in applicable requirements. 2. In 2021, the performance evaluation results of the functional committee reached 99.09 points, which were submitted to the nomination committee for resolution, and reported to the board of directors. 3. The specific management objectives of formulating the diversification policy of board members and its implementation. 4. Appointment of a chief corporate governance officer.	Strengthen board functions.	1. Plan for director training courses. 2. Functional committee performance evaluation.		
		Strengthen communications with stakeholders	1. The shareholders' meeting was originally scheduled to be held on May 27, 2021, but was postponed to August 23, 2021 due to the impact of COVID-19 pandemic. 2. Material information will be released in both Chinese and English starting from 2021. 3. The annual report, meeting agenda and financial statements are disclosed in both Chinese and English. 4. The shareholders' meeting has approved the amendments to the Company's Articles of Incorporation in 2021. 5. 3 sessions of investor conferences were held in 2021.	Strengthen communications with stakeholders.	1. The financial statements of the current fiscal year will be announced before the end of February. 2. Convene the shareholders meeting before the end of May. 3. Provide Chinese and English versions of the annual report of the shareholders' meeting and meeting agenda. 4. Provide the English version of the annual and interim financial statements. The financial statements shall be announced within 1 day after the date of approval or report date. 5. Hold at least two investor conferences every year. 6. Issue the English version of the 2021 ESG Report.		

Committee Team	Policy and Sustainable Development Goals	2021 Goals	2021 Achievements	2022 Goals	2022 Execution Plans	Corresponding Chapter	SDGs
		Update the company website to improve information transparency.	Risk management policies and procedures, appointment and dismissal of internal auditors, evaluation and remuneration information have been updated on the company's official website.	Update the company website to improve information transparency.	Implement corporate social responsibility and update the company's official website on a regular basis.		
Value Creation Team	3R and Green Sustainable Supply Chain	100% steel plate/concrete paving at the storage area of carbon steel scrap manufacturers	As of the end of December 2021, there were a total of 16 qualified carbon steel scrap suppliers, with 100% steel plate/concrete paving.	Domestic carbon steel/stainless steel suppliers are not allowed to directly cause contamination with scrap steel and damage soil.	Require new/existing steel scrap suppliers to avoid storing steel scrap directly on the ground.	3.1 Marketing and Customer Service 3.2 Quality management 3.3 Responsible Supply Chain	 9.b Encourage innovation to create a better environment, support diversified industrial development, and add product value  12.7 Promoting sustainable procurement processes
		Total qualified suppliers of tool steel scrap ≥ 50 suppliers	As of the end of December 2021, there were a total of 37 qualified suppliers for tool steel scrap.	The recycling rate for H13 steel scrap melted by 35-ton electric arc furnace is more than 80%.	1. Continuously develop new suppliers. 2. Strengthen relationships with suppliers.		
		H13 tool steel scrap recycling volume is more than 14,400 tons per year	Tool steel scrap recycling volume totaled 13,057 tons in 2021				
	Set up a professional certification group to quickly meet business needs (added in 2022)	-	-	1. Expansion in India. 2. Passed the NADCA (North American Die Casting Association) certification for high-quality hot work tool steel.	1. Certified by the BIS (Bureau of Indian Standards) for supplying tool steel/high speed steel. 2. NADCA is expected to conduct strategic implementation of the Six Sigma (6 times of the standard deviation) Project.		
	Increase product sales channels and value-added services for the products/processes	Increase sales channels in Japan and India	1. Obtained BIS stainless steel certification, and also applied for tool steel & high speed steel product certification (application delivered). 2. Obtained JIS MARK (Japanese Industrial Standard) certifications for stainless steel 304, 316 in February 2022.	Developed high-quality hot work steel to be used in the die casting industry.	1. Perform market research with Japanese companies. 2. Development of high-quality hot work steels with high market demand.		
		Development of	In 2021, the company mainly focused on	Establishment of a	1. Set steel grades.		

Committee Team	Policy and Sustainable Development Goals	2021 Goals	2021 Achievements	2022 Goals	2022 Execution Plans	Corresponding Chapter	SDGs
		new VIM steel grades and steel product upgrading	improving the quality of existing products, as the yield of tool steel and stainless steel evidently increased by 1-3%, while the company landed more orders compared with 2020.	continuous casting process.	2. Conduct cold tests starting from Q2 of 2023.		
	Ranked top for tool steel in Asia	Expanded tool steel orders	In January-December 2021, tool steel order volume reached 37,474 tons, which grew by 240% compared with the 15,562 tons in January-December 2020.	Expanded tool steel orders.	The amount of tool steel orders is estimated at > 45,000 tons per year.		
	Functional stainless steel ranked top in the world (steel grade added in 2022)	-	-	Expanded functional stainless steel orders.	The amount of functional steel orders is estimated at > 24,500 tons per year.		
Environmental Sustainability Team	Power Management Cooperate with government policies to save 1% of electricity per year	Annual electricity conservation rate totaled 1%	Xinying plant's annual electricity conservation rate was 8.71% Liuying plant's annual electricity conservation rate was 1.9%	Annual electricity conservation rate totaled 1%	1. The rotary heating furnace in the forging plant is equipped with an Organic Rankine Cycle (ORC) power generation system to recycle waste heat. 2. Mercury lighting for the continuous quenching furnace in the rolling mills are replaced by LED lighting.	2.6 Climate-Related Actions 4.3 Power and greenhouse gas 4.4 Water resource management 4.5 Waste management	 6.4 Increase water-use efficiency  7.2 & 7.a Increase the share of renewable energy and invest in clean energy  12.2 Sustainable management and efficient use of natural resources 12.4 & 12.5
		Annual greenhouse gas emission intensity per unit of product decreased by 1%	Greenhouse gas emission intensity per unit product dropped by 12.8% compared with the previous year (calculated internally by the company but has not yet been verified)	Annual greenhouse gas emission intensity per unit of product decreased by 1%	1. Use natural gas instead of fuel oil for walking beam heating furnace in rolling mills. 2. Construction of solar power in new plants.		
	Water Management Water intensity fell by 10% (base year: 2014)	Water resources management/ water intensity fell by 5% (compared to base year of 2014)	1. Establishment of energy monitoring platform. 2. Water intensity fell by 13.56% compared to the base year of 2014.	Water resources management/ water intensity fell by 10% (compared to base year of 2014)	The energy platform performs consistent monitoring/maintenance checks and repairs of pipelines to avoid water leakage.		
	Waste Management Ongoing waste reduction	Increase recycling rate by 1% per year	The overall recycling rate was 77.86% in 2021, which decreased by 2.09% compared to the 79.95% in the previous year.	Increase recycling rate by 1%	Continue to promote the use of waste bricks as resources in the recycling plants.		

Committee Team	Policy and Sustainable Development Goals	2021 Goals	2021 Achievements	2022 Goals	2022 Execution Plans	Corresponding Chapter	SDGs
	Climate Risk	Improve climate and disaster resilience. (wind disaster, floods, water shortage, electricity shortage, earthquakes)	<ol style="list-style-type: none"> The government started to implement water saving measures on February 25, 2021 (in comparison with the water consumption in August 2020). The water restrictions were lifted in mid-June, but the company still adheres to water control, aiming to achieve the goal of 7% water conservation rate. The company encountered power outage due to external factors <ul style="list-style-type: none"> On 19:30 October 18, 2021, a fire broke out on the 69KV feeder in Xuejia district, causing power outage (Power outage for about 8 hours between October 18, 2021 and October 19, 2021) 	Improve climate and disaster resilience. (wind disaster, floods, water shortage, electricity shortage, earthquakes)	<ol style="list-style-type: none"> Establish an emergency preparedness team to enable prompt disaster response and reduce disaster losses. Hold emergency preparedness meetings before the rainy season and typhoons. Regularly check rainwater drainage and water pumps. Set up emergency power supply system and water storage tank for backup. Dredging of drainages ditches on a regular basis. 		<p>Proper waste management</p>  <p>13.1 & 13.2 & 1.3</p> <p>Adaptability to Climate Change & Incorporating Responsive Measures in the Policies & Improving Employee Awareness and Relevant Education</p>
Social and Employee Care Team	Human Rights Adhere to international human rights standards	Human rights education and training and disclosure of relevant documents	<ol style="list-style-type: none"> In addition to the human rights training and disclosure for full-time employees, the company has also trained 43 new employees, with a total of 172 hours of training in 2021. Declaration documents related to the protection of human rights. 	Comply with the international human rights standards.	Human rights education and training and disclosure of relevant documents.	<p>5.1 Diverse talent pipeline and equality</p> <p>5.2 Talent attraction and employee care</p> <p>5.3 Human rights and equality</p> <p>5.4 Safety and health at the workplace</p>	 <p>3.7 Improvement of maternal health care system</p> <p>3.8 Healthcare provision</p>
	Talent Acquisition and Retention 1. Competitive pay 2. Industry-academia collaboration	<ol style="list-style-type: none"> Promotion policy for managerial and non-managerial employees. Industry-academia collaboration. 	<ol style="list-style-type: none"> The average pay of non-managerial employees was NT\$746,000 in 2021, which meets FSC's requirements that companies shall allocate more than NT\$500,000 per year for wages. Collaboration with the Industrial Development Bureau and National University of Kaohsiung on the Smart Metal Project. Collaboration with National Cheng Kung University on the NCKU-Butterfly Program. 	Achieve better performance compared to the standards announced by the FSC.	<ol style="list-style-type: none"> Improvement measures for recruitment of technical talents and talent retention. Improve the promotion system for non-managerial employees. Talent Cultivation Platform for Smart Metal - National University of Kaohsiung. Cultivation of talents in the aerospace industry. 		 <p>4.3 Provide high-quality educational opportunities and achieve gender equality in education</p>
	Education and Training Give full play to talents with the concept of having the right person in the right job	1. Core technology, professional technology and license education and training courses.	From January to December 2021, there were 188 internal and external training sessions, with a total of 2,076 participants. 93.5% of the courses were successfully conducted.	100% of the courses were successfully conducted.	Core technology, professional technology and license courses.		<p>4.5 Eliminating gender gaps in education and assisting disadvantaged</p>

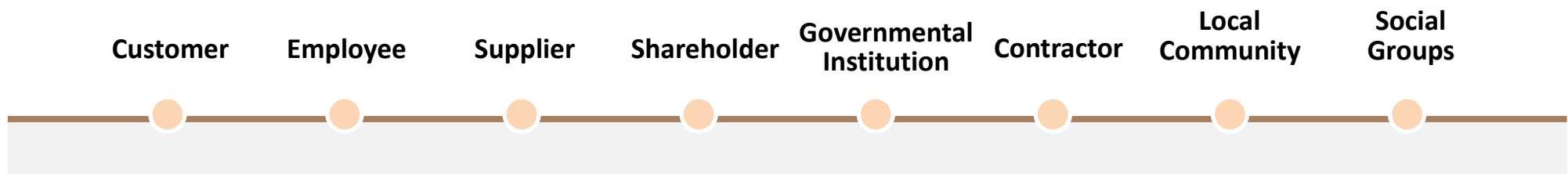
Committee Team	Policy and Sustainable Development Goals	2021 Goals	2021 Achievements	2022 Goals	2022 Execution Plans	Corresponding Chapter	SDGs
		2. 100% of the courses were successfully conducted.					groups to promote equal educational opportunity  5.1 Elimination of discrimination against women in all forms  8.5 Equal pay for equal work 8.7 Prohibit Child Labor 8.8 Safe and healthy workplace  10.3 Respect for human rights
	Employee Welfare Diversified benefits	1. Recognition of senior and exemplary employees. 2. Encourage employees to participate in clubs and activities.	1. A total of 34 senior employees were awarded with the Golden Rings, and 5 workers were praised. 2. As of December 2021, the company has 8 clubs, but the number of participants in relevant activities decreased by 39.4% compared with 2020 due to the impact of COVID-19.	Provide a diversified benefits.	1. Recognition of senior and exemplary employees. 2. Encourage employees to participate in clubs and activities.		
	Labor Relations Achieve shared prosperity and harmony	Ensure smooth communication channels between labor and management.	There were no labor disputes in 2021.	There were no labor disputes.	Ensure smooth communication channels between labor and management.		
	Environmental Safety 1. Disabling Frequency Rate FR=0 2. Disabling Severity Rate SR=0	FR ≤ 3.34 SR ≤ 30	1. Achieved 100% improvement after self-auditing. 2. Complete ISO 45001 verification. 3. FR: 3.19, SR : 41.	FR ≤ 3.34 SR ≤ 30	1. Introduction of penalty system for occupational safety violations. 2. Maintain the effectiveness of the management system. 3. Implement an independent inspection system. 4. Implement senior management inspections. 5. Improve the on-site environment. 6. Increase the percentage of wearing personal protective equipment.		
Risk Management Team	Formulate risk management policies and procedures, integrate various groups to establish the risk framework and mechanisms, and implement risk management procedures.	-	-	Target reporting rate of 100% from the monitoring of major risk items.	1. Conduct risk assessment in Q3 of 2022 and submit risk assessment results to the board of directors in the current fiscal year. 2. Target control of major risk items and submit mid-year risk reports to the Corporate Sustainability Committee.	2.5 Operating risk	-

1.2 Stakeholder Engagement

GMTC has set up multiple communication channels, responded to stakeholder opinions and feedback, and disclosed specific sustainability-related information with completeness, transparency and timeliness after the analysis of material issues. The information is compiled as a basis for the ESG report, so that stakeholders can understand GMTC's achievements and actions on implementing corporate sustainability.

Stakeholder Identification GRI 102-40,102-42

After discussions in the meeting, GMTC's Corporate Sustainability Committee decided to follow the principles of the AccountAbility's AA1000 Stakeholder Engagement Standards (SES), which include dependency, responsibility, influence, diverse perspectives and tension, and GMTC's stakeholders shall cover employees, customers, shareholders, suppliers, contractors, local communities, social groups and government institutions. The scores are used to measure stakeholder weight and serve as a benchmark to quantify the degree of stakeholder concern on material issues.



Stakeholder Concerned Issues and Communication Channels GRI 102-43,102-44

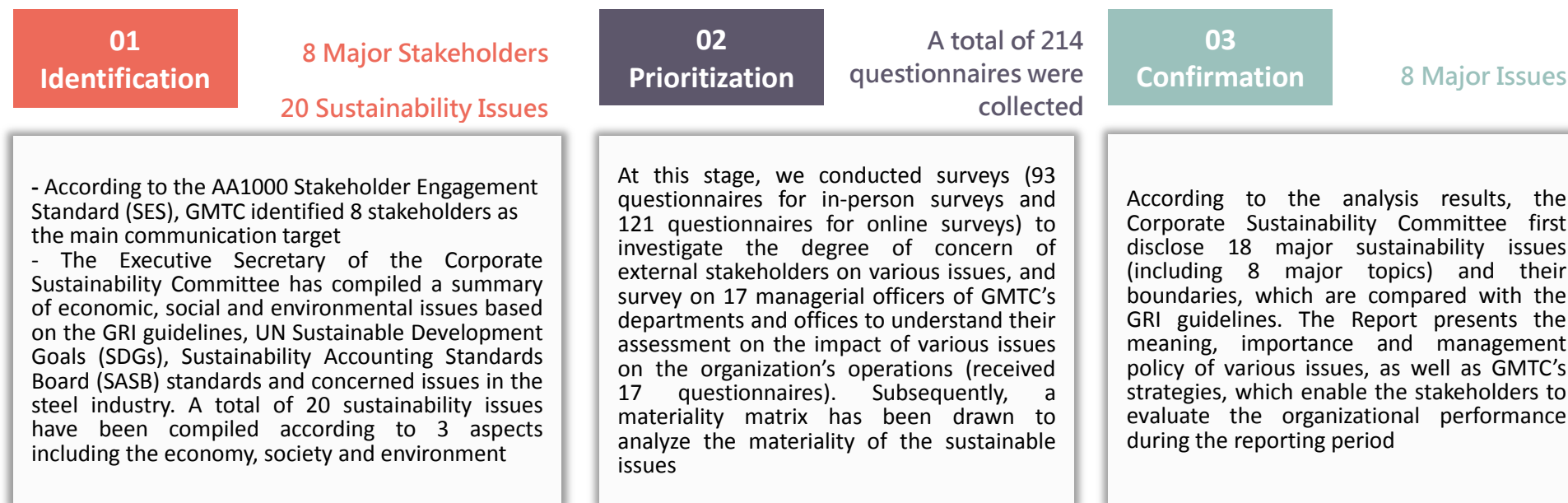
Stakeholder	Significance	Concerned Topics	Communication Method and Frequency	Topic Response	Communications with Stakeholders in 2021
Customer	The trust and support of customers is the main drivers for improving product quality and technology, and will continue to boost revenue growth	Integrity Management Product Quality Occupational safety and health Customer services Human rights and equality R&D and innovation	Telephone, email, video conference (on an irregular basis) Visits (2-3 times a year) Company website (timely) Customer satisfaction survey (annually) Participate in international industrial forums (on an irregular basis) Customer certification (on an irregular basis) CSR Questionnaire (annually)	The multiple channels enable customers to understand the company's products and services, so that the company can meet the customers' short-term and long-term requirements, provide product solutions, and raise customer satisfaction	<ul style="list-style-type: none"> ● The average customer satisfaction score in 2021 was 4.4 points (5 point scale) ● Obtained the BIS stainless steel certification ● Obtained Boeing certification ● Obtained seven new energy certifications
Employee	GMTC values employees as its important asset and important cooperative partners for realizing corporate sustainability. Providing a friendly working environment and training plans to strengthen the competitiveness of GMTC's employees.	Economic Performance Product Quality Talent recruitment and retention Human rights and equality Occupational safety and health Employee training and education	Employee Welfare Committee (quarterly) Environmental Protection and Occupational Safety and Health (quarterly) Internal system and announcements (timely) Education and training courses (on an irregular basis) Employee complaints channel (timely) CSR Questionnaire (annually)	1. The company's meetings and training courses convey various information to employees, so as to improve internal two-way communication, and achieve mutual growth 2. Conduct quarterly meetings of the Occupational Safety and Health/ Environmental Management Committee to advocate on relevant laws and occupational disaster incidents, discuss opinions and reviews on safety, health and environmental protection, and organize safety and health education and training courses and fire drills	<ul style="list-style-type: none"> ● The company announces information on its internal website ● The education and training courses include core skills, professional skills, and license courses. In 2021, there were a total of 188 internal and external training sessions, with 2,076 participants

Stakeholder	Significance	Concerned Topics	Communication Method and Frequency	Topic Response	Communications with Stakeholders in 2021
Supplier	GMTC's suppliers play a core role in providing high-quality products, and jointly creating customer value	Integrity Management Product Quality Customer services Information security Supply chain management	Supplier Evaluation (Annually) Telephone, email, fax (on an irregular basis) Commitment on social responsibility matters (on an irregular basis) CSR Questionnaire (annually)	1. Require new suppliers to commit to social responsibility matters 2. Perform supplier evaluation every year and develop long-term cooperative relationship with qualified suppliers 3. Improve the storage environment of carbon steel scrap suppliers to lessen the impact on the environment	<ul style="list-style-type: none"> The 2021 supplier evaluation was conducted on 127 key raw material suppliers, of which 92% were A-level suppliers In 2021, 100% of the storage areas of new carbon steel scrap manufacturers have all met requirements
Shareholder	The company attaches great importance to shareholders, and provides transparent, accurate and real-time information to build trust between the company and shareholders. In addition, we also pursue profit growth so as to deliver returns to shareholders.	Integrity Management Management performance Risk management Information security Occupational safety and health	Shareholders' meeting, annual report (annually) Quarterly report (quarterly) Contact of Stocks Affairs (timely) Contacts of Spokesperson and Deputy Spokesperson (timely) MOPS, company website (timely) Visit and invite domestic and foreign corporate shareholders (on an irregular basis) Participate in investor conferences held by domestic and foreign securities companies (on an irregular basis) CSR Questionnaire (annually)	1. Update the annual report and quarterly reports on the company's official website and MOPS, to enable investors to understand the company business and various operating conditions 2. The investor conferences enable investors to understand company's operating status 3. Contact window to directly respond to shareholder opinions	<ul style="list-style-type: none"> There were a total of 64 disclosures of material information in both Chinese and English versions The annual report, meeting agenda and financial statements are disclosed in both Chinese and English starting from 2021. Invited a total of 14 domestic and foreign companies Participate in 3 sessions of investor conferences
Governmental Institution	GMTC comply to various environmental protection laws and regulations formulated by governmental institutions in fulfilling social responsibilities, and maintained good relationships with the	Integrity Management Occupational safety and health Labor relations Waste management Water management	Respond to declarations and related reports (as required by the competent authority) Official correspondence (on an irregular basis) Review and evaluation by the competent authority (on an irregular basis) CSR Questionnaire (annually)	We actively provide feedback and perform audits on a regular and irregular basis in cooperation with government institutions, and comply to various laws and regulations	<ul style="list-style-type: none"> The specific management objectives of formulating the diversification policy of board members and its implementation Formulate risk management policies and procedures to ensure stable company operations and sustainable development Appointment of a chief corporate governance officer Ranked top 5% among the listed companies in the 8th term Evaluation of

Stakeholder	Significance	Concerned Topics	Communication Method and Frequency	Topic Response	Communications with Stakeholders in 2021
	government institutions.	Emissions Power Management			the Effectiveness of Corporate Governance
Contractor	GMTC prioritizes the appointment of local contractors, and dedicated efforts in localization. We also require the contractors to follow internal regulations, so as to ensure a safe workplace for employees.	Customer services Integrity Management Occupational safety and health	Telephone, email, fax (on an irregular basis) In-plant education and training for contractors (on an irregular basis) Entrusted company's commitment on the social responsibility matters (on an irregular basis) CSR Questionnaire (annually)	1. Require the entrusted company to commit to social responsibility matters 2. Advocacies and audits were performed when contractors enter the factory, so as to ensure the safety of operations.	<ul style="list-style-type: none"> In 2021, in-plant training will be conducted for cooperative companies, with a total of 100 courses and 253 participants
Local Community	GMTC's operations are closely related to the surrounding community and industrial areas. We continue to promote green manufacturing and create a sustainable environment, which act as the basis of corporate sustainability.	Integrity Management Occupational safety and health Social Engagement Waste management Water management Emissions	The Board of Directors and Supervisors Meeting of the Industrial Area Manufacturers Association (on a quarterly basis) Exchange activities between industrial area manufacturers (on a quarterly basis) CSR Questionnaire (annually)	1. Actively participate in discussions in the meeting and related activities 2. Participate in feedback and connections to community	<ul style="list-style-type: none"> Labor Affairs Bureau co-organized the Safety and Health Group with GMTC to share and promote the concept of occupational safety and health on a regular basis. The members include Xinying Industrial Park, Liuying Industrial Area, and industry peers in Tainan City. In 2021, GMTC organized one activity, and participated in 6 safety and health activities. Since 2018, the company has sponsored NT\$100,000 per year for food supply in the Tai Zi Community Development Association. Since 2012, GMTC has started the adoption of green space around Liuying Industrial Area, and the area of green space adopted totaled 22,733 sqm

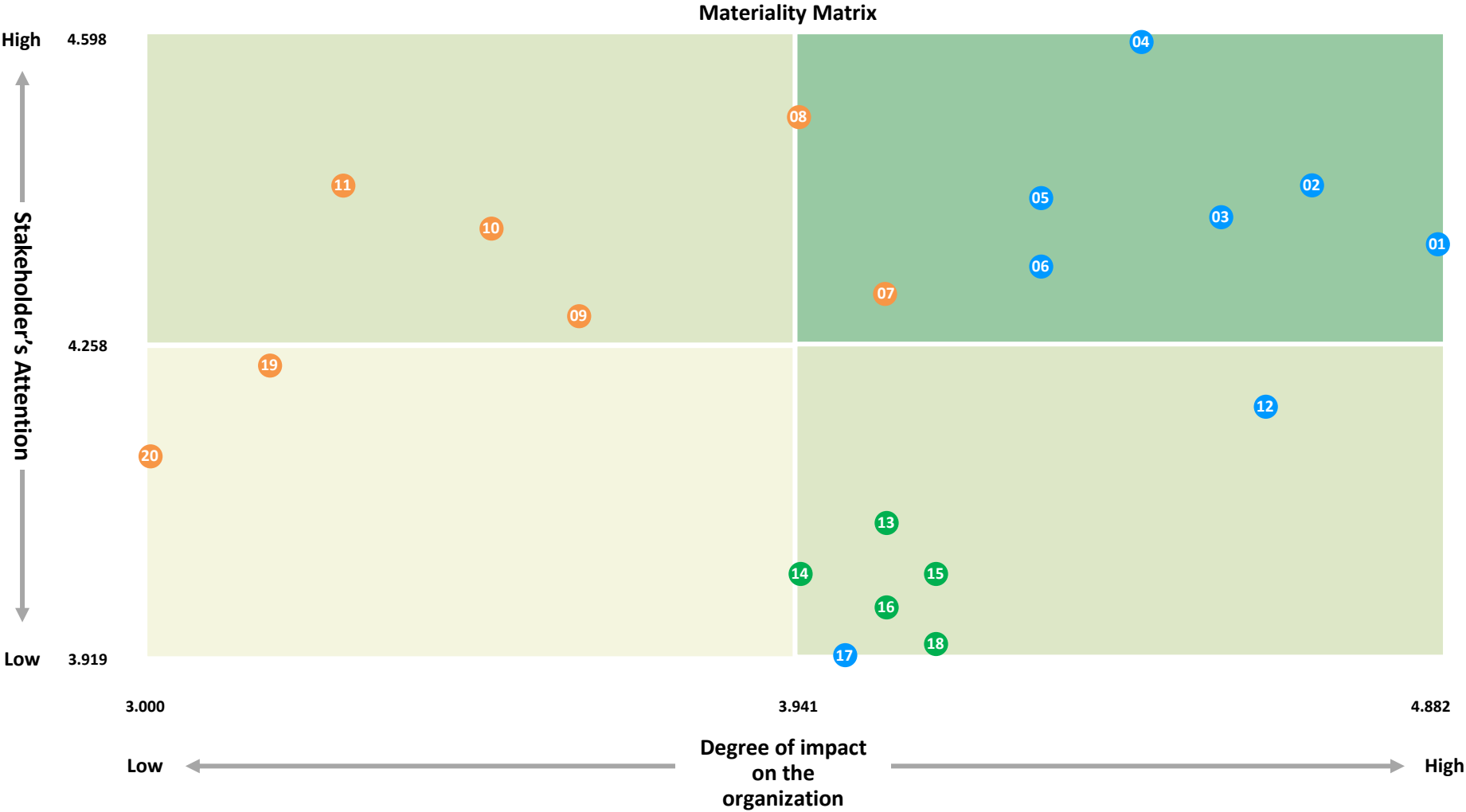
Stakeholder	Significance	Concerned Topics	Communication Method and Frequency	Topic Response	Communications with Stakeholders in 2021
Social Groups	In promoting sustainability issues, communication and clarification through public-interest organizations and non-profit organizations are required to conduct more effective and reliable actions.	Workplace Diversity and Equality Emissions Waste management	Telephone, email, official correspondence General meeting affairs, participation in meetings and activities of related industries and associations CSR Questionnaire	The company keeps track of recent changes in domestic and foreign regulations and response measures by participating in conferences and meetings with steel associations as reference for internal discussion and planning	<ul style="list-style-type: none"> In 2021, we have participated in 4 Board of Directors and Supervisors Meetings of the Taiwan Steel & Iron Industries Association, and 1 Board of Directors and Supervisors Meeting of the Taiwan Aerospace Industry Association

1.3 Materiality Analysis



In addition to continuous communication with stakeholders, GMTC follows the principles of GRI Standards, which are stakeholder inclusiveness, materiality and completeness, and set up a materiality assessment process that covers three steps: identification, prioritization, and validation. Corresponding to the specific topics in the GRI standards, the material issues with high degree of stakeholder concern and high degree of impact on stakeholders serve as a reference for information disclosure in the report, so as to continuously improve sustainability performance.

A total of 20 issues were identified in the current fiscal year, which are the main focus of the topics, so that GMTC could better understand the material issues and requirements concerned by stakeholders. Investigations on "degree of stakeholder concern", it was carried out by questionnaires for the 8 main stakeholders. A total of 214 questionnaires were collected. Meanwhile, the "degree of impact on the organization" is evaluated by 17 managerial officers of the company's departments and offices. Finally, we have produced the key issues matrix according to quantitative results of the collected questionnaires. The issues with degree of concern weighted at 50% (4.258 points) and degree of impact weighted at 50% (3.941 points) were used as basis to understand the materiality of GMTC's sustainability issues. The analysis results show that there are 8 major topics with "high degree of stakeholder concern" and "high degree of impact on the organization", with a total of 10 subtopics. The details are shown in the figure below. GMTC disclosed information with the 18 major sustainability topics/ subtopics as top priority, in order to formulate relevant strategies and management policies, and set long-term sustainability goals accordingly.



★ Major topics in 2021

★ Subtopics in 2021

Economy

- ★ 01 Economic performance
- ★ 02 Information security
- ★ 03 Product quality
- ★ 04 Integrity management
- ★ 05 Customer services
- ★ 06 Supply chain management
- ★ 12 Risk management
- ★ 17 R&D and innovation

Environment

- ★ 13 Raw materials management
- ★ 14 Water management
- ★ 15 Emissions
- ★ 16 Waste management
- ★ 18 Power management

Society

- ★ 07 Talent recruitment and retention
- ★ 08 Occupational safety and health
- ★ 09 Employee training and education
- ★ 10 Labor relations
- ★ 11 Human rights and equality
- ★ 19 Workplace diversity and equality
- ★ 20 Social engagement

Change in Major Issues GRI 102-49

Aspects	2020 Issues	2021 Issues	Change in level	Other instructions
Economic risks	Management Performance ★	Management Performance ★	Unchanged	
	Integrity Management ★	Integrity Management ★	Unchanged	
	Quality Management ★	Product Quality ★	Unchanged	Change of topic name
	Uninterrupted Operations ★	-	Deleted	The contents are incorporated into the discussions related to "risk management" and "integrity management"
	Marketing Development ★	-	Deleted	The contents are incorporated into the discussions related to "R&D and innovation" and "customer services"
	R&D Capability ★	R&D and Innovation ★	Unchanged	
	Supply Chain Management ★	Supply Chain Management ★	⬆	
	Information Security ★	Information Security ★	⬆	Change of topic name
	-	Customer Services ★	Added	Addition with reference to GRI guidelines
Social issues	-	Risk Management ★	Added	Addition with reference to GRI guidelines
	Occupational Safety and Health ★	Occupational Safety and Health ★	Unchanged	
	Employment/ Labor-Management Relations	Labor Relations ★	⬆	Change of topic name
	Talent Recruitment and management	Talent Recruitment and Retention ★	⬆	Change of topic name
	Human Rights and Equality	Human Rights and Equality ★	⬆	

Aspects	2020 Issues	2021 Issues	Change in level	Other instructions
	Social Engagement	Social Engagement	Unchanged	
	-	Workplace Diversity and Equality	Added	Addition with reference to GRI guidelines
	-	Employee Training and Education ★	Added	Addition with reference to GRI guidelines
Environmental Issues	Green Manufacturing ★	-	Deleted	The content is discussed in Material Management, Water Management, Energy Management and Waste Management
	Greenhouse gas Management	Emissions ★	⬆️	Change of topic name
	-	Raw Materials Management ★	Added	Addition with reference to GRI guidelines
	-	Water Management ★	Added	Addition with reference to GRI guidelines
	-	Power Management ★	Added	Addition with reference to GRI guidelines
	-	Waste Management ★	Added	Addition with reference to GRI guidelines

The Material Topics and its Boundaries GRI 102-47, 102-49, and 103-1

Level	Topic	Importance to GMTC	Report chapter	Involvement and scope of impact							GRI Standards
				Employee	Customer	Supplier Contractor	Shareholder	Local community	Governmental institution	Social groups	
Major issues	Economic Performance	Continue to improve operational efficiency and competitiveness to achieve good market performance and substantial economic value	2.2 Economic Performance	●	▲	▲	●		●		201-1 Direct economic value generated and distributed
	Integrity Management	Develop sound corporate governance principles, strictly comply with business ethics, business legitimacy, and various laws and regulations to protect the rights and interests of stakeholders	2.4 Integrity Management 4.6 Environmental Protection Expenditure and Environmental Regulations 5.2 Talent attraction and employee care	●	▲	▲			●		205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken 307 Environmental compliance 419 Socioeconomic compliance
	Product Quality	Continue to improve product quality through improvement activities in compliance with international standards, meeting customer needs	3.2 Quality management	●	▲	▲					416 Customer health and safety 417 Marketing and labeling
	Customer Services	GMTC provides good customer services to solve customer needs, in order to achieve good customer satisfaction and cooperative relationships	2.7 Information Security and Privacy 3.1 Marketing and Customer Service	●	▲	▲					418 Customer privacy
	Information Security	Protection of data privacy and confidentiality enables GMTC to build long-term relationships based on mutual trust with stakeholders	2.7 Information Security and Privacy	●	▲	▲					418 Customer privacy
	Supply chain Management	Actively promote comprehensive and sustainable supply chain management to reduce risks and costs, and deliver value to our customers	3.3 Responsible Supply Chain	●	▲	▲					204 Procurement practices 308 Supplier environmental assessment 414 Supplier social assessment
	Talent Recruitment and Retention	Continue to recruit talents and personnel, in order to achieve stable development assets and diversified talents, attracting talents through salary pay and employee benefits to set up the	5.1 Diverse talent pipeline and equality 5.2 Talent	●				○			401 Employment 405-1 Diversity of governance bodies and employees

Level	Topic	Importance to GMTC	Report chapter	Involvement and scope of impact							GRI Standards
				Employee	Customer	Supplier Contractor	Shareholder	Local community	Governmental institution	Social groups	
		cornerstone for continuous corporate development	attraction and employee care								
	Occupational Safety and Health	By maintaining a safe and friendly workplace, GMTC aim to protect the health of employees and workers entering the site, and create a positive working environment	5.4 Safety and health at the workplace	●		▲			○		403 Occupational safety and health
	Emissions	Climate risk management, identification of opportunities, and carbon reduction planning in compliance with relevant regulations. Committed to reduce air pollutants and greenhouse gas emissions for sustainable development	2.6 Climate-Related Actions 4.3 Power and greenhouse gas 4.5 Waste management	●				●	○	○	201-2 Financial implications and other risks and opportunities due 305 Emissions
	Power Management	Continue to promote energy-saving programs for better energy efficiency. Appropriate use, consumption and discharge of water resources and water recycling under the concept of a circular economy	4.3 Power and greenhouse gas	●					○		302 Energy
	Water Management		4.4 Water resource management	●				●	○		303 Water and effluents
	Waste Management	Waste reduction, waste disposal and recycling measures	4.5 Waste management	●		▲		●	○	○	306 Waste
Sub-topic	Risk Management	Risk management is necessary for uninterrupted operations. The comprehensive risk management mechanism involves identification, measurement, monitoring and management of internal and external risks, in order to reduce relevant impacts	2.5 Risk Management	●	▲	▲	○		○		102-15 Key impacts, risks and opportunities
	R&D and Innovation	Keeping in line with market trends, GMTC seek new opportunities and create market value by the R&D of innovative technologies	3.1 Marketing and Customer Service	●	▲						-
	Raw Materials management	GMTC takes part for the recycling of iron and steel raw materials in the circular economy, which has become an important environmental issue.	4.2 Raw materials management	●		▲					301 Materials
	Labor Relations	We safeguard the rights and obligations between labor and management, with multi-party and two-way communication channels to achieve mutual growth between employees and the company	5.2 Talent attraction and employee care	●					○		-
	Employee Training and Education	Conduct employee professional training and management training, as well as functional training courses for managerial officers to strengthen the company's fundamental competitiveness	5.2 Talent attraction and employee care	●							404 Training and education

Level	Topic	Importance to GMTC	Report chapter	Involvement and scope of impact							GRI Standards
				Employee	Customer	Supplier Contractor	Shareholder	Local community	Governmental institution	Social groups	
	Human Rights and Equality	GMTC safeguards the human rights of employees, eliminating inequality and discrimination, providing a harmonious and friendly workplace for talent cultivation	5.3 Human rights and equality	●		▲					406 Non-discrimination 408 Child labor 409 Forced or compulsory labor 411 Rights of indigenous peoples 412 Human rights assessment 419 Socioeconomic compliance

● Direct impacts; ○ Indirect impacts; ▲ Impacts directly linked to business relationships; the major topics of voluntary disclosure include "Emissions", "Energy Management", "Water Management", and "Waste Management"

2 Company Operations

- 2.1 Company Profile
- 2.2 Economic Performance
- 2.3 Corporate Governance
- 2.4 Integrity Management
- 2.5 Risk Management
- 2.6 Climate-Related Actions
- 2.7 Information Security and Privacy

Economic Performance Management Principles GRI 103-2, 103-3

Importance to GMTC	<ul style="list-style-type: none"> Continue to improve operational efficiency and competitiveness to achieve good market performance and substantial economic value
Policy/ Commitment	<ul style="list-style-type: none"> Actively expand into new foreign markets and develop new customer relationships Continue to improve technical capabilities and management efficiency, reduce production costs, work closely with production, sales and purchase departments to enhance market competitiveness
Goals	<ul style="list-style-type: none"> Stable growth and profit
Specific actions	<ul style="list-style-type: none"> The company's senior management regularly discuss the operating status for relevant decision-making Strengthen the link between the reward system and employee performance
Evaluation system	<ul style="list-style-type: none"> A budget is prepared every year and the company holds regular management, production, sales and purchase meetings, in order to keep track and discuss the achievements and adopt necessary control measures Commit to enhancing management efficiency and technical abilities, lowering production costs, tapping into new international markets, and developing new customer relationships to improve market competitiveness
2021 Evaluation results	<ul style="list-style-type: none"> 2021 Earnings per share of NT\$1.7

Integrity Management Principles GRI 103-2, 103-3

Importance to GMTC	<ul style="list-style-type: none"> Develop sound corporate governance principles, strictly comply with business ethics, business legitimacy, and various laws and regulations to protect the rights and interests of stakeholders
Policy/ Commitment	<ul style="list-style-type: none"> Formulated integrity management principles and operating procedures, and set up an integrity management promotion team under the board of directors, strictly prohibiting any behaviors, such as corruption and bribery, in violation of integrity management.
Goals	<ul style="list-style-type: none"> All directors, senior management, managers and employees fully understand and support the company's commitment to integrity, so that were no behaviors, such as corruption and bribery, in violation of integrity management
Complaints Mechanism	<ul style="list-style-type: none"> Establishment of the rules of appeal the Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior, and the complaint mailbox (Public Relations Office): ethics@gmtc.com.tw already updated on the company website.
Specific actions	<ul style="list-style-type: none"> Advocacy on education and training - integrity management and reporting channels
Evaluation system	<ul style="list-style-type: none"> Set up and announce relevant reporting channels to ensure zero corruption, and avoid any behaviors, such as bribery, which may violate integrity management
2021 Evaluation results	<ul style="list-style-type: none"> Have not received any reports of breaches of integrity in practice

Information security management principles GRI 103-2, 103-3

Importance to GMTC	<ul style="list-style-type: none"> Protection of data privacy and confidentiality enables GMTC to build long-term relationships based on mutual trust with stakeholders
Policy/ Commitment	<ul style="list-style-type: none"> Regulations: The company established the information security management system to regulate the operations and behaviors of employees Technological application: Installation of information security management equipment and implementation of cybersecurity management measures Employee training: Conduct information security education and training to enhance the employees' awareness on information security Uninterrupted services, no data loss, and corporate sustainability
Goals	<ul style="list-style-type: none"> Short term (2022): Management and improvements for the following management types 1. User right 2. Data access 3. External threats 4. System availability Long-term: According to GMTC's cybersecurity policy, systems regulations, application of information security technology, with continual improvements of employee training through PDCA. In order to achieve uninterrupted services, no data loss, and corporate sustainability
Investment in resources	<ul style="list-style-type: none"> The outsourced consultants of government tech projects follow the amended ISO 27001 regulations, which comply with GMTC's current ISO documentation and management regulations
Complaints Mechanism	<ul style="list-style-type: none"> Customer Service: (06)6520031 ext7612
Specific actions	<ul style="list-style-type: none"> Introduce proper protection mechanisms and monitoring software, and conduct penetration testing on an irregular basis to protect data from unauthorized access Improve worker safety awareness: Conduct information safety education and training courses Strengthen information security through government tech projects
Evaluation system	<ul style="list-style-type: none"> Conduct information safety education and training courses Conduct internal auditing Conduct outsourced information audit and improvement Annual report on implementation results at the board meeting
2021 Evaluation results	<ul style="list-style-type: none"> Subsidies from government technology project are used for: 1. Social engineering drills and education and training, with participants from the 8 suppliers and 44 employees from departments that are related to the project. 2. The second social engineering drill to validate the results of education and training courses, with participants from the 8 suppliers and 66 employees from departments that are related to the project. 3. The backup system expanded by 26% (including acceptance) compared to its original capacity, reducing the risk of data loss. 4. SSL VPN equipment was added to expand the Virtual Internet Access (VIA) connections by 133% compared to the original connection. 5. Conduct SSL VPN connection education and training for the 8 main suppliers.

2.1 Company Profile GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7

GMT has set up the Xinying Industrial Area, Tainan City in April 1993, and the global headquarters in Liuying Technology and Industrial Area in June 2013. In 2018, GMT became a member of Taiwan Steel Group (TSG)^{Note}, and Taiwan's only wholly integrated special steel production plant. The business scope of GMT's subsidiaries covers manufacturing and sales logistics, with logistics bases located in Taiwan, Vietnam, China and the U.S., and sales subsidiary in Japan, and closely linked with global and local partners to expand sales channels across the world.

Note: Taiwan Steel Group (TSG) is the largest steel group in Taiwan, with wholly integrated electric arc furnace for steelmaking. There are five major sub-groups under TSG include: "E-Top Metal", "Chun Yu Group", "GMT Group", "OFCO Industrial", and "S-Tech Group". Please refer to the official website <http://www.gkr.com.tw/info.html> for details



Company name	Gloria Material Technology Corp.
Date of incorporation	April 1993
Capital	NT\$4.567 billion
Chairman	Chiung-Fen Wang
General Manager	Yung-Chang Kang
Main products	Special steel
GMT output (Finished products and roll bars)	81,714 tons
Consolidated revenue	NT\$8,770,944 thousand
Net profit	NT\$837,300 thousand
Number of GMT employees	902
Headquarter	No. 10, Gong Er Rd., Liuying Dist., Tainan City

Xiang Yang Metal Materials Technology Co., Ltd.
Zhejiang



Goldway Special Metal Co. Ltd.
Xi'an, Tianjin, Jiaying, Guangzhou



Alloy Tool Steel, Inc.
Los Angeles



Gloria Material Technology Japan

Golden Win Steel Industrial Corp.
Vietnam



Gloria Material Technology Corp.
Tainan



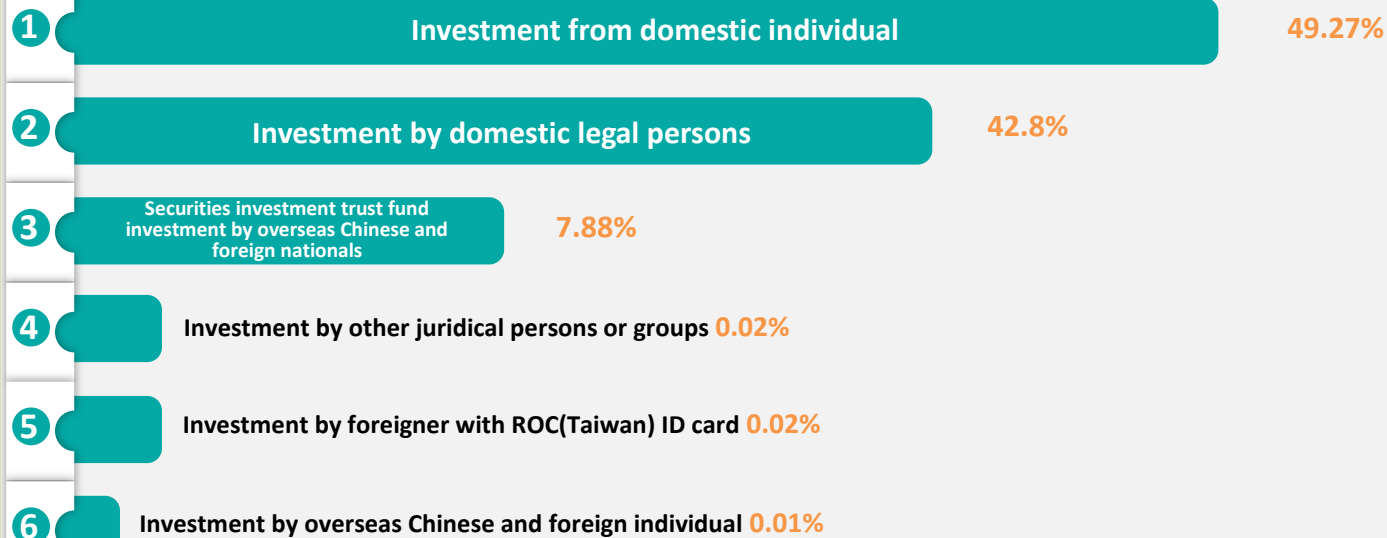
Golden Win Steel Industrial Corp.
Taipei, Taichung, Tainan



● Headquarters ● Production site ● Logistics and sales

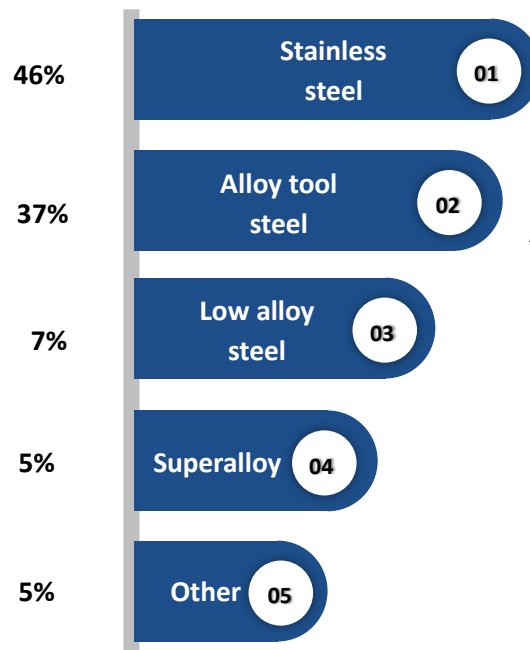
Rata share

Date:
2021.03.28

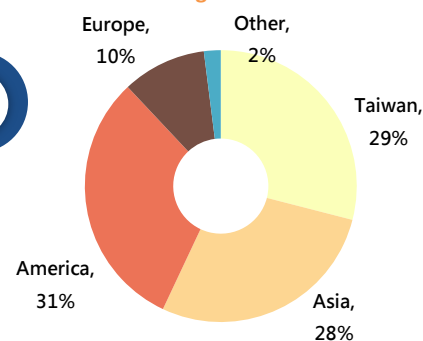


GMTC Group's special steel focuses on industrial applications, used in high-temperature, high-stress, and corrosive environments. The clients are mainly from the aviation, energy, oil and gas, and machinery industries, while the main products include alloy tool steel, high strength low alloy steel, stainless steel, and super alloy, mostly round bars and flat bars, with more than 200 steel grades. In terms of sales breakdown by region, the Americas and Asia (including Taiwan) account for more than 80%, while the remaining are in Europe.

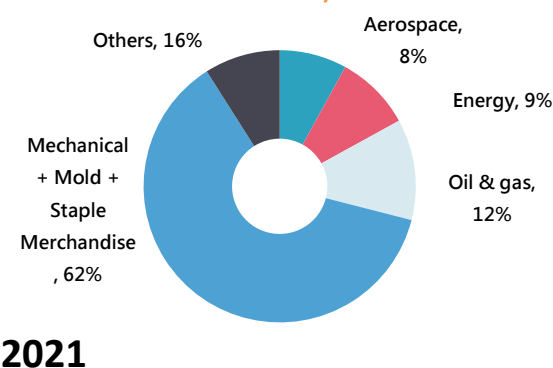
Product Mix



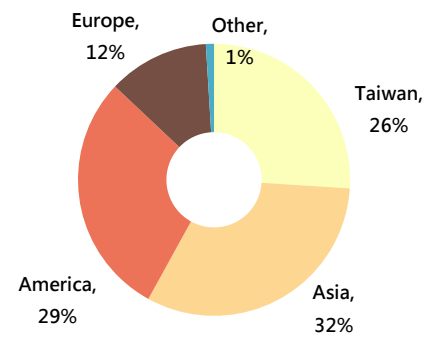
Sales Mix by Region



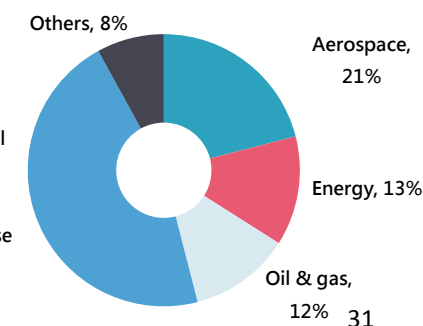
Sales Mix by Industry



2021



2020

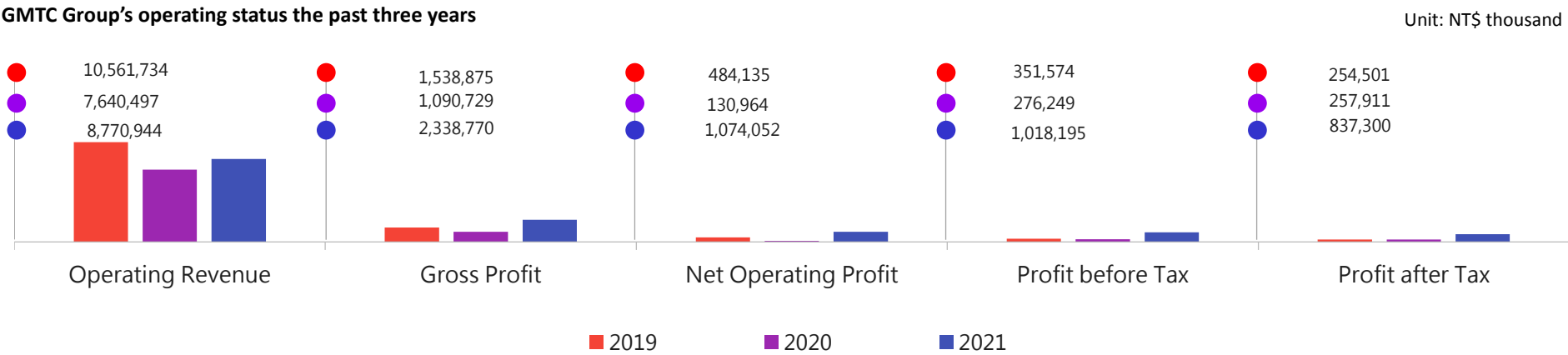


2.2 Economic Performance

As an OTC listed company, GMTC upholds a professional attitude for its management, attaching great importance to creating value for stakeholders, with the company’s opinions and core values as main drivers, in the aim to protect the rights and interests of stakeholders. Excellent business results can be rewarded to investors and shareholders, and raise the confidence of suppliers, contractors, customers and other company stakeholders on corporate sustainability and development. In addition, GMTC adheres to “sincerity, professionalism, and discipline” in setting the policies and goals for steady business growth, so as to increase and share the tangible and intangible values with stakeholders.

Financial Performance GRI 201-1,201-4

The consolidated sales were NT\$8,770,944 thousand in 2021, which grew by 14.79% compared with 2020, while the gross profit, operating profit and pre-tax profit were also better than that in 2020. The net profit was NT\$837,300 thousand in 2021, which grew by 224.64% compared with that in 2020.

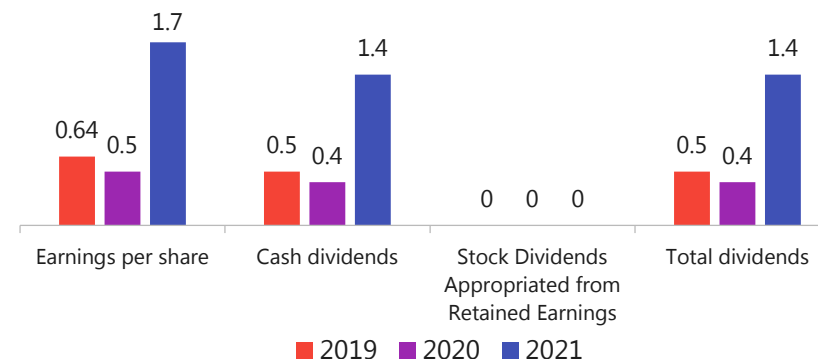


According to the earnings distribution policy stipulated in the company's Articles of Incorporation, the board of directors will make a special resolution on dividend distribution. For 2021, GMTC’s distribute cash dividend was NT\$1.4 per share.

Dividend Distribution in the Past Three Years

Unit: NT\$

Item	2019	2020	2021
Earnings per share	0.64	0.50	1.7
Cash dividends	0.50	0.40	1.4
Stock Dividends			
Appropriated from Retained Earnings	0	0	0
Total dividends	0.50	0.4	1.4



GMTC's Distribution of Economic Value between Different Stakeholders in the Past Three Years

Unit: NT\$ thousand

Item	2019	2020	2021
Operating costs	8,220,518	5,853,685	5,707,629
Salary pay and employee benefits	1,138,051	1,056,558	1,094,005
Payments to capital providers (Interest expense and cash dividends)	389,353	372,484	320,119
Payments to the government (income tax)	104,445	20,633	56,917
Social Investment (Donation)	300	300	650

Government subsidies



The Legislative Yuan passed the "Statute for Industrial Innovation" in 2000, in which Article 10 stipulates that up to 15% of the R&D expenses may be credited against the profit-seeking enterprise income tax payable by it in the then-current year, and the investment creditable amount shall not exceed 30% of the payable profit-seeking enterprise income tax in the then-current year. According to the "Statute for Industrial Innovation", the income tax payable may be deducted from the amount of R&D investment. In addition, GMTC also cooperates with the relevant science and technology projects of the Ministry of Economic Affairs and the related programs of the Workforce Development Agency.

Record of Government Subsidies Received by GMTC in 2021

Unit: NT\$ thousand

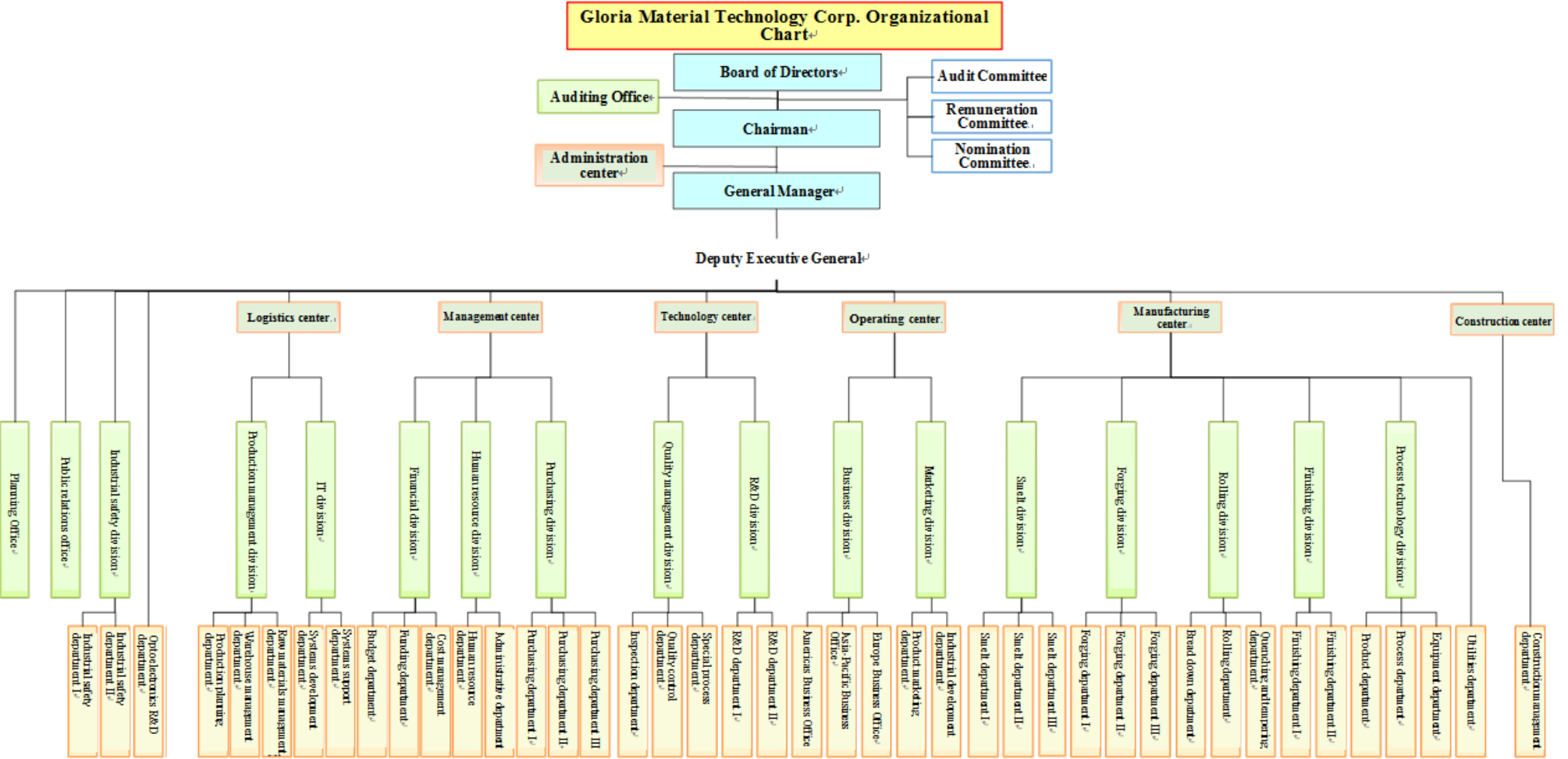
Item	Basis for calculating the subsidy	Amount
Investment credit	Industrial Development Bureau, Ministry of Economic Affairs/ Statute for Industrial Innovation	18,422
Subsidy	Workforce Development Agency/ Flagship Youth Employment Program	66
Subsidy	Ministry of Economic Affairs/ Value-Adding Program for Digital Manufacturing Management	381 (untaxed)
Subsidy	Ministry of Economic Affairs / Salary Subsidies and Working Capital Subsidies	44,461
Subsidy	Department of Industrial Technology of the Ministry of Economic Affairs / Scientific and Technological Research and Development Project	1,934

2.3 Corporate Governance GRI 102-22,102-23,102-24,102-26

Structure, Systems and Operations

In accordance with the Company's Articles of Incorporation, the Company shall appoint 5 to 9 directors, and shall include at least 3 independent directors starting from the 6th term Board of Directors. The directors shall be elected from among the shareholders with disposing capacity in accordance with the law for a 3-year term. The Audit Committee was established, and three independent directors were elected in accordance with the law at the shareholders meeting on June 6, 2008, while the supervisor was dismissed on the date of establishment. The Board of Directors are responsible for the approval of important business-related matters. The chairperson and deputy chairperson of the Board of Directors shall be elected by the directors among themselves by a majority of the directors present at the Board of Directors meeting attended by all directors, and shall be in charge of all business affairs. The Audit Committee is responsible for the supervision of all the Company's business and financial matters.

The Company has appointed a chief executive officer (CEO) and general manager to represent the Board of Directors in comprehensive business management, with 7 centers including the administrative center, logistics center, management center, technology center, operating center, manufacturing center, construction center, as well as the public relations office, planning office, auditing office, industrial safety division, and optoelectronics R&D department. The Company also appointed the deputy CEO, deputy general managers, and (deputy) assistant vice president to be responsible for the overall business of the centers, departments and offices. It appointed managers, assistant managers and (deputy) section chief for each unit.



Department		Functions
Administration Center		Integration of the company's resources to exert comprehensive synergy. In addition, the administration center is also responsible for rationalizing the company operations and making the division of labor more effective, in order to achieve better business management.
Logistics center	Production management division	Responsible for providing support for decision-making and data analysis; communicate and coordinate between the production and sales departments; promote resource planning and integration; formulation of production planning systems and operating procedures; and formulation and amendment of production and shipment plans.
	IT division	Responsible for organizational and inter-departmental processes, development of information integration technology and supply chain information serial connection technology, electronic business planning and establishment of the company and subsidiaries, data integration services, and timely provision of various management reports and other services
Management Center	Purchasing division	Responsible for the purchase of bulk raw materials, machinery and equipment, procurement of components and spare parts, as well as the handling and follow-up on the progress of various OEM services, the production and review of import documents, liaison with customs officials, the sale and trade of ferroalloy, billets and other commodities
	Human resource division	Responsible for the planning of human resources development strategy
	Financial division	Responsible for accounting, budget planning and implementation of related financial systems
Technology Center	Research & Development division	Responsible for the assessment of specification and parameter formulation of new tool steel & low alloy steel products, as well as the developing the process for new stainless steel products, collection and research of technical specification, and research and quality improvement for the stainless steel production process.
	Quality management division	Responsible for the formulation and development of quality and environmental assurance systems, promotion of quality control education and planning, the coordination of standardization activities, application of quality control and verification, the detection, analysis and judgment of material quality, and statistical quality abnormal analysis and handling.
Operating Center	Business division	Responsible for the formulation and implementation of domestic and foreign business plans; formulation and implementation of domestic and foreign marketing strategies; domestic and foreign market data collection and analysis; development of new customers and customer retention at home and abroad; as well as pricing and contract signing.
	Marketing division	Responsible for keeping track of industry information and market demands, planning industrial strategies, integrating certificate resources, identifying systems certification opportunities, supply chain development and product certification, overall product sales analysis and review; upstream and downstream companies and product line resource integration and development; development and maintenance of product category/catalog; product sales analysis and review; work coordination and implementation of other marketing matters

Department		Functions
Manufacturing center	Smelt division	Responsible for overall planning of the steelmaking process, implementation of the production plan, process improvement, and expansion of new steelmaking plant
	Forging division	Responsible for forging and heat treatment, and the planning and improvement of forging and heat treatment technology
	Rolling division	Responsible for overall planning of the rolling, QT and blooming processes, implementation of the production plan, and process improvement
	Finishing division	Responsible for overall planning of the finishing process, implementation of the production plan, and process improvement
	Process technology division	Responsible for preliminary review of order specifications, formulation and amendment of relevant standards, research and improvement of product quality and manufacturing process, cost management, equipment installation planning and plant construction projects.
Construction Center		Planning and execution on plant expansion and adding new equipment for the company and GMTC group.
Industrial safety division		Responsible for planning and supervision of occupational safety and health management of various departments, guiding and supervising relevant staff in conducting on-site inspections, regular reviews, key inspections, and workplace environmental monitoring.
Auditing division.		Responsible for discussing audit rules and improvement matters, implementation of financial businesses and financial audits, planning and implementation of routine audits and project audits , and submit internal audit documentation to the Securities and Futures Institute
Public relations division.		Responsible for communication between the company and the capital market, holding the corporate briefing session, collecting and replying to shareholders' opinions, analyzing the company's capital market and shareholder structure, communication and coordination between the company's internal and external relationships, handling of the company's public consultation and complaints about visitors reception, organizing press release and dissemination of company image, management planning of products (services) and corporate image, planning and implementation of various thematic public events and relevant evaluation.
Planning division		Implementation of corporate special projects, data collection and evaluation of the main operating policies assigned by top-level management, integration of the annual sustainability report, maintenance and update of company website, integration of information related to the industrial and commercial organizations and promotion of governmental policies

Board of Directors

GMTC has appointed directors and independent directors in accordance with the company's Articles of Incorporation. In accordance with relevant laws, the directors are elected by the shareholders' meeting from among the persons with disposing capacity, and the term of office is three years. In 2021, GMTC's board of directors comprises 5 directors and 4 independent directors.

Title	Name	Gender	Age group	On-Board Date	Experience (Education)	Current Positions at The Company and Other Companies
Chairman	Taiwan Steel Group United Co., Ltd. Representative/ Chiung-Fen Wang	Male	50 years old and above	2017.06.02	Department of Law, National Chung Hsing University	<ul style="list-style-type: none"> Chairman of Kings Asset Management Co., Ltd. Chairman of Taiwan Steel Group United Co., Ltd. Attorney-at-Law, Pro Law Firm, etc.
Director	Taiwan Steel Group United Co., Ltd. Representative/ Wen-Yuan Lin	Male	50 years old and above	2017.06.02	Master of Civil Engineering, University of Hawaii	<ul style="list-style-type: none"> Chairman of Taiwan Styrene Monomer Corp. Chairman of Eastern Broadcasting Co., Ltd. Chairman of Overseas Investment & Development Corp., etc.
Director	Taiwan Steel Group United Co., Ltd. Representative/ Shih-Chieh Chao	Male	50 years old and above	2018.05.29	Bachelor of Automation, Tsinghua University	<ul style="list-style-type: none"> General Manager of E-TOP Metal Co., Ltd.
Director	Taiwan Steel Group United Co., Ltd. Representative/ Shih-Yi Chiang	Male	50 years old and above	2018.05.29	Bachelor of Materials and Mineral Resources Engineering, National Cheng Kung University	<ul style="list-style-type: none"> Consultant of Gloria Material Technology Corp.
Director	Taiwan Steel Group United Co., Ltd. Representative/ Cheng-Hsiang Chen	Male	50 years old and above	2018.05.29	Master of Materials Science and Engineering, National Tsing Hua University	<ul style="list-style-type: none"> Consultant of Gloria Material Technology Corp. Director of Forcera Materials Co., Ltd. Director of Hoyang Investment Co., Ltd., etc.
Independent director	Chin-Cheng Chien	Male	50 years old and above	2017.06.02	PhD in Accounting, Rutgers University	<ul style="list-style-type: none"> Adjunct Professor of Accounting, National Cheng Kung University Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Ton Yi Industrial Corp., etc.
Independent director	Chun-Hsiung Chu	Male	50 years old and above	2018.05.29	Master of Law, National Chung Hsing University	<ul style="list-style-type: none"> Attorney of Chuan Ying International Law Firm Independent Director of Honey Hope Honesty Enterprise Co., Ltd. Independent Director of D-Link Corp.
Independent director	Yi-Ching Wu	Female	30-50 years old	2019.06.02	Alliant International University (San Diego, USA), Doctorate of Business Management (DBA)	<ul style="list-style-type: none"> Chairman of Hoho International Development Ltd. Independent Director of Chun Yu Works & Co., Ltd. Director of Yang Ming Shan Tien Lai Resort and Spa
Independent director	Yi-Lang Lin	Male	50 years old and above	2020.06.20	Department of Business Management, National Sun Yat-Sen University	<ul style="list-style-type: none"> Independent Director of Launch Technologies Co., Ltd. Director of President Co., Ltd.

The State of Operations of the Board of Directors

According to the company's Articles of Incorporation, the board meeting is held at least once every quarter to supervise the implementation of business plans, presentation of financial statements, as well as the audit reports and follow-up reports. In 2021, the board of directors held 6 meetings, with an average in-person attendance (excluding proxies) of 94.44%. In addition, the CPAs are invited to explain and discuss the audits of the annual report every year, in order to fully understand the company's financial status. The important resolutions of the board are disclosed in the annual report in the investors

section of the company's official website. The important corporate regulations such as the company's Articles of Incorporation, Corporate Governance Best Practice Principles, and Regulations Governing the Establishment of an Internal Audit Department are available for public search.

Number of board meetings	Average in-person attendance	Important Regulations/ Amendments Completed
6	94.44%	<ol style="list-style-type: none"> 1. Amendments to the Company's Articles of Incorporation 2. Amendments to the Company's Rules for the Election of Directors. 3. Amendments to the Rules for Performance Evaluation of the Board of Directors 4. Amendments to the Company's Regulations Governing the Remuneration for Directors and Functional Committee Members 5. Formulation of the Company's "Guidelines Governing the Appointment, Dismissal, Evaluation and Compensation of Internal Auditors". 6. Formulation of the Company's "Risk Management Policy and Procedures". 7. Formulation of the Company's Corporate Social Responsibility Best Practice Principles

Avoidance of Conflicts of Interest of the Board of Directors GRI 102-25

In order to avoid the conflict of interests of directors, all of the company's newly appointed directors must sign a consent form, indicating that they will abide by the provisions of Article 23 of the Company Act, and shall have the loyalty and exercise the due care of a good administrator in conducting the business operation of the company. In addition, Article 32 of the Company's Corporate Governance Best Practice Principles and Article 16 of the Rules of Procedure for Board of Directors Meetings also clearly stipulate the directors' avoidance of conflicts of interest for strict compliance. In 2021, there are a total of seven proposals related to the conflict of interests of board members, and a total of 5 directors have avoided the conflicts of interests

Meeting Date	Name of Directors	Content	Reason for Avoiding Conflict of Interest	Voting Participation
January 28, 2021 The 5th meeting of the 10th term	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Director Shih-Yi Chiang	Review of the manager's year-end bonus.	Avoid conflict of interest as the matters involve the directors' personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
July 1, 2021 The 7th meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the distribution of 2020 bonus for managers.	Avoid conflict of interest as the matters involve the directors' personal interests, and appoint Director Wen-Yuan Lin as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Independent Director Chin-Cheng Chien Independent Director Chun-Hsiung Chu	Review of the purchasing of shares of Homkom Precision Industry Corp. from a related party.	Avoid conflict of interest as the matters involve the related party's interests, and appoint Director Wen-Yuan Lin as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

Meeting Date	Name of Directors	Content	Reason for Avoiding Conflict of Interest	Voting Participation
August 23, 2021 The 8th meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the short-form merger with the subsidiary Homkom Precision Industry Corp.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang	Loaning of funds of Homkom Precision Industry Corp.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang	Distribution of bonus for managers in Q2 of 2021.	Avoid conflict of interest as the matters involve the directors' personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
November 4, 2021 The 9th meeting of the 10th term	Chairman Chiung-Fen Wang	Distribution of bonus for managers in Q3 of 2021.	Avoid conflict of interest as the matters involve the directors' personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

Remuneration Committee

The Remuneration Committee is convened by independent director Chin-Cheng Chien. In June 2019, all three members are independent directors, which meet the requirements of the competent authority. A total of 4 remuneration committee meetings were held in 2021, which help the board of directors in the implementation and evaluation of the overall remuneration and employee benefits, as well as the remuneration for directors and managerial officers. For the remuneration for directors, please refer to page 35 of the 2021 Annual Report.

GMTC Salary Pay

1

If the company earned profits in the current fiscal year, it shall allocate no less than 1% as employee compensation, and set aside no more than 5% as the remuneration for directors by the resolution of the board of directors

2

With respect to the performance assessment and remuneration, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure

3

The company shall take into consideration the company's business situation when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration

Participation of Public Associations GRI 102-13

GMT has actively participated in the activities of metal related manufacturers associations, which thereby contribute to growth in application technology and exchange of industry information, dedicating efforts to the development of the overall industry and the company's sustainable development.

Participated public associations	Executive director	Member
Taiwan Steel and Iron Industries Association	✓	✓
Taiwan Aerospace Industry Association	✓	✓
Chinese Excellent Management Association		✓
Taiwan Mold and Die Industry Association		✓
The Taiwan Society for Metal Heat Treatment		✓
Tainan City Xinying Industrial Area Manufacturers Association	✓	✓
Liuying Environmental Science and Technology Park Manufacturers Association	✓	✓

2.4 Integrity Management GRI 102-16,205-2,205-3,419-1

GMT strictly abides to the fundamental spirit of corporate integrity management, including business ethics, avoidance of conflicts of interest, refusal of business gifts or hospitality, equality and respect, and environmental health and safety. GMT also formulated the Code of Ethical Conduct to advocate on legal compliance, protection of intellectual property, bribery, corporate privacy, protection of personal data, and monopolistic behaviors. After formulation and amendments of the Code, the company shall notify all employees in electronic form, and the employees shall sign a consent form. The company profile shall specifically stipulate that it is important for new employees need to receive comprehensive education and training.



For the prevention of corruption, protection of intellectual property rights and other material topics related to professional ethics, GMTC also provides employee education and training courses on an irregular basis, and requires stakeholders, such as suppliers, contractors or other cooperative partners to abide by GMTC's ethical standards, which include requiring suppliers, contractors or other cooperative partners to provide written commitments for not engaging in any unlawful business practices, and not offer bribes or improper inducements to colleagues.

In 2021, there were no cases of bribery and personal data leaks. Since the company focuses on its own business and does not participate in political activities, there were no political donations or in-kind contribution of goods to support political parties and politicians in various countries. We will fully support the national policies and will dedicate efforts in the promotion of relevant decrees in cooperation with the government.

All of GMTC's employees, managerial officers and supervisors have signed the ethical code of conduct in the employee handbook and will abide by related regulations. GMTC also provides a "Complaints Mailbox" as a channel for employees to report any financial, legal, or improper business practices, so that employees can express their opinions in confidentiality. The company respects the privacy of the whistleblower during the handling process, and quickly provides the handling results, keeping track of employee feedback for effective two-way communication. The "Complaints Mailbox" handle matters including ethical behavior, sexual harassment prevention, factory management, on-site services, and employee welfare. There were no cases of complaints and appeals in 2021.

Code of Ethical Conduct

Holding oneself responsible for ethical conduct and business integrity
Legal compliance and respect for intellectual property
Protect the rights and interests of both parties and practice of equality
Prohibit the spread of misinformation and inappropriate remarks
Avoiding the use of one's position for personal gain
Do not disclose confidential information without proper authorization
No improper business hospitality or improper gifts and benefits
Create a safe and healthy environment and promote health protection



Every employee is responsible of reporting illegal conduct. If any employee of the company and its subsidiaries are suspected of committing crimes, fraud, or in violation of financial-related laws, or behaviors that violate the company's Code of Ethical Conduct, it shall be reported to the company through e-mail with proof of evidence.



Complaints mailbox (Public Relations Office): ethics@gmtc.com.tw

2.5 Risk Management GRI 102-11,102-15

2021 Implementation Status of Risk Management

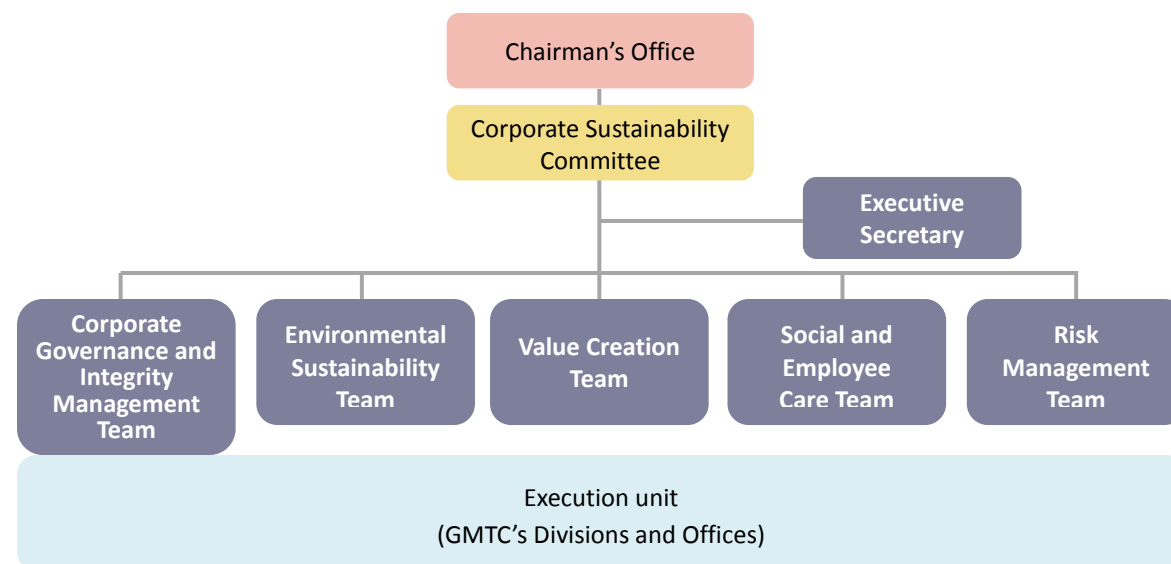
1. On August 3, 2021, the Board of Directors Approved the formulation of Risk Management Policy and Procedures.
2. On September 14, 2021, the risk management team has held a meeting, attended by the convener of each team in the Corporate Sustainability Committee and staff of the risk management unit, in order to collect the main risk issues separately assessed by various departments.
3. On October 4, 2021, the risk assessment results and control measures will be reported at the regular meeting of the Corporate Sustainability Committee in 2021

Risk Policy and Procedures

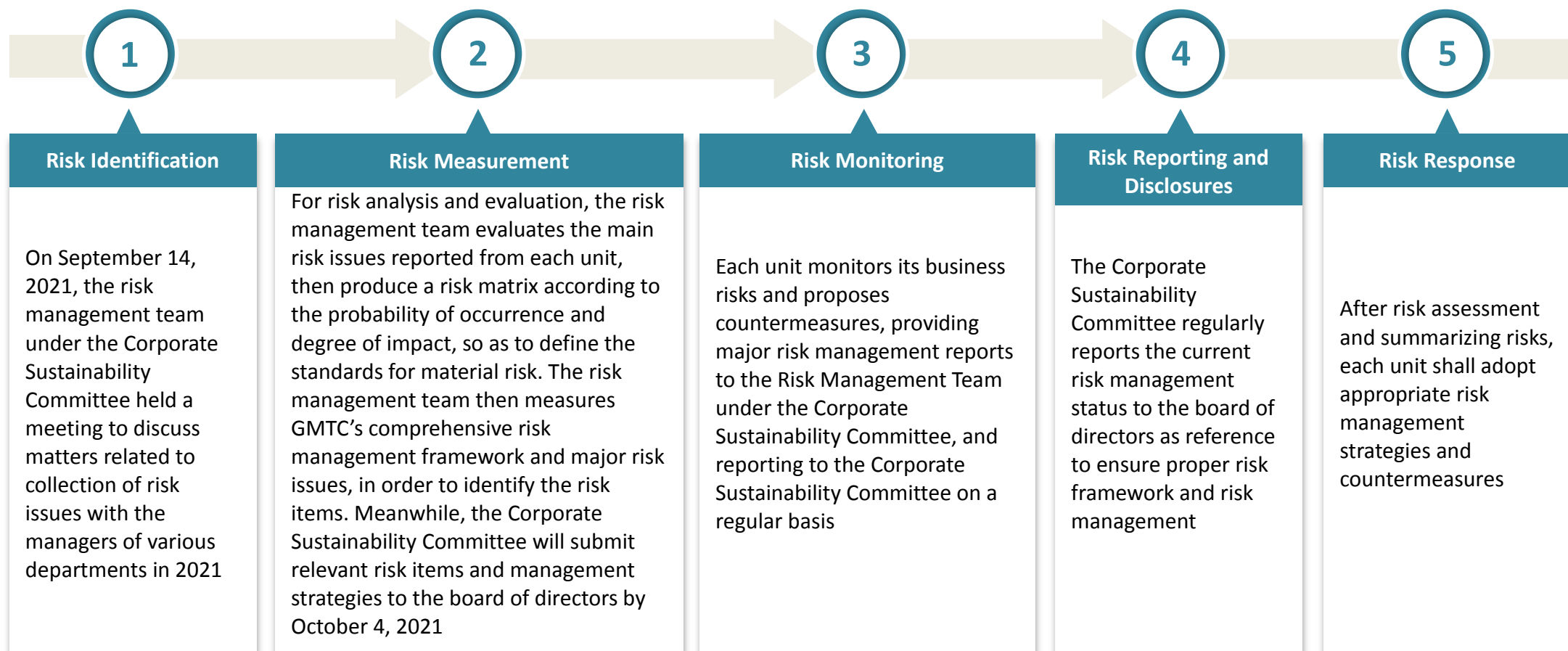
To ensure stable growth and management of the risks that may occur in the operating process, GMTC has approved the "Risk Management Policy and Procedures" as the risk management principle on August 3, 2021. The risk management policy include defining various risks, and establishing a risk management mechanism for early identification, measurement accuracy, effective supervision, and stringent control according to the overall business principles, which prevents possible losses within the acceptable risk range.

Risk Management Scope and Organizational Structure

After reviewing the characteristics of business operations, the company's risks are classified into five categories: "supply chain risk", "financial risk", "management risk", "environmental risk", and other risks. The corporate sustainability committee is in charge of the implementation of relevant business, and has set up a risk management team and convener. Each team and business unit identifies risk factors, and conduct risk management to provide support for more efficient coordination and planning, and the implementation of risk assessment. In addition annual risk assessment results and risk management implementation status shall be reported to the board of directors on an annual basis.

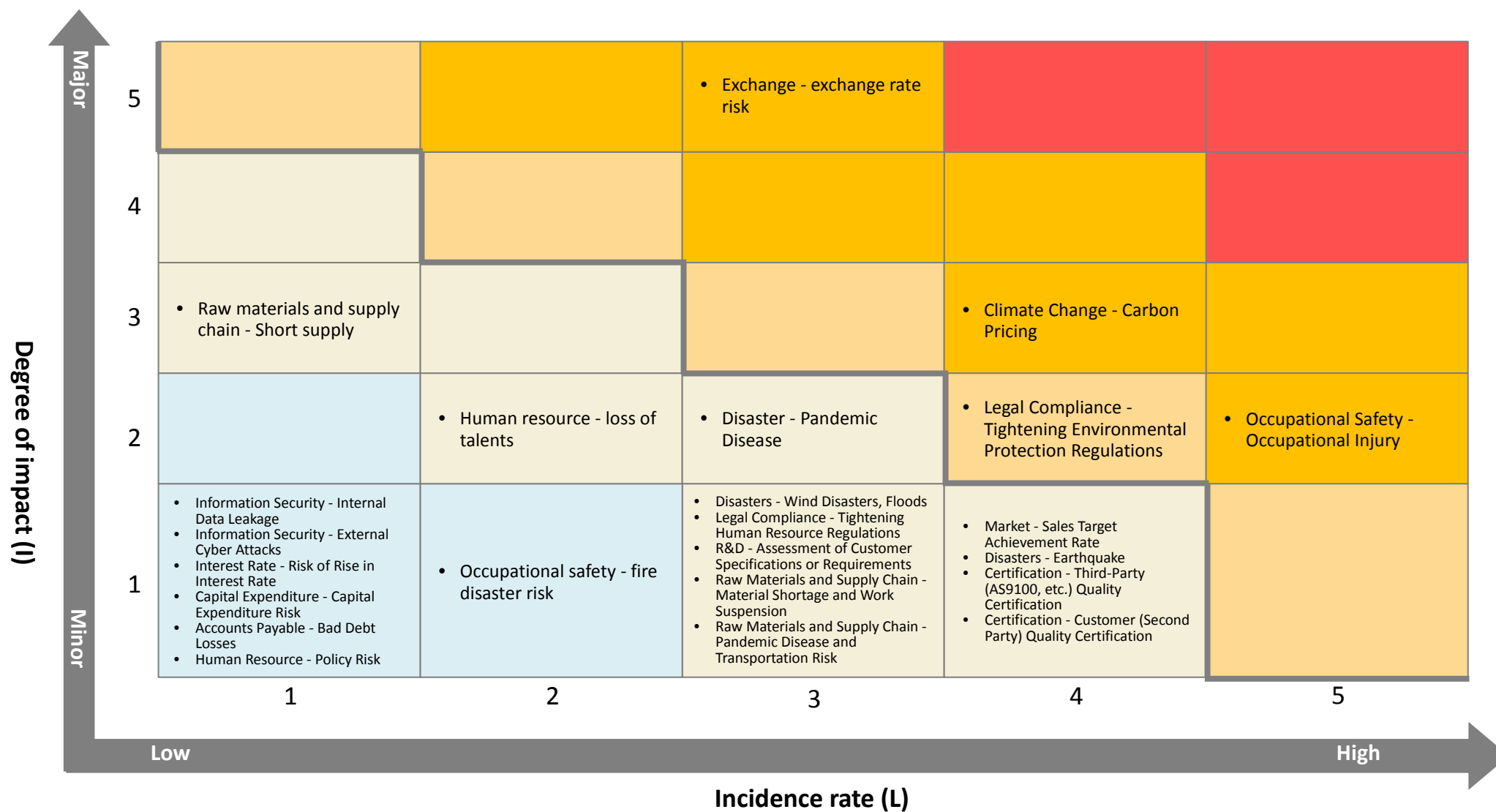


Risk Management Procedures



During risk identification, to enable risk items to cover different aspects and levels, the risk management team appointed various teams under the risk management committee to identify the risk sources that the company may encounter based on their duties and responsibilities, and thereby develop a sound risk management framework. At this stage, we have identified 24 potential risk issues, which cover 4 aspects, economic (including corporate governance), environmental, social, and others, scored from 1 to 5, to calculate the risk level ($L \times I$) of each issue, which is then used to prepare a risk matrix as shown in the figure below. In 2021, there were a total of 4 major risk items. After comprehensive assessment, the risk management team has proposed GMTC risk management strategies as shown in the table.

Risk Matrix



Risk Items and Risk Control

Risk Profile	Risk Items	Potential Risks	Management and Control Strategies
Economic	Raw material and supply chain risks	Work suspension as the imported raw materials become out of stock	1. Build relationships with more than two suppliers to supply key raw materials. 2. Regularly keep track of the consumption and storage progress. 3. Maintain adequate safety stock.
		Supplier delivers out of specification raw materials	1. Formulation of clear acceptance specifications for raw materials. 2. Implement incoming inspection. 3. Build relationships with more than two suppliers for the supply of key raw materials. 4. Maintain adequate safety stock.
		Port shutdown caused by the impact of diseases, which led to port congestion and shipping container shortage, while some ports suspended operations	1. Obtain shipping space from other domestic or international freight forwarders. 2. Change to other delivery ports and match shipments with inland transportation.
	R&D Risk	Unable to meet customer specifications or requirements	1. Renovation and optimization of machinery. 2. Install new machinery. 3. Improve communications with industry professionals.
	Certification Risk	Invalid customer (second party) quality certification	1. Arrange MPP audits on a regular basis. 2. Maintain third-party audits to obtain relevant certifications.
		Invalid third-party AS9100 quality certification	1. SOP review on a regular basis. 2. Internal audits on a regular basis.
	Market Risk	Has not yet achieved sales target	1. Discuss contingency plans through weekly meetings related to order collection. 2. Strengthen the timely update of market conditions through meetings before the stock market opens.
	Capital Expenditure Risk	Capital expenditure not appropriately authorized	1. Formulation of the "Fixed Asset Management Best Practices" to serve as a guideline for capital expenditures. 2. Significant capital expenditures must be reviewed by the Audit Committee and the Board of Directors.
	Accounts Receivable Risk	Bad debt losses	1. Send overdue payment details to the sales personnel on a weekly basis, timely track accounts, and improve debt collection. 2. Enforcement of creditor rights by factoring accounts receivables without recourse and insurance.

Risk Profile	Risk Items	Potential Risks	Management and Control Strategies
	Interest Rate Risk	Rise in interest rate	1. Short-term financing by use of commercial promissory notes and bank loans with low-interest rates. 2. Consider issuing medium- and long-term corporate bonds when interest rates are relatively low to reduce the impact of interest rate fluctuations on the company.
	Exchange Rate Risk	The foreign exchange rate from the evaluated foreign exchange rate exposure is lower than that recognized in the billing report (material risk)	1. Keep track of changes in the financial market every day, and evaluate the foreign exchange risks and changes in profit/ loss that arise from the company's assets and liabilities. 2. Focus on natural hedging and the spot market, and use derivatives such as currency forwards for hedging. 3. Mitigate foreign exchange rate risks by stringent control of the major capital expenditures and capital transfers that cause significant changes in foreign exchange positions.
	Regulatory Risk	Tightening environmental regulations (material risk)	1. Regular maintenance of control equipment. 2. Use of clean energy fuels.
		Tightening human resource regulations	Appoint dedicated personnel to keep track of recent laws and real-time news on a regular basis, and develop an improvement plan when necessary.
	Information Security Risk	External cyber attacks	1. Set up firewalls and network isolation areas to separate internal and external networks, with stringent control and application of access protocols. 2. Strengthen disaster prevention and monitoring, deal with anomalies, and provide backup mechanisms to ensure the quick recovery of operating functions. 3. Turn on the firewall and send security updates on a regular basis to prevent ransomware.
		Internal data leakage	1. Formulate computer operation procedures to serve as a guideline for computer operations, and the system development, computer modification, and data processing must be handled in accordance with the procedures. 2. Formulate the electronic data management guidelines that specify how to control electronic data access, including database application systems and e-file servers. 3. Continue introducing IT security solutions to effectively protect, manage and monitor the systems. 4. Plan and set up a data protection mechanism so that users have a lower risk of data leakage. 5. Organize education and training on an irregular basis to promote new knowledge and increase employee awareness of IT security, with regular review of authority information access.

Risk Profile	Risk Items	Potential Risks	Management and Control Strategies
Social	Human resource risk	Loss of talents	<ol style="list-style-type: none"> 1. Understand the willingness of employees and describe job roles before job transfer. 2. Develop various recruitment packages, introduction bonuses, transport allowances, and company share for talent retention. 3. Improve pay structure and raise monthly salary.
		Policy risk	Appoint dedicated personnel to keep track of recent laws and real-time news on a regular basis.
	Occupational safety risk	Fatal occupational injuries (material risk)	<ol style="list-style-type: none"> 1. Implement safety and health education and training. 2. Handle the abnormalities detected during on-site inspections. 3. Emergency response drills.
		Fire disaster risk	<ol style="list-style-type: none"> 1. Fire drills. 2. Routine equipment maintenance and inspection.
Environmental	Disasters	Earthquakes, wind disasters, floods, and pandemic disease	<ol style="list-style-type: none"> 1. Inspection, drainage, pumping and cleaning of the drainage ditch on a regular basis. 2. Establish an emergency preparedness team and hold meetings before the rainy season and typhoons. 3. Hold evacuation drills 4. The prevention and control COVID-19 and promoting vaccination in the workplace.
	Climate Risk	Implementation of carbon pricing mechanisms in various countries (material risk)	<ol style="list-style-type: none"> 1. Greenhouse gas inventory identifies the sources of carbon emissions. 2. Use of clean energy fuels.

2.6 Climate-Related Actions GRI 201-2

From [The Global Risks Report 2021](#) released by the [World Economic Forum](#), we can clearly see that environmental risks and threats still account for a relatively high proportion. From the perspective of "the possibility of a risk event occurring", the top 3 risk issues, including "extreme weather", "climate action failure" and "human environmental damage" are related to the environment and climate change. From the perspective of "risk severity", "infectious diseases" jumped to first place due to the impact of COVID-19 pandemic last year, while "climate action failure" ranked second place, indicating that companies are facing severe environmental challenges brought about by climate change. In addition, the Science-Based Targets Initiatives (SBTi) raised the carbon reduction standards, and adopted the standard based on the new scenario of "keep global warming within 1.5C" instead of "holding the increase in the global average temperature to well below 2°C" as the carbon reduction target and scenario. This provides a warning that immediate action on carbon reduction is required, and companies must view this from a long-term perspective, assessing the impact of climate risks, and formulating response strategies to reduce the possible negative impact on the enterprise. Therefore, we believe that the action is essential for achieving corporate sustainability.

Climate Risk Management

Therefore, in 2021, GMTC has set 4 core elements: "Governance", "Strategy", "Risk Management", "Metrics and targets" with reference to the TCFD (Task Force on Climate-related Financial Disclosures) issued by the Financial Stability Board (FSB) in 2017, and established a climate risk management framework, to be disclosed in the sustainability report, so that stakeholders can better understand GMTC's responsive actions in the face of climate risks.

Governance	Strategy	Risk Management	Metrics and Targets
GMTC's Corporate Sustainability Committee is responsible for discussions and management of climate-related risks and opportunities.	Identify climate risks and opportunities and the impacts on GMTC's business, strategies and finance.	GMTC used the framework developed by Task Force on Climate-Related Financial Disclosures (TCFD) to disclose climate-related risks and opportunities and outlines the responsive strategies.	Goals: Comply with long-term government policies to achieve annual power-saving rate of 1%, decline in water intensity of 10% compared to the base year (2014), and 1% reduction in GHG emission intensity

Climate-Related Risks and Opportunities

Climate-Related Risks and Opportunities						
Type	Risk Items		Potential Impact of Climate-Related Risks on Finance	Opportunities	Potential Impact of Climate-Related Opportunities on Finance	Responsive Measures and their Implementation in 2021
Transition risks	Policy and legal	Carbon border tax	Increase in operating costs	Use low-carbon energy supply and strengthen energy substitution/diversification Install green energy equipment Reduce resource consumption through efficient production processes	Decrease in operating costs Increase in asset value Increase in operating revenue	Participate in conferences to keep in line with domestic and international trends (such as the Greenhouse Gas Reduction and Management Act, carbon neutrality and the carbon emission trading scheme) Continue to conduct greenhouse gas inventory in accordance with the ISO 14064-1 standard Continue to implement the ISO 50001 energy management system to achieve high energy efficiency, energy-saving and carbon reduction Evaluate the installation of rooftop solar power systems for self-build properties to meet the 10% electricity demands of major electricity users Construction of the 50-ton digitalized special steel plant, process improvement and high efficiency equipment can reduce CO2 emission intensity
		Carbon fees	Increase in operating costs			
		Major electricity user clauses ^{Note}	Increase in operating costs			
		Water consumption fees	Increase in operating costs			
	Market	Market trends and changes in end-user demand	Product mix and changes in the sources of income	Tap into the green steel industry	Increase in operating revenue Increase in operating costs	Improve the competitiveness and steel grade of mold steel, and seize opportunities related to solar energy and electric vehicles Provide end-user application materials with high temperature compatibility and high strength
Physical risks	Acute	Increased intensity of extreme climate events (such as typhoons and floods)	Increase in capital expenditure Decrease in operating revenue (production disruption)	Build climate resilience and enhance disaster preparedness	Increase in operating revenue Increase in capital expenditure To increase climate resilience and reduce the loss caused by operational disruptions	Establish an emergency preparedness team to enable prompt disaster response and reduce disaster losses. Hold emergency preparedness meetings before the rainy season and typhoons. Regularly check rainwater drainage and water pumps. Set up emergency power supply system and water storage tank for backup. Dredging of drainages ditches on a regular basis.

Note: From New Year's Day 2021, the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity", commonly known as the major electricity user clauses, stipulates that power users reserving capacity of more than 5,000kW shall, within 5 years, install renewable energy capacity of 10% of the average chartered capacity.

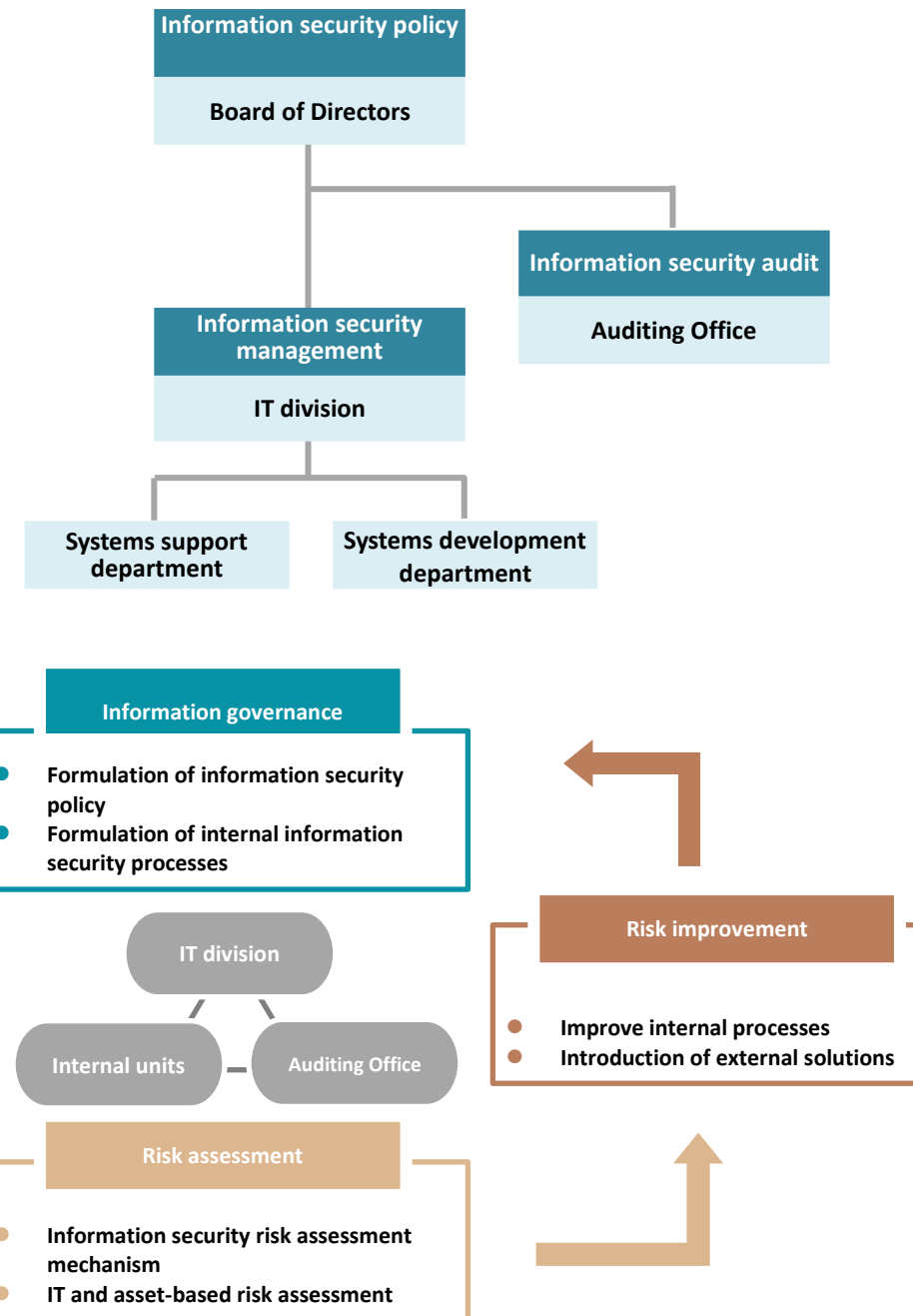
2.7 Information Security and Privacy

To safeguard the security and privacy of the information assets of the company, customers and partners, GMTC not only established an organizational structure related to information security to promote and implement related operations, but also tracks and improves the information security goals and effectiveness through PDCA (Plan-Do-Check-Act) circular management. GMTC also formulates and implements relevant information security policies based on the management system, in order to enhance the employees' information security awareness through education and training courses, with stable network security, in the aim to achieve the company's information security and sustainability goals.

Information Security Organizational Structure

GMTC's responsible unit for information security is the IT division, which has one IT manager, and professional IT personnel for software and hardware, which are responsible for formulating internal information security policies, planning and implementing information security operations and policies, and report the company's information security governance to the board of directors on an irregular basis.

GMTC's Auditing Office is the supervisory unit of information security, with an auditing chief and full-time auditors to be responsible for supervising internal cybersecurity. The unit with any deficiency will be asked to provide relevant improvement plans and procedures, and implement specific actions. The improvement results are tracked on a regular basis to reduce internal cybersecurity risks.



Information Security Risk Management

Organizational operations - The PDCA (Plan-Do-Check-Act) method is adopted to achieve circular management, in order to achieve the reliability goals with continuous improvements.

Information Security Policy

GMTC's information security policy covers three aspects:

(I) Systems and regulations:

The company established the information security management system to regulate the operations and behaviors of employees

(II) Use of technology:

Installation of information security management equipment and implementation of cybersecurity management measures

(III) Employee training:

Conduct information security education and training to enhance the employees' awareness on information security
Described as follows

(I) Systems and regulations: GMTC refers to ISO 27001 as the standard in formulating information security policies according to the company's actual management needs. The company has formulated cybersecurity standards and systems for internal regulation of information security behaviors among employees. Relevant systems are regularly reviewed every year to ensure conformity with changes in the operating environment, with timely adjustments to meet company needs.

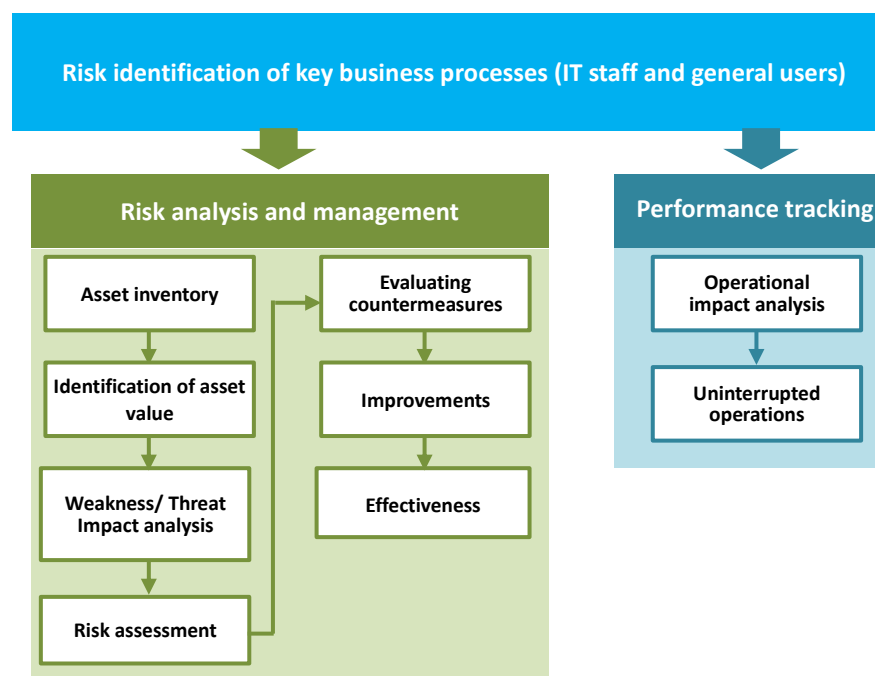
(II) Use of technology: In order to prevent various external threats related to cybersecurity, GMTC not only has a multilayer network architecture, but also established multiple cybersecurity protection systems to improve security in the overall IT environment. In addition, to ensure that the operations and behavior of employees conforms to the applicable system requirements, we also formulated operating procedures, and introduced cybersecurity systems and tools to implement information security management measures.

(III) Personnel training: GMTC conducts information security education and training practice courses on an irregular basis, announced information security risks and personnel response measures, and established online learning (E-Learning) information security courses to enhance the knowledge and professional skills of internal staff.

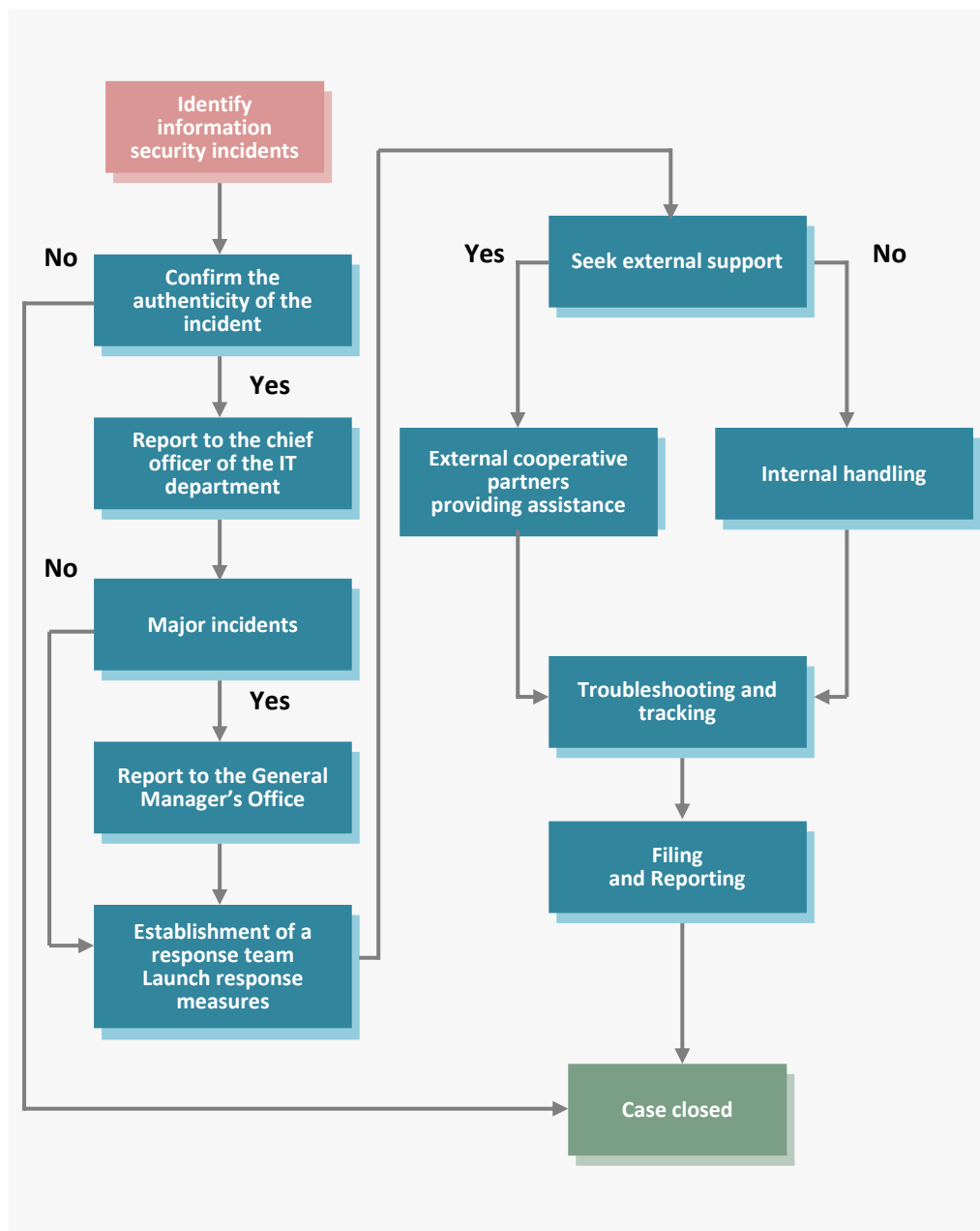
Information Security Management Measures

GMTC reviews the internal information security standards on a regular basis, and report to the board of directors the status of information security governance. The company also conducts risk assessment in compliance with the international standard ISO 27005, analyzing the internal risk according to asset value, weakness, threat and impact, and formulating security improvement measures based on the risk assessment results, in order to improve the overall cybersecurity environment.

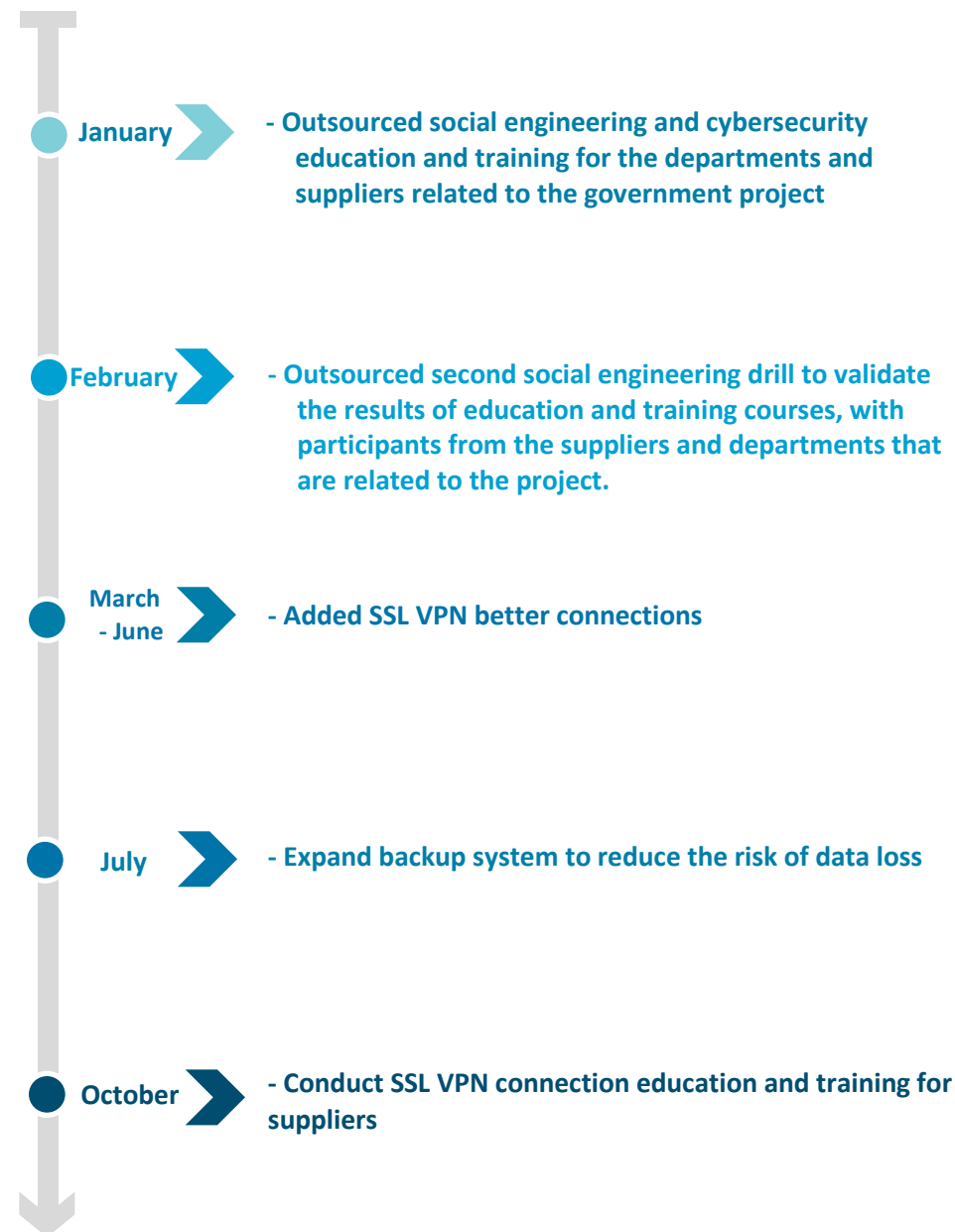
Information Security Management Measures		
Type	Remarks	Relevant Procedures
Authority	Management measures for personnel account, authority and operational behavior	<ul style="list-style-type: none"> Personnel account access management and integration Regular inventory count of personnel account access
Access control	Control measures for the access of external systems and data transmission channels	<ul style="list-style-type: none"> Internal/external access channels Control measures for data leakage
External threat	Possible weaknesses in the internal systems, poisoned pipelines and protective measures	<ul style="list-style-type: none"> Host/computer vulnerability detection and updates Virus protection and malware detection
System availability	System availability status and handling measures for service interruptions	<ul style="list-style-type: none"> System/network availability monitoring and reporting mechanism Response to service interruptions Data backup, local/remote backup system Regular disaster recovery drills



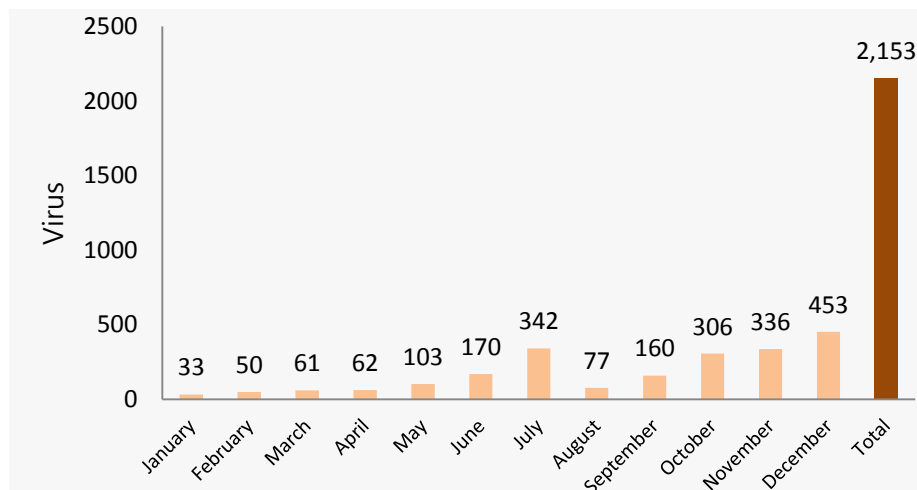
IT Incident Reporting Procedures



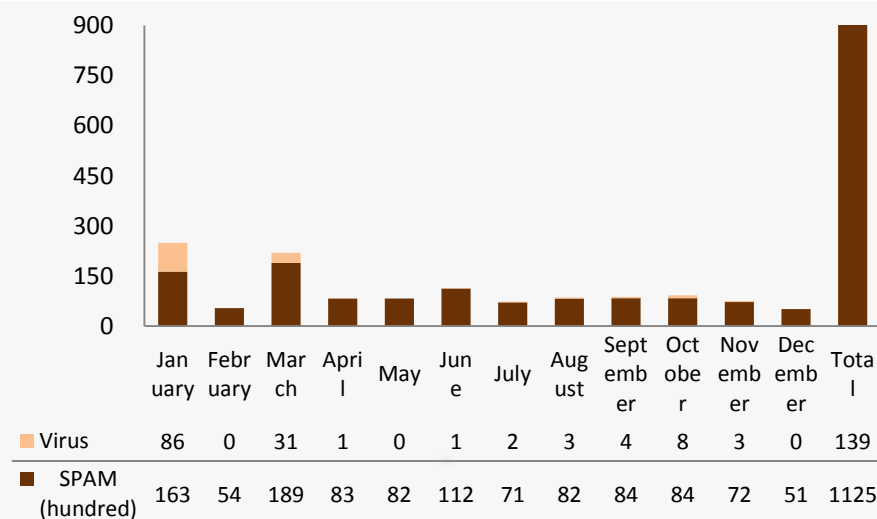
Major Information Security Incidents in 2021



2021 Antivirus Software and Endpoint Virus Protection



2021 Mail Protection



Chronicle of Events

Comply with the government's technological project, continue to deepen employee awareness on cybersecurity, and strengthen GMTC's existing IT security framework. In 2021, the following matters have been improved thanks to the government's technological project:

- ☑ Conducted social engineering drills and education and training, with participants from the 8 suppliers and 44 employees from departments that are related to the project.
- ☑ Conducted the second social engineering drill to validate the results of education and training courses, with participants from the 8 suppliers and 66 employees from departments that are related to the project.
- ☑ The backup system expanded by 26% (including acceptance) compared to its original capacity, reducing the risk of data loss.
- ☑ SSL VPN equipment was added to expand the Virtual Internet Access (VIA) connections by 133% compared to the original connection.
- ☑ Conduct SSL VPN connection education and training for the 8 main suppliers.



3 Sustainable Value

3.1 Marketing and Customer Service

3.2 Quality management

3.3 Responsible Supply Chain

Customer service management principles GRI 103-2, 103-3

Importance to GMTC	<ul style="list-style-type: none"> GMTC provides good customer services to solve customer needs, in order to achieve good customer satisfaction and cooperative relationships
Policy/Commitment	<ul style="list-style-type: none"> Ranked top for tool steel in Asia Functional stainless steel ranked top 1 in the world
Goals	<ul style="list-style-type: none"> Short term (2022): <ul style="list-style-type: none"> -The amount of tool steel orders is estimated at > 45,000 tons per year -The amount of functional steel orders is estimated at > 24,500 tons per year Medium- to long-term: <ul style="list-style-type: none"> -Expanded tool steel orders -Expanded functional stainless steel orders
Complaints Mechanism	<ul style="list-style-type: none"> Implementation review on a regular basis: weekly review of orders and monthly review of projects
Specific actions	<ul style="list-style-type: none"> Set up a project team for implementation, control, and improvement
Evaluation system	<ul style="list-style-type: none"> Review of budget achievement every month
2021 Evaluation results	<ul style="list-style-type: none"> Achievements in January-December, 2021 <ul style="list-style-type: none"> -Tool steel production of 37,474 tons -Stainless steel production of 24,361 tons

Product quality management principles GRI 103-2, 103-3

Importance to GMTC	<ul style="list-style-type: none"> Continue to improve product quality through improvement activities in compliance with international standards, meeting customer needs
Policy/Commitment	<ul style="list-style-type: none"> Strengthen system and certification Increase material services and added value
Goals	<ul style="list-style-type: none"> Short term (2022): <ul style="list-style-type: none"> - Obtained BIS certification for tool steel & high speed steel, and NADCA certification for high-grade hot work tool steel in 2022 - Developed high-grade hot work tool steel for die casting molds Medium- to long-term: <ul style="list-style-type: none"> - Set up a professional certification group to quickly meet business needs -Pass the NADCA certification
Complaints Mechanism	<ul style="list-style-type: none"> Annual survey on customer satisfaction Analysis based on the customer complaints handling procedures Deal with product deficiencies according to the anomaly detection system
Specific actions	<ul style="list-style-type: none"> NADCA is expected to conduct strategic implementation of the Six Sigma Project Strategic implementation of the Six Sigma Project in the future
Evaluation system	<ul style="list-style-type: none"> Pass the BIS & NADCA certification Successful development
2021 Evaluation results	<ul style="list-style-type: none"> Obtained BIS stainless steel certification, and also applied for tool steel & high speed steel product certification (application delivered) Obtained JIS MARK certifications for stainless steel 304, 316 in February 2022

Supply chain management principles GRI 103-2, 103-3	
Importance to GMTC	<ul style="list-style-type: none"> Actively promote comprehensive and sustainable supply chain management to reduce risks and costs, and deliver value to our customers
Policy/ Commitment	<ul style="list-style-type: none"> 3R and Green Sustainable Supply Chain
Goals	<ul style="list-style-type: none"> Short term (2022): <ul style="list-style-type: none"> The recycling rate for H13 steel scrap melted by 35-ton electric arc furnace is more than 80% in 2022 Domestic carbon steel/stainless steel suppliers are not allowed to directly cause contamination with scrap steel and damage soil in 2022 Long term: <ul style="list-style-type: none"> In 2025, the 35-ton electric arc furnace and 50-ton digitalized special steel plant will achieve recycling rate for H13 steel scrap of more than 80%. Domestic and foreign carbon steel/stainless steel suppliers are not allowed to directly cause contamination with scrap steel and damage soil in 2025
Complaints Mechanism	<ul style="list-style-type: none"> Annual supplier evaluation (quality/delivery/service)
Specific actions	<ul style="list-style-type: none"> Review of new supplier qualification (supplier information/ quality system (QS)/ documents and signatures On-site visits on an irregular basis (stocking/supply status)
Evaluation system	<ul style="list-style-type: none"> Raw material acceptance (supply quality), goods receipt (supply quantity)
2021 Evaluation results	<ul style="list-style-type: none"> Global recycling of H13 tool steel scrap totaled 13,057 tons in 2021 100% steel plate/concrete paving at the storage area of domestic carbon steel scrap suppliers

3.1 Marketing and Customer Service

In recent years, GMTC has focused on special applications in the aviation, energy, oil and gas, and machine industry. Certification is one of the company's core competencies, and certifications from global manufacturers such as Siemens, Mitsubishi, Boeing, and Bombardier are conducive to GMTC's revenue and profits, driving up orders. With that, the company expanded the market share of products originally supplied to leading companies in the industry, so as to create brand value and boost customers recognition, and obtain certification from global large-scale supply chains in the future, enhancing the company's overall revenue and operating profit. During this process, the company accumulated certified assets, set up a reliable certification team, and developed technical capabilities for producing high cleaning steel. Apart from the Japanese company, GMTC is also one of the few special steel manufacturers with Boeing certification in Asia. The company's certified products have become a major source of revenue, and continues to grow year by year.

Product Marketing, Development and Management

In recent years, various countries have imposed high trade barriers, which pose difficulties to exporting, such as U.S. imposed Section 232 tariffs, EU import quotas and India BIS certification. In face of current difficulties and existing barriers, GMTC has been planning trade countermeasures since 2019, and its application for exemption from Section 232 tariffs has materialized in 2021. In addition, the company also obtained India's BIS certification in the second half of 2021, which would gradually materialize in 2022. GMTC is expected to obtain Japan's JIS certification in the first half of 2022, and gradually expand its business scale.

In response to future investment in the 50-ton digitalized special steel plant, we not only continue to apply for certification of high-value materials to expand market share, but also focus on development in the green energy industry. Meanwhile, we have been expanding basic industrial materials, with tool steel and functional stainless steel as part of our main focus of development. We continue to strengthen customer relationship in the existing channels, and have appointed product managers and set up various special teams to review the manufacturing process and competitiveness, with better cost control and stable quality.

Period	Product Marketing Plan
Short term	In 2021, the company has tapped into new markets and new applications to provide more comprehensive services and product sales. The sales of products for different steel grades in finished products and materials are extended horizontally, so that the services and product applications can best meet customer needs. In light of the increase in molten steel production capacity and significant increase in sales scale after the renewal of 35-ton electric arc furnace, in 2021, the company attached more importance to the tool steel market, tapping into new industries and developing new customer relationships. The continuous casting equipment is expected to be installed in 2022, which will drive growth of commercial stainless steel and low-alloy steel products in new markets. For the green energy industry: The company has obtained India's BIS certification, and expanded the required materials for applications in electric vehicles, wind power, and solar power, which is expected to gradually materialize in 2022, with sales deployment plans after commencing molten steel production from the 50-ton digitalized special steel plant in the future.
Medium-to long-term	Focusing on the molten steel production capacity from the newly established 50-ton digitalized special steel plant, the company has combined the existing production capacity and capability of steel transformation to achieve better quality and reduced pollution. We also attach great importance in the provision of billets, fast flow during the refining process, and high cash flow, extending into new industries and developing new businesses. Meanwhile, according to market demand, we have assessed the installation of new equipment in different stages, with a wide range of sizes of end-user products, and increased the overall product sales and profit.

According to the current market positioning, GMTC's business model is based on market potential and future market development plans, with the aim to achieve high profits (certified materials/high quality) and high market share (basic industrial materials). After addition of the 50-ton digitalized special steel plant and molten steel production capacity of the vacuum arc remelting (VAR) and refining equipment, we have formulated the short-, medium- and long-term product marketing plans as follows:

Development Direction of Key Businesses

1. Increase the Percentage of Certified Products

GMTC Group will continue on deep cultivation of aviation, energy, oil and gas, machinery, and green energy industries, coupled with the establishment of new production lines, new product development and certification, and expand market share to enhance the company's overall profitability. In addition, we will discuss plans related to improving the company's operating efficiency through cloud-based integration, enhancing the services for key customers, and providing customers with more convenient and value-added services, which may be the key to transformation and breakthroughs.

2. High-Value Products

With the core technology of VIM/VAR/ESR as the platform, GMTC Group has been working towards developing high-grade special steel materials and providing high cleaning steel, and continued to expand the width and length of the product line, so as to deepen product mix depth, and meet the high-end demands of the five major industries and related steel industries. In addition to continuously improving the steel grade, GMTC also extends to semi-finished products and finished products by integrating the Group's production resources and raw materials, so as to improve the Group's overall product competitiveness and added value. In addition, GMTC plans to invest in the research related to advanced manufacturing fields as growth driver in the future competitive environment.

3. Expand Market Share in the Tool Steel Market

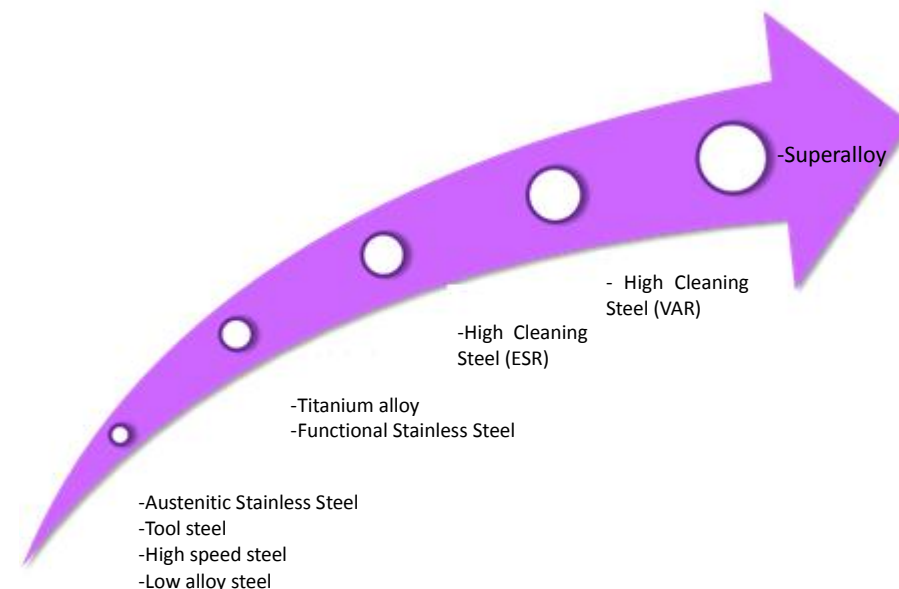
From the perspective of product mix, we plan to optimize the manufacturing process and quality of baseload power products, in order to improve cost competitiveness. With the deployment of new channels in Asia, we will further increase the proportion of sales and equipment utilization in the factory, and plan for the reduction of molten steel capacity in the 50-ton digitalized special steel plant.

4. Optimization of Regional Management and Dealer Services

GMTC has sold its products to more than 45 countries and regions around the world, and has set up sales channels to serve customers in Taiwan, Vietnam, China, and the U.S. It has long been cooperating with the large-scale distributors in Europe, the U.S., and other Asia-Pacific regions, and maintaining customer relationships and stable market share through regular visits or establishing sales offices in the key marketing regions.

Innovative Product Development

In terms of GMTC's product mix, in addition to the traditional tool steel and low alloy steel grades, GMTC is also working towards strategic development of special steels with high added value, and has been mainly focusing on six product sections: functional stainless steel, high-grade remelting hot work and cold work tool steels, remelting high strength low alloy steel, super alloy. We have integrated R&D resources to develop new hot work tool steel as functional material by use of the existing remelting technologies such as ESR and VAR, with high-end applications including: the die-casting demands in the global EV market, and new airline demands in the aviation industry. In response to the impact of the COVID-19 pandemic, GMTC continues to invest in plant construction and installation of machinery and equipment, improving the process quality of existing steel products through project development and improvement, so as to expand production capacity and become a global key supplier of high cleaning steel with "low gas content and substances with low intervention". Meanwhile, GMTC has been expanding the size of product supply and product categories based on the current market demand, and strengthening product competitiveness to become the world's top ten tool steel suppliers.

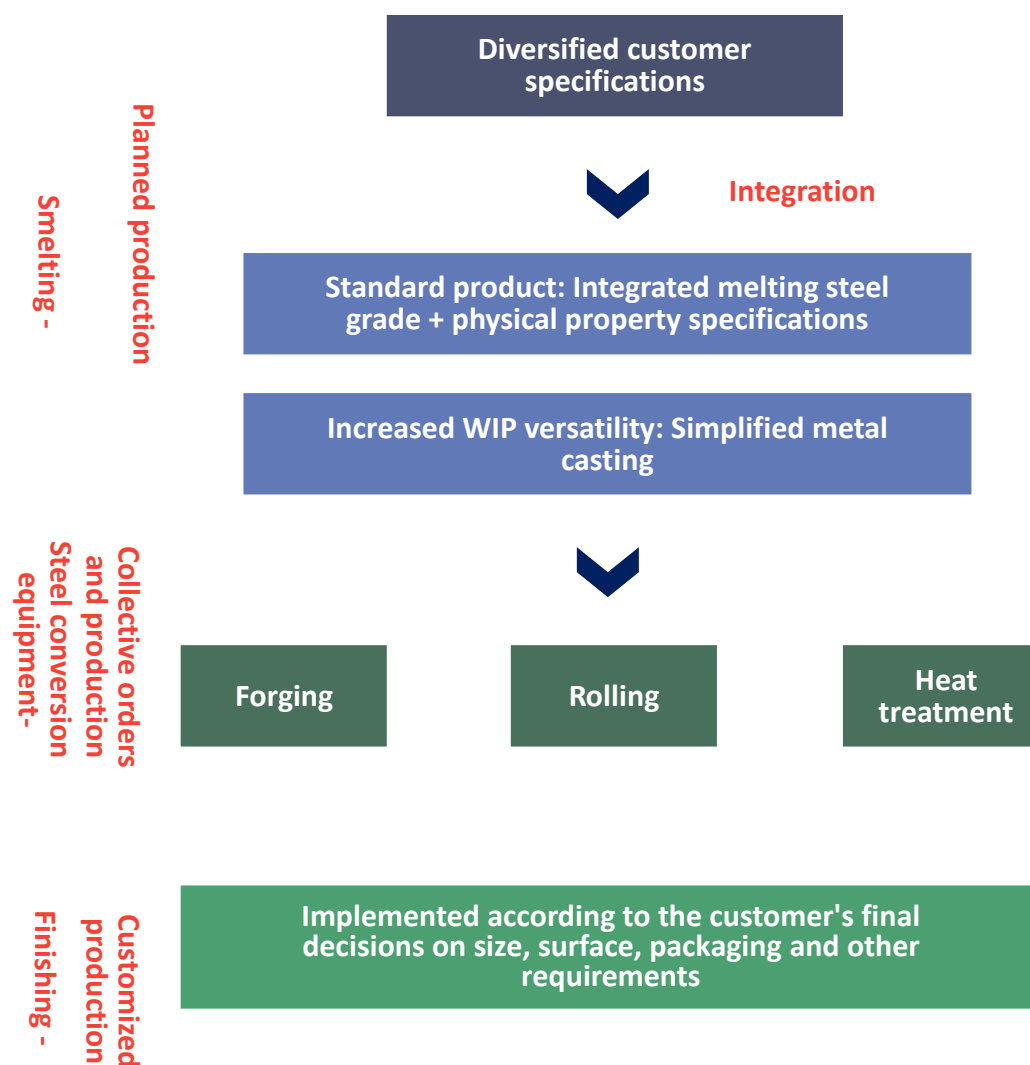


Strengthened Production Technology and Competitiveness of Tool Steel Products

As GMTC's highly customized characteristics in the special steel industry, the same steel grades have different performances in different environments. Therefore, the alloy composition, conversion process, and heat treatment curve must be adjusted according to customer needs. This characteristic requires management and technical capabilities, as well as flexibility, which are GMTC's key skills to adapt to changes in the long-term. With increased competition in the industry, corporate competitiveness has become more important. To balance between scale and flexibility, GMTC not only continued to develop high cleaning refined steel grades to attract potential customers and improve the loyalty of existing customers, but also enhanced production technology and manufacturing process, investing billions of funds for the installation of new production equipment, including a continuous casting production line and 50-ton digitalized special steel plant equipment in Liuying Plant.

In addition, GMTC also dedicated efforts in investigating the recent trends and market demands, and plans in 2022 to start developing hot work tool steels with different level indicators for die casting molds, as well as process testing and introduction of continuous casting tool steels. The company will continue on integrating physical and chemical properties of products, expanding standardized general steel grades to meet customer needs, with smelting process for production, and implementing collective and shared manufacturing during forging and rolling, so as to achieve process simplification for the best-selling steel grades, and lower production, marketing costs and energy consumption, in order to increase yields and strengthen market competitiveness.

Tool steel is a basic industrial material, and has become GMTC's best-selling steel grade product thanks to large quantity and stable demand. In addition, with the slowdown of the COVID-19 pandemic and recovery in the aviation and energy markets, the orders of certified steel grades in the aviation/ energy industries are expected to gradually increase. Therefore, in the future, GMTC will still focus on stabilizing tool steel quality and increase gross profit margin, so as to land more orders for certified special steels from the aviation and energy industries, while installing new production equipment and developing new products.



3.2 Quality Management

For GMTC's quality policy, the company upholds the concept of "Customer Satisfaction, Continuous Improvement, Top Quality, Employee Participation, and Get to the Bottom of Issues". GMTC is fully aware that quality management is important to customers and the company. Since its establishment, we have been actively cultivating talents, established and implemented a standardized system, conducted 6S activities and improvement system, implement project management (PM), and, more importantly, introduced Six Sigma and lean manufacturing (LM) introduced by GE, so as to improve the corporate structure and business management, while all employees will gain a deep insight in product quality, so that the company's products, processes, services, and business models meet customer needs and achieve better performance.

Increase in Quality Management Systems Certifications

GMTC believes that product quality represents the value and image of corporate sustainability. The company has obtained certification for the ISO 9002 quality management system for the first time in 1994, and the AS9100 quality management system certification in 2006 to meet quality standards in the aviation industry. In 2008, the company obtained the NADCAP (National Aerospace and Defense Contractors Accreditation Program) certification for special processes, including HT (heat treatment), LAB (laboratory), and NDT (non-destructive testing). The company passed the European Pressure Equipment Directive (PED) and AD2000 certificate in 2013, fully implementing total quality management, and has won the 19th Taiwan National Quality Award in 2009, building a stringent management system to ensure product quality, achieve customer satisfaction under the culture of aerospace quality management. In response to business needs, the company has already passed India's BIS certification and the China Ship Survey Center (CR) new steel grade XM-19 certification in 2021, which is conducive to subsequent business expansion and corporate revenue.

The company has obtained Japan's JIS MARK 304 and 316 certification in February 2022. In addition, it plans to develop new high-grade hot work tool steels, and apply for NADCA in 2022. GMTC's products are mainly used in the aviation, energy, oil and gas, mechanical mold industries. To successfully enter the global supply chain system, we have obtained product certification from 38 international manufacturers such as GE, Boeing, Airbus Canada, Safran, Pratt & Whitney, etc., and laboratory accreditation by the aviation customers GE, Pratt & Whitney, and GKN (as listed in the following page).



ISO 9001:2015 + AS9100D



PED + AD2000

GMTC's Major Customer Certifications

航空產業

能源產業

油氣產業

生醫產業

BOEING

G引擎標竿大廠

Triumph Group Integrated Systems

MRJ

BOMBARDIER

MOOG

SAFRAN

GKN AEROSPACE

Hamilton Sundstrand

BÖHLER

LEONARDO

G能源標竿大廠

SIEMENS

WEG

TOSHIBA

HITACHI Inspire the Next

BAE

ANSALDO ENERGIA

CONAR

MES

DOOSAN

MITSUBISHI HEAVY INDUSTRIES, LTD.

G油氣探勘標竿大廠

BAKER HUGHES

SL油田服務標竿公司

CAMERON

Transocean

Weatherford

stryker

KANCHUI medical

zimmer

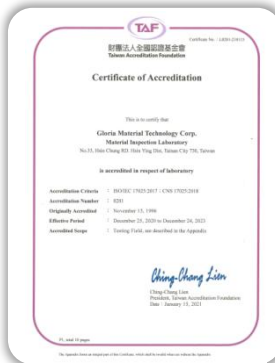
OSSTEM IMPLANT

smith&nephew

KYOCERA

創生 TRAUSON

WEGO 威高



ISO 17025



NADCAP NDT



NADCAP Material Testing

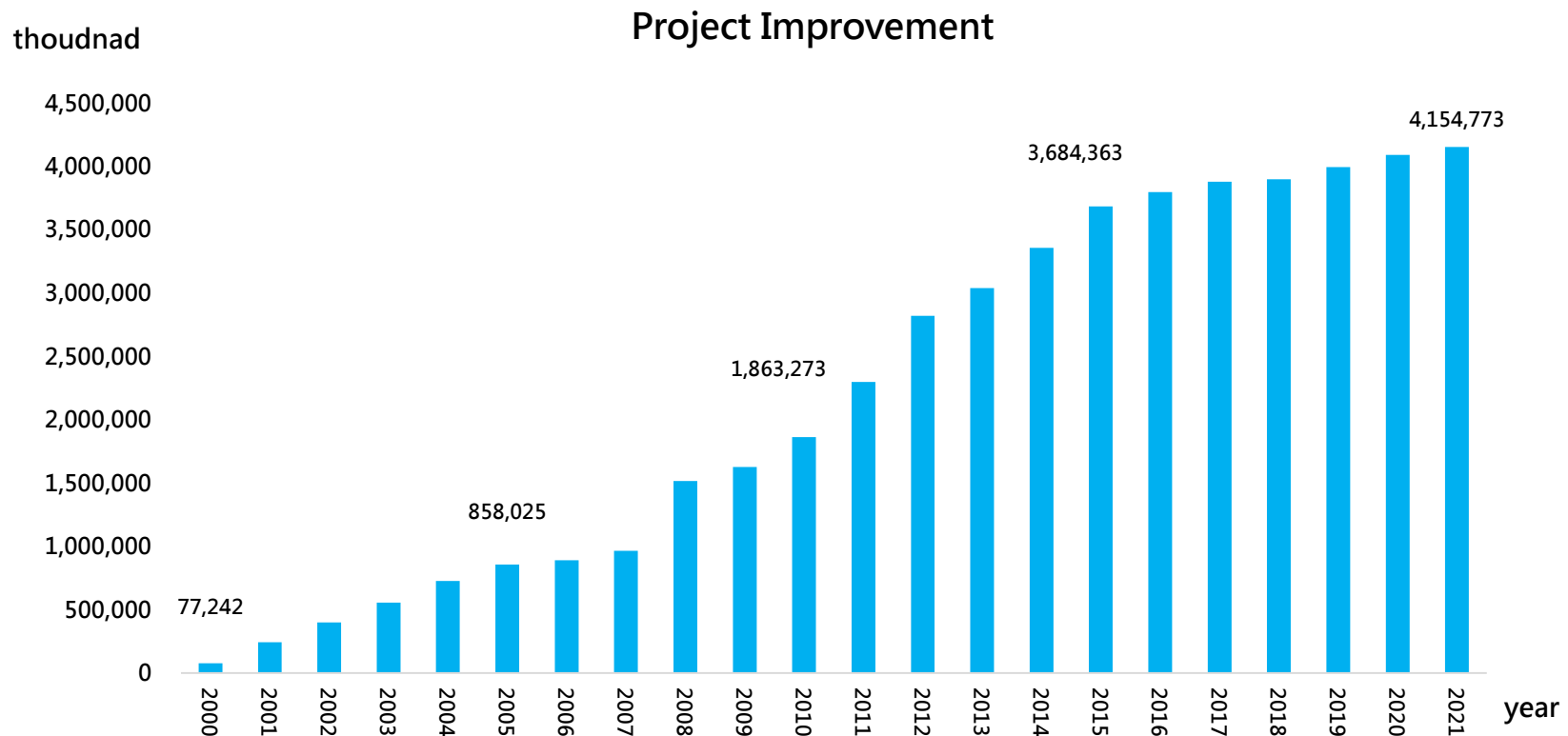


NADCAP Heat Treating

Continuous Improvements to Raise Product Quality

Adhering to the concept of employee participation, we have conducted QCC activities in the early days and promoted improvements in the company. In addition, we have improved quality-related issues, raised product quality and production efficiency, reduced production costs and achieved effective delivery through the Six Sigma/LSS activities and PDCA method introduced by GE. In 2021, the benefits from project improvement reached NT\$62,332 thousand, while the benefits accumulated in 2000-2021 totaled NT\$4,154,773 thousand.

The company has set up a special team, with breakthrough in the limitations for improving product quality as it expanded to sales, procurement, human resources, IT, and even finance, comprehensively promoting and integrating quality improvement activities and customer satisfaction within the organization. In addition, for more appropriate and efficient quality activities with long-term continuity, as well as employee participation, GMTC also set up teams to perform cross-departmental tasks such as internal system audits or process/product audits to promote employee participation in quality activities. Quality culture encompasses every employee within the company, and the effectiveness of quality system management is continuously improved through quality policies, quality objectives, audit results, data analysis, corrective and preventive actions, and the goals of management review and discussions.



Meet the Requirements of International Chemical Substance Management Laws and Regulations

As people become more aware of environmental protection awareness, for products to meet environmental protection regulations, and reduce environmental impact and adverse health effects, GMTC has abided by the prohibition on hazardous substances, including the latest version of the Restriction of Hazardous Substances (RoHS) Directive 2015/863/EU, the latest version of the EU REACH Substances of Very High Concern (SVHC), Chemical Labelling and SDS Requirements under MoL's Regulations, non-radiation requirements, and the Conflict Minerals Reporting Template (CMRT) announced by the U.S. Securities and Exchange Commission (SEC) on January 1, 2010. GMTC has quality management covers source procurement, auxiliary materials used in production, packaging materials and finished products. In addition, we review the recent updates of international regulations on a regular basis, confirming product compliance to ensure that they meet customer needs, and reducing the environmental impact that may affect human health.

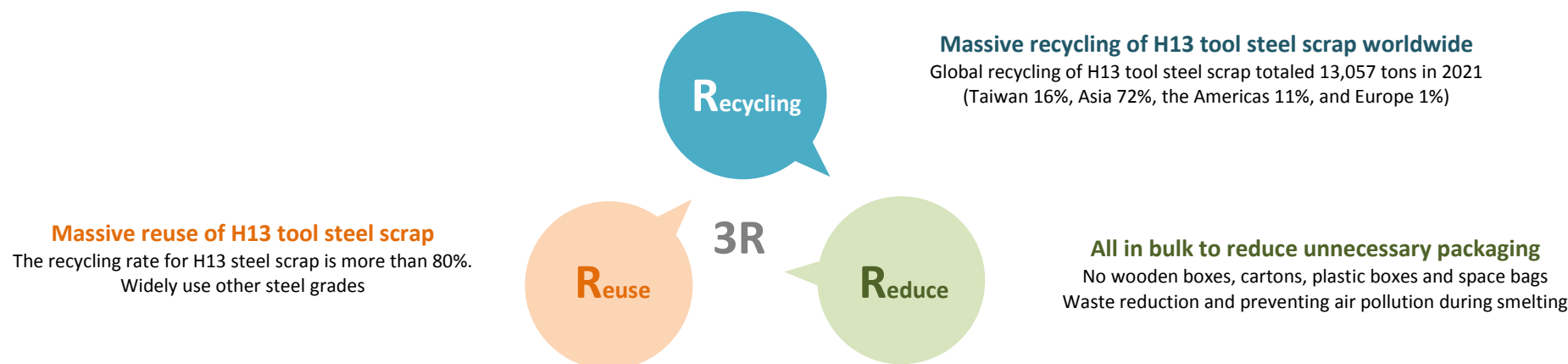
GMTC’s Response Measures		
RoHS	REACH-SVHC	SDS
1. Supplier/Cooperative partner → Self-Declaration/Test Report	1. Request for self-declaration from raw material suppliers	Develop the SDS of chemicals with regular updates (every three years)
→ Self-declaration	2. Periodic review of Substances of Very High Concern (SVHC) (updated twice a year) and self-declaration of roll bars/ finished products	
2. Product → Outsourced testing in every three years → Outsource testing according to customer needs		
GMTC’s Response Measures		
Non-Conflict Minerals	No radiation	
1. Request for self-declaration from raw material suppliers	Management and control of the door frame metal detector	
2. Self-declaration of roll bars/ finished products		
3. Update of the Conflict-Free Sourcing Initiative (CFSI) questionnaire requirements, the selection of new suppliers, and update of the “List of CFSI Qualified Suppliers of Non-Conflict Minerals” for tungsten suppliers every three years PS: CFSI is an information platform for 330 companies to share non-conflict minerals		

3.3 Responsible Supply Chain GRI 102-9,102-10

In recent years, sustainable development indicators such as integrity, labor rights, quality awareness, and environmental protection have been highly valued by the global community, GMTC not only continues to conduct internal education and training, informs the employees of relevant regulations and latest announcements, and implements internal management, so as to realize and ensure its commitment to customers and the environment. Externally, GMTC also pursues green procurement, and implements the environmental protection 3R principles (Recycle, Reuse, Reduce). In addition, the company has set up the CSR management system in accordance with Social Accountability 8000 (SA8000) to advocate on the concept of corporate social responsibility, and require all new suppliers of key raw materials to sign the CSR Commitments, Declaration of Minerals Conflict-Free, and the Guarantee for Controlled Environmental Substances/ Declaration of RoHS & REACH SVHC Compliance, in order to jointly implement relevant ethical management, labor and human rights regulations to strengthen the balance of the three dimensions of sustainable development - economic, social and environmental. In addition, GMTC has provided key raw material suppliers with guidance and upgrades for supply quality and environmental protection, and has jointly developed a sustainable supply chain with upstream and downstream companies.

Green Procurement

Taking GMTC's main product H13 tool steel as an example, GMTC has long been recycling a large volume of H13 tool steel scrap worldwide. The recycling volume exceeded 13,057 tons in 2021. Large amount of tool steel scrap is reused in the smelting of H13 steel grades, and are also widely used in other tool steels and high speed steel. To avoid environmental pollution, recycled waste will be transported in bulk to reduce packaging waste such as wooden boxes, plastic boxes, and space bags, and avoid air pollution during smelting.



Environmental Protection

To meet environmental protection requirements, reduce the risk of environmental impact and human health hazards, and comply to the goal of responsible consumption and production stipulated in the UN Sustainable Development Goals (SDGs), GMTC abides by the restriction of hazardous substances, and manage the ingredients of raw materials to meet registration requirements, requesting that all the raw material and key material suppliers submit safety data sheets (SDS) and sign self-declaration documents. GMTC aims to jointly establish a sustainable and green special steel industry with the upstream supply chain.

Non-Conflict Minerals

GMTC is a special steel manufacturer that uses ferroalloys and iron ores as raw materials. Since 2012, it has been committed to protecting universal human rights, and has performed inventory count to keep track of the status of raw material supply. GMTC refuse to trade with suppliers related to terrorist minerals.

In terms of potential risks from conflict minerals, including tin (Sn), tantalum (Ta), tungsten (W), gold (Au), and cobalt (Co), GMTC currently only uses tungsten and cobalt in its production process. Therefore, suppliers are required to sign the Declaration of Conflict Free Minerals for tungsten and cobalt metals, declaring that the source of their raw materials derived from ore sourced from conflict areas. When necessary, GMTC also visits suppliers on an irregular basis in order to confirm that their supply sources meet the requirements.

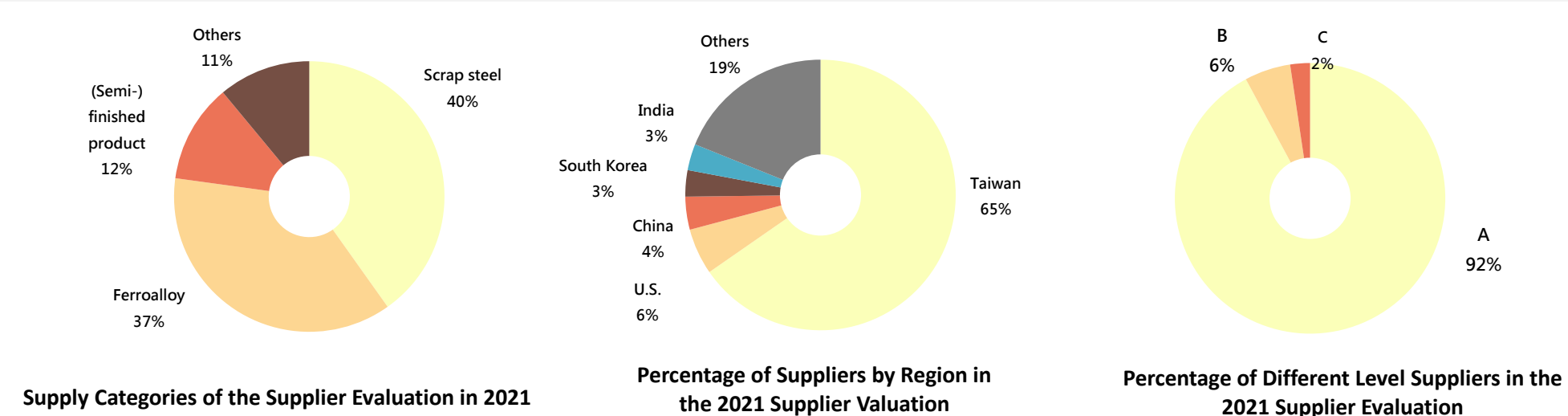
Supplier Management GRI 308-1, 414-1

GMTC attaches great importance to social responsibility such as ensuring quality across the supply chain, environmental protection, safety and health. Therefore, the company investigates whether the new supplier of key raw materials has obtained environmental safety and health certifications including ISO 9001, ISO14001 and ISO45001, whether there have been major environmental safety and health accidents in the past three years, and require the new supplier to comply to the "Labor Standards Act" and "Occupational Safety and Health Act," human rights related laws, regulations and enforcement rules.

In addition, in order for close cooperation between GMTC and the key raw material suppliers and improve supply quality, material sources and services to stabilize supply and lower relevant costs, all of GMTC's key raw material suppliers must comply with the company's Supplier Management Procedures so that raw materials conform with the company's needs and regulatory requirements. GMTC also conducted regular monitoring and supplier evaluation to control their delivery status and product quality.

Supplier Evaluation GRI 204-1

GMTC conducts annual supplier evaluations to control the supply quality and add value to supplier services, focusing on the quality, delivery schedule and services (cooperation), and decides whether to continue to trade with the suppliers according to the evaluation results. In 2021, GMTC has purchased more than 3,000 items (including raw materials, materials, spare parts, semi-finished products, and finished products), trading with up to 500 suppliers. Among them, there are 127 key raw material suppliers, of which 77% are related to steelmaking (ferroalloy, scrap steel), and 65% are in Taiwan. The company has completed evaluation of all suppliers, of which level A, level B and level C suppliers account for 92%, 6%, and 2%, respectively of total suppliers. Meanwhile, GMTC will moderately adjust the transaction volume and strengthen communication to achieve better supply quality.



Judgment of Evaluation Levels and Relevant Handling

Score	Level	Handling principle	Response measures
> 80	A	Targets with priority in general procurement	Increase transaction volume or prioritize procurements
70 - 80	B	If the general procurement company failed to cooperate, it shall be replaced by another company of the same level	Normal transactions
< 70	C	Conduct supplier risk assessment, propose improvement measures when necessary, and adjust transaction volume or cancel supplier qualifications according to the current status	Adjust the number of transactions or cancel the supplier qualifications according to the current status, and strengthen communication to achieve better supply quality

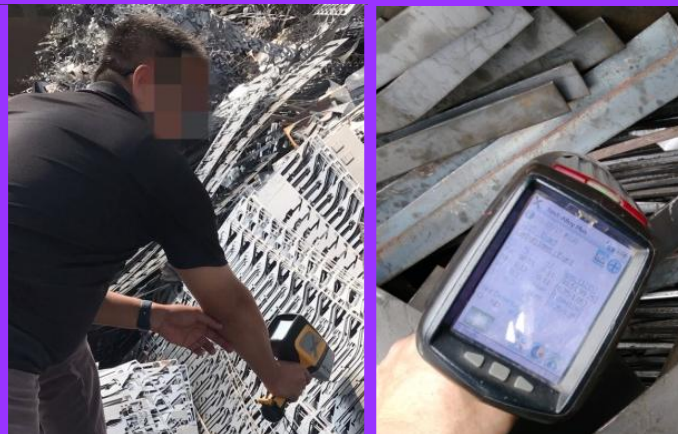
Supplier Evaluation Results in the past 3 Years

Year	2019					2020					2021				
Item	Ferroalloy	Scrap steel	Semi-finished product	Other	Total	Ferroalloy	Scrap steel	Semi-finished product	Other	Total	Ferroalloy	Scrap steel	Semi-finished product	Other	Total
A	46	59	7	13	125	45	48	13	13	119	46	45	12	14	117
B	9	18	2	1	30	2	5	0	1	8	1	4	2	0	7
C	9	8	0	0	17	1	5	1	0	7	0	2	1	0	3

Guide on Supplier Upgrading

Since scrap steel is one of GMTC's key raw materials to produce special steel, the company has set up stringent rules for procurement and acceptance. In order to improve the quality of steel scrap supply, GMTC will support and train the suppliers that are willing to improve self-inspection skills to better understand GMTC's steel scrap grades and specifications and achieve stable supply. In addition, GMTC also request for suppliers that store scrap steel directly on the ground to improve the on-site environment, and lay cement or steel plates to avoid environmental or geological pollution. Improvement of the suppliers' operating environment can significantly reduce dust and impurities from steel scrap, and enhance the purity of steel scrap. GMTC hopes to develop a sustainable supply chain via joint cooperation of upstream and downstream companies.

Guide Suppliers on Independent Inspections



Require Suppliers to Improve the Working Environment





4 Environmental Protection

4.1 Environmental Safety and Health

4.2 Raw materials management

4.3 Power and greenhouse gas management

4.4 Water resource management

4.5 Waste management

4.6 Environmental Protection Expenditure and

Emissions and energy management principles GRI 103-2,103-3

Importance to GMTC	<ul style="list-style-type: none"> Climate risk management, identification of opportunities, and carbon reduction planning in compliance with relevant regulations Committed to reduce air pollutants and greenhouse gas emissions for sustainable development Continue to promote energy-saving programs for better energy efficiency
Policy/ Commitment	<ul style="list-style-type: none"> Meet the environmental obligations, with the participation of all employees; promote green businesses to achieve corporate sustainability. Continual improvement to mitigate environmental impacts
Goals	<ul style="list-style-type: none"> To comply with air pollution regulations and emission standards Annual greenhouse gas emission intensity decreased by 1% compared to the previous year Electricity conservation of 1%
Specific actions	<ul style="list-style-type: none"> Routine equipment maintenance Continue to implement the ISO 50001 energy management system to achieve high energy efficiency, energy-saving and carbon reduction Promote the use of low-carbon fuels as substitute for fossil fuels in equipment The rotary heating furnace in the forging plant is equipped with waste heat recycling system
Evaluation system	<ul style="list-style-type: none"> Air Quality Test Report ISO 50001 energy management system ISO 14064-1 Organization-level GHG Inventories
2021 Evaluation results	<ul style="list-style-type: none"> The air pollution complies with regulations and emission standards Annual greenhouse gas emission intensity decreased by 12.8% compared to the previous year Energy savings performance: Xinying plant 8.71%, Liuying plant 1.9%

Water management principles GRI 103-2, 103-3

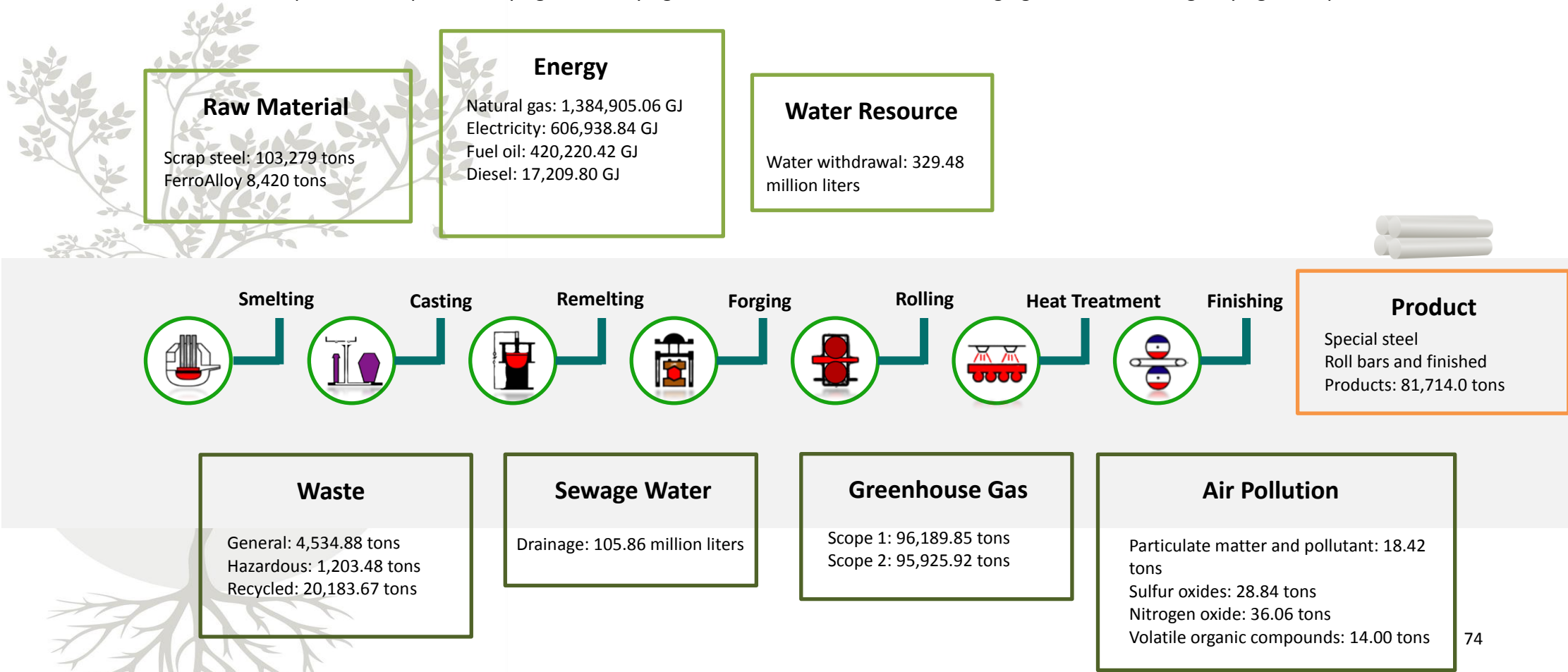
Importance to GMTC	<ul style="list-style-type: none"> Appropriate use, consumption and discharge of water resources and water recycling under the concept of a circular economy
Policy/ Commitment	<ul style="list-style-type: none"> Meet the environmental obligations, with the participation of all employees; promote green businesses to achieve corporate sustainability. Continual improvement to mitigate environmental impacts
Goals	<ul style="list-style-type: none"> Short term (2022): Water intensity fall by 5% Medium- to long-term: Water intensity fall by 10% (compared to the base year of 2014)
Specific actions	<ul style="list-style-type: none"> Continue on leak detection Continuous Monitoring by the Energy Platform
Evaluation system	<ul style="list-style-type: none"> Annual Statistics
2021 Evaluation results	<ul style="list-style-type: none"> Water intensity fell by 13.56% compared to the base year of 2014.

Waste management principles GRI 103-2,103-3

Importance to GMTC	<ul style="list-style-type: none"> Waste reduction, waste disposal and recycling measures
Policy/ Commitment	<ul style="list-style-type: none"> Meet the environmental obligations, with the participation of all employees; promote green businesses to achieve corporate sustainability. Continual improvement to mitigate environmental impacts
Goals	<ul style="list-style-type: none"> Share of reusable waste increased by 1% compared to the previous year
Specific actions	<ul style="list-style-type: none"> Promote the recycling and detoxification of waste bricks
Evaluation system	<ul style="list-style-type: none"> Annual Statistics
2021 Evaluation results	<ul style="list-style-type: none"> The overall recycling rate was 77.86% in 2021, which decreased by 2.09% compared to the 79.95% in the previous year

GMTC’s construction, facilities, and its product life cycle, including the procurement of raw materials, R&D, production, logistics and sales are in compliance with relevant laws. The company is committed to continuous improvement to mitigate the environmental impact, and respond to UN Sustainable Development Goals (SDGs), which cover responsible consumption and production, climate-related response actions, water purification and sanitation, dedicating efforts in becoming a green enterprise of low pollution, and achieve energy conservation and carbon reduction.

GMTC’s product manufacturing process can be roughly divided into 7 sections: melting, casting, remelting, forging, rolling, heat treatment, and finishing. The raw materials for smelting mainly include scrap steel and ferroalloy, and the leftovers can be reused in the furnace. The company plans to gradually increase the proportion of natural gas step by step in the future to ensure low-carbon production, and mostly use tap water for the cooling purposes, with relatively less water discharge as most of the water evaporated. The discharge of waste gas during the production process is tested and reported on a regular basis, while the disposal of wastes and discharge of waste water are entrusted to qualified waste treatment companies that comply with the environmental protection regulations in Taiwan. The data cover the inputs and outputs of Xinying Plant, Liuying Plant, VIM Plant, and Precision Forging Plant II, excluding Liuying Headquarters.



4.1 Environmental Safety and Health

Integration of Occupational Safety and Health, and Environmental Management Systems

GMTC's environmental safety and health management systems comply with ISO 14001, ISO 45001, ISO 50001 and CNS 45001 standards. Operations of the management system can ensure compliance with laws and regulations related to safety, environmental protection, health and energy, so as to effectively prevent and mitigate the negative impact on the environment, occupational safety and health incidents and energy consumption, and meet the company's environmental safety and health policies and stakeholder expectations.

GMTC has incorporated the ISO 14001 management system in the amendment of relevant regulations during the ISO 45001 transition period, in order to achieve effective operations of the occupational safety and health management system and resource integration. We also integrated and provided guidance for the unification operating model, requesting on document consistency. The training of internal auditors in each factory, training of major contractors during the transition period, explanation of clauses, actual operations/drills, and promotion conferences enable employees to understand the similarities and differences between environmental protection and occupational safety and health management systems, to achieve effective implementation and operation of the management system.

Management systems/ standards	Factory	Date of installation	Issuing unit/ date of certification/ validity period
Environmental Management System	Xinying plant	1999	Afnor/2021.11.10/2022.06.07
ISO 14001:2015	Liuying plant	2013	
Power Management System	Xinying plant	2013	Afnor/2020.04.21/2022.12.15
ISO 50001:2018	Liuying plant	2014	
Organization-level GHG Inventories	Xinying plant	2013	Afnor
ISO 14064-1:2006	Liuying plant	2014	Self-certification
Occupational health and safety management system	Xinying plant	1999	Afnor/2021.11.10/2022.06.07
ISO 45001:2015	Liuying plant	2013	
Taiwan occupational health and safety management system	Xinying plant	2013	Afnor/2021.11.10/2022.06.07
CNS 45001	Liuying plant	2014	

Environmental safety and health policies

- Meet obligation requirements and promote employee participation;
- Promote green enterprises and achieve sustainability goals;
- Continuous improvement to reduce environmental impact;
- Create a safe and healthy environment and promote health protection;

Cherish life and create corporate value.

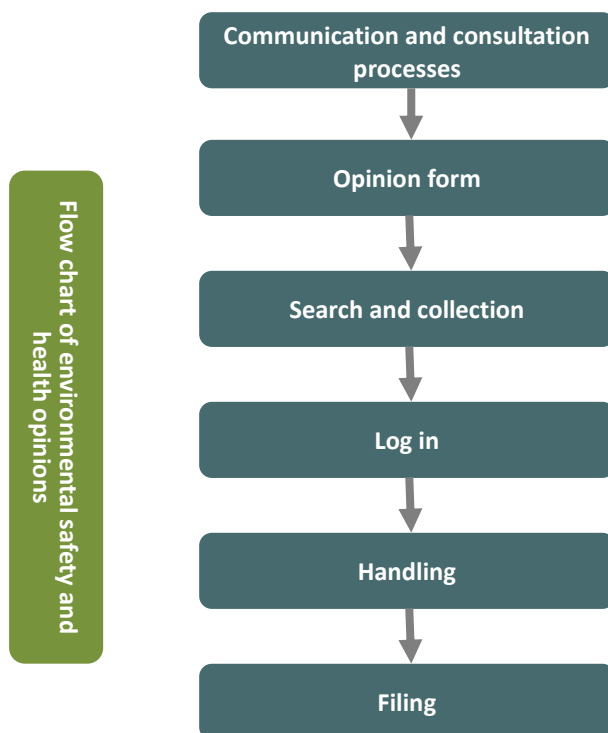
Energy Policy

- Compliance with legal obligations and the design and procurement of energy-efficient products;
- Enhance energy efficiency with continuous energy performance improvement and energy management;
- Provide energy information to build a culture of corporate sustainability.

Implementation Status of the Environmental Protection and Occupational Safety and Health Committee GRI 403-4

GMTC holds safety and health committee meetings on a quarterly basis. The committee consists of 58 members, including the general manager, labor safety personnel, department chiefs, medical staff, and labor union representatives. Among them, there were a total of 24 representatives of the labor union, accounting for 41.37% of the committee members. The meeting shall be chaired by the company's senior management, and participated by various department chiefs and members of the safety committee. In addition to describing and reviewing the safety and health matters in the previous quarter, the relevant implementations at the workplace were also discussed in order successfully promote occupational safety and health. In 2021, were a total of 2 proposals related to safety and health improvement, and both of them have already been completed.

During the meeting, the units and employees with excellent environmental safety and health performance will be awarded every quarter. The selection will be based on five indicators, including notification of occupational accidents, audit deficiencies, participations in meetings and education and training, automated inspection and active proposal. The top unit and several units and employees with outstanding performance will be awarded with bonuses by the General Manager or senior manager. In addition, to ensure effective implementation of occupational safety and health measures in each unit, the occupational safety and health committee held quarterly meetings, while the company also established a communication platform together with the safety and health personnel in each unit, advocating on the latest safety and health laws, domestic and foreign safety and health information, and functional-related issues related to workplace safety and health. Relevant environmental safety and health issues and relevant opinions can be expressed in the environmental safety and health opinion form.

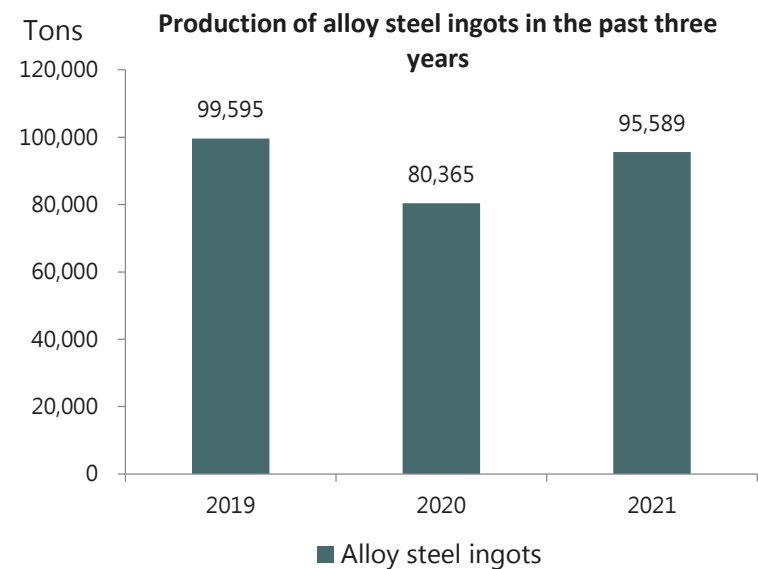
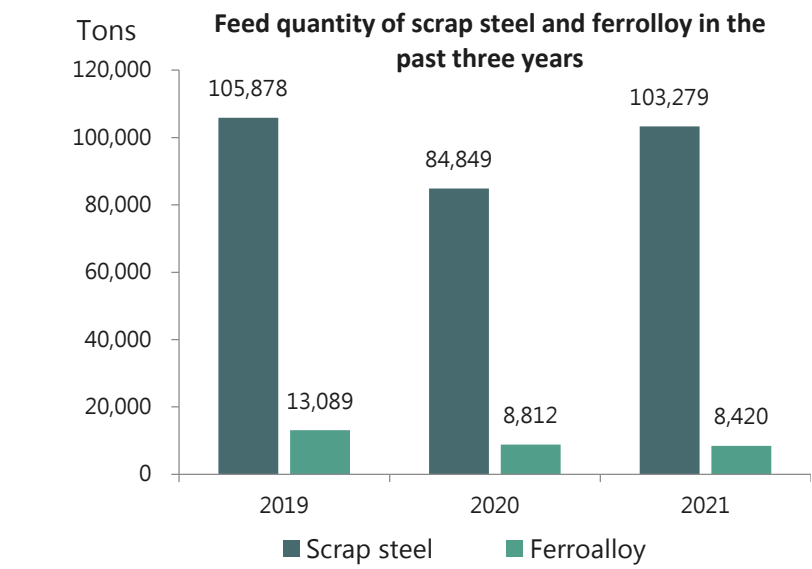


4.2 Raw Materials Management GRI 301-1

According to the environmental attributes of smelting, GMTC’s smelting process operates at atmospheric pressure, using commercially available scrap steel, ferroalloy and regrind as raw materials, and adhering to the concept of recycling iron and steel scrap in the product supply chain through the steelmaking process, so as to reduce environmental impacts of mining activities.

Since most of GMTC's products are for special applications, the difference between the company’s low-alloy steel electric arc furnace plants from others is that the composition of various chemical elements in the molten steel must be precisely controlled. Therefore, the selection and management of raw materials for input must comply with stringent standards. The raw materials must be screened for radioactive contamination when entering the factory, and the ingredients shall be confirmed by the quality inspectors one by one based on the standards for procurement approval. Random sampling and inspection is conducted for the purchased scrap materials, while the inspection platform checks whether the scrap materials have foreign matters that vary greatly in composition, and we hope that the inspection of raw materials can reduce the risk of having abnormal components in the smelting process.

The materials used in GMTC’s manufacturing process are non-renewable materials. For the main input materials, ferroalloy is a non-renewable raw material, whereas scrap steel is a renewable raw material. In 2021, the renewable raw materials accounted for 92% of total raw materials, and the company produced alloy steel ingots of 95,589 tons by the input of scrap steel and ferroalloy, which totaled 111,699 tons. GMTC also pays attention to whether the production process will have a negative impact on the surrounding environment, and has conducted strict monitoring on the effectiveness of dust collection equipment, so as to reduce the negative impact on surrounding environment. Upholding the core value of green manufacturing, the company continuously enhanced the smelting efficiency, and increased the output of steel ingots, dedicating efforts to gradually reduce the energy consumption per unit of output and the negative impact on the environment.

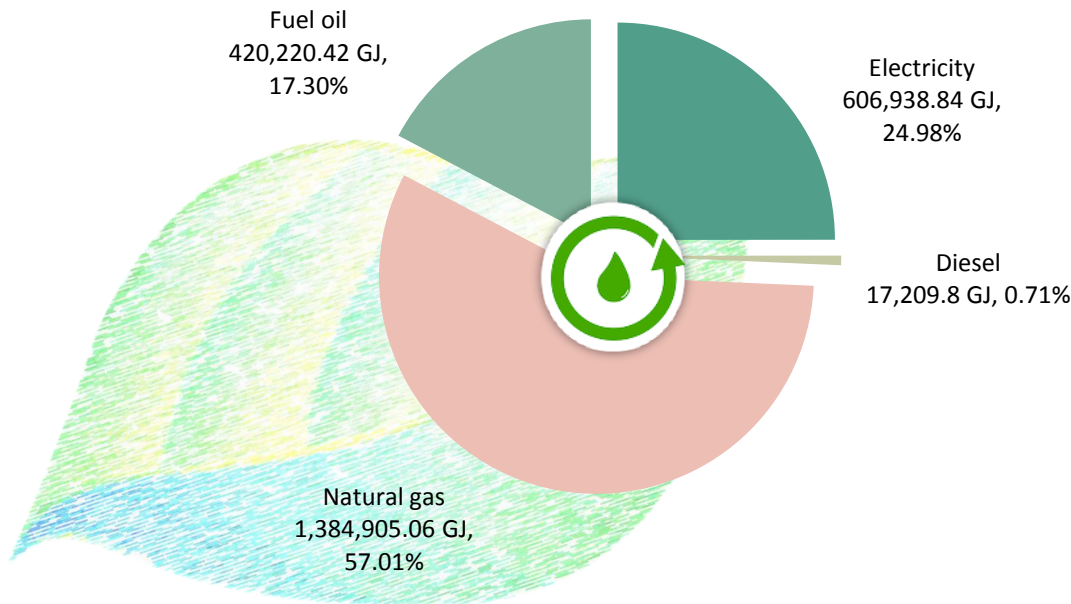


4.3 Power and Greenhouse Gas Management

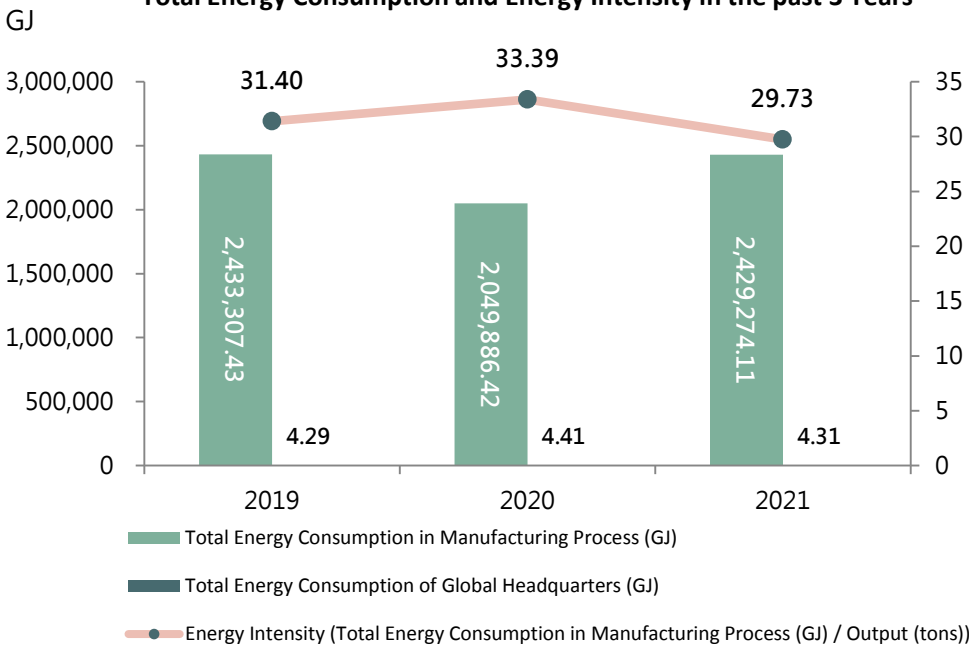
Calorific Value and Energy Intensity GRI 302-1,302-3

GMTC’s manufacturing process (including Xinying Plant, Liuying Plant, VIM Plant, Precision Forging Plant II) mainly use natural gas, fuel oil and diesel, of which natural gas and fuel oil are used in boilers and heat treatment furnaces. Meanwhile, GMTC also use purchased electricity as its indirect energy source. Usage of various energy sources in the process in 2021: electricity 168,838 MWh, natural gas 36,813 thousand cubic meters (m³), fuel oil 5,236 kiloliters, and diesel 490.14 kiloliters. The calorific value is shown in the figure (GJ), of which electricity, natural gas, fuel oil and diesel accounted for 24.98%, 57.01%, 17.30% and 0.71%, respectively. In 2021, the energy consumption of Liuying Global Headquarters totaled 4.31GJ, with electricity consumption of 1,031 MWh as it is the main source of energy.

2021 Ratio of Heating Value during the Manufacturing Process



Total Energy Consumption and Energy Intensity in the past 3 Years



Note: According to the table of calorific value per unit of energy for energy products of the Bureau of Energy, Ministry of Economic Affairs Electricity was 860 kcal/kWh; diesel was 8,400 kcal/liter; natural gas was 9,000 kcal/m3; fuel oil was 9,600 kcal/liter; and gasoline was 7,800 kcal/liter (1Mcal = 0.00418 GJ ; 1GJ = 10⁹J)

Energy Savings Performance GRI 302-4

Since GMTC established the ISO 50001 energy management system in 2013, Xinying and Liuying plants each set up energy audit and management teams to continuously monitor energy consumption, and formulate energy-saving plans to promote various measures in the aim to reduce energy consumption in each unit and mitigate the negative environmental impact. Corresponding to the world trend of reducing GHG emissions, various countries around the world are conducting qualitative and quantitative changes for energy consumption from the source. Given that Steel making is an energy intensive industry, GMTC will dedicate efforts in reducing energy consumption of the manufacturing process and develop towards green manufacturing.

To achieve annual energy-saving and carbon-reduction goals, GMTC has been actively implementing various energy conservation measures every year, switching to low-polluting energy sources, with process improvements to reduce the energy consumed per unit of output, as well as replacement of old equipment. In the current fiscal year, we have developed an energy platform, and renewed the air compressor system and quenching and tempering ice water system. Although production capacity grew by 33%, the electricity consumption only increased by 8.5% compared with that in the previous year, and decreased by 19% compared with the base year of 2014.

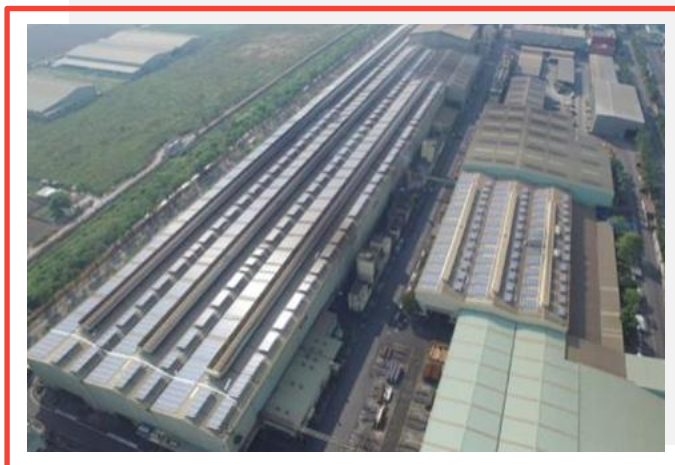
After implementing the energy-saving plans, the energy conservation rate of Xinying Plant and Liuying Plant reached 8.71% and 1.9%, respectively in 2021. In 2022, GMTC will continue to adhere to its principles as before, dedicating efforts in implementing relevant energy conservation measures and achieving its annual goals. The energy conservation items in 2021 are as follows.

Factory	Energy saving item in 2021	Amount of energy saved			Invested funds (NT\$ thousand)
		Electricity (MWh)	Natural gas (m3)	Amount of energy saved (GJ)	
Xinying plant	Replacement of ice water system for the manufacturing process	1,265		4,546	4,000
	AC compressor replacement	989		3,555	4,800
Liuying plant	Reducing lighting equipment at the basement of Liuying plant's quenching and tempering QT2 line	2		7	5
	Rotary heating furnace exhaust fan is equipped with a frequency converter	241		868	2,800
	Reduce basement lighting for the blooming process	14		50	7.2
	Mercury lamps in the plant are replaced with LED lighting	114		410	80

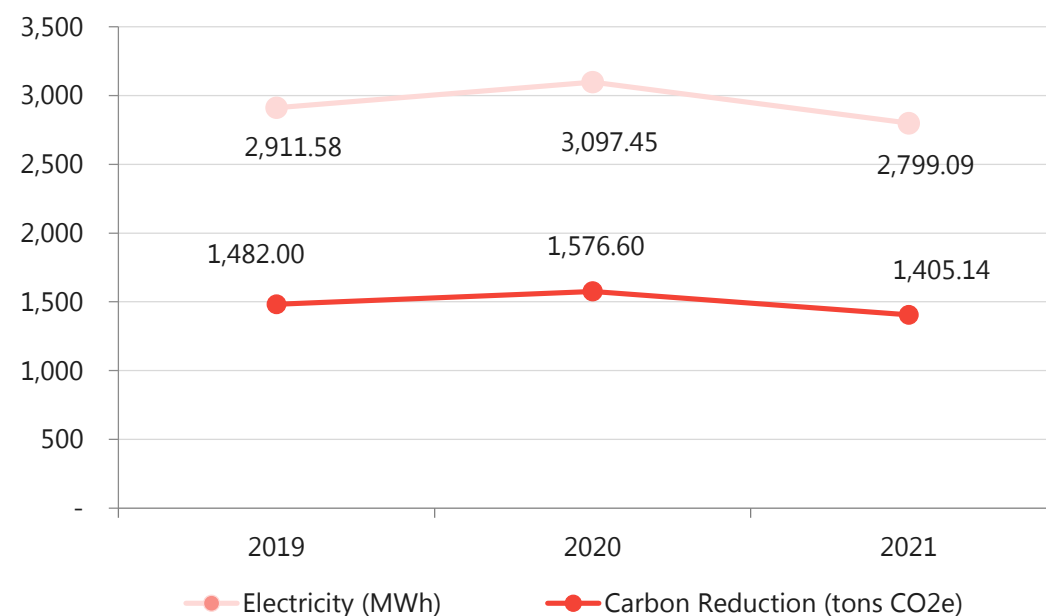
Note : 1 kWh=0.86 Mcal ; 1 Mcal=0.00418 GJ

Solar Power

GMTC actively cooperated with the Tainan City Government on the project of building a "Solar City of Tainan", with green energy schemes for the low-carbon city. Since 2012, we have started to separately install the solar photovoltaic system on the roofs of Xinying Plant and Liuying Plant, and completed the installation in 2013, making good use of factory space, achieving better thermal insulation in the factory while implementing plan of creating a green factory. In 2021, the company's accumulated electricity generation reached 2,799 MWh, with carbon reduction of 1,405 tons (estimated based on the electricity carbon emission factor of 0.502 announced by the Bureau of Energy in 2020).



Solar Power Generation and Carbon Reduction



Greenhouse Gas GRI 305-1,305-2,305-4,305-5

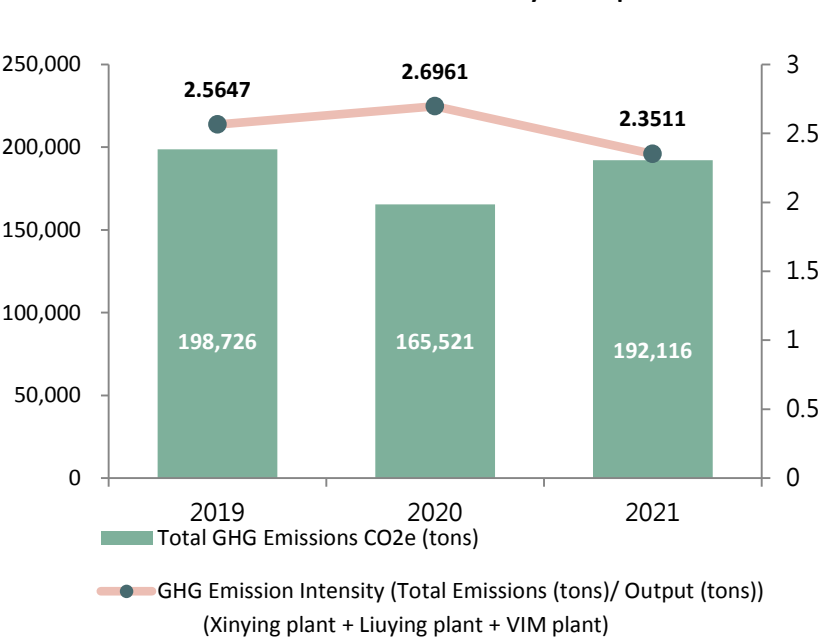
Since 2013, GMTC adheres to the Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals ISO 14064-1, with Xinying plant as the area for greenhouse gas inventory, and the Company performed quantitative analysis on greenhouse gas emissions. In 2022, Xinying plant received ISO 14064-1 greenhouse gas certification from Afnor.

In 2021, Xinying plant’s GHG emissions totaled 140,964 tons CO₂e, of which Scope 1 (direct emissions) accounted for 49.77% of total GHG emissions, decreased by 15,120 tons compared with the base year 2013; and Scope 2 (indirect emissions) accounted for 50.23% of total GHG emissions, which decreased by 16,992 tons compared to the base year 2013.

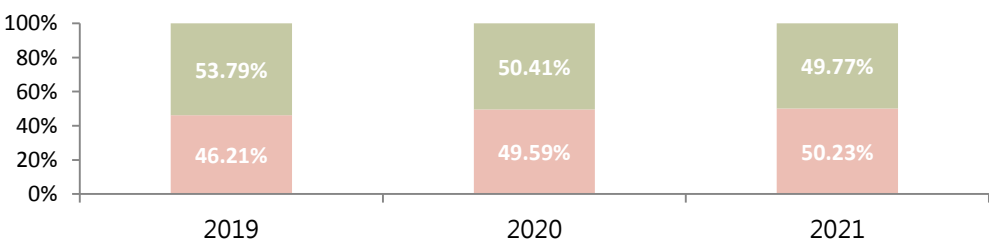
In 2021, the manufacturing plants in Liuying district (Liuying Plant and VIM Plant) has conducted inventory declaration since 2014, as their GHG emissions did not meet regulatory standards. In 2021, GHG emissions totaled 51,150 tons CO₂e, of which Scope 1 (direct emissions) accounted for 49.62% of total GHG emissions, decreased by 611 tons compared with the base year 2014; and Scope 2 (indirect emissions) accounted for 50.38% of total GHG emissions, which decreased by 15,676 tons compared to the base year 2014.

In 2020, we have developed an energy platform, and renewed the air compressor system and quenching and tempering ice water system. In 2021, there was evident improvement in the overall GHG emission intensity (including Xinying Plant, Liuying Plant and VIM Plant) of 2.3511, with 12.8% reduction compared with 2020. In the future, GMTC will continue to promote carbon reduction activities, and we estimate that the GHG emissions per unit of product in 2022 will fall by 1% compared with 2021.

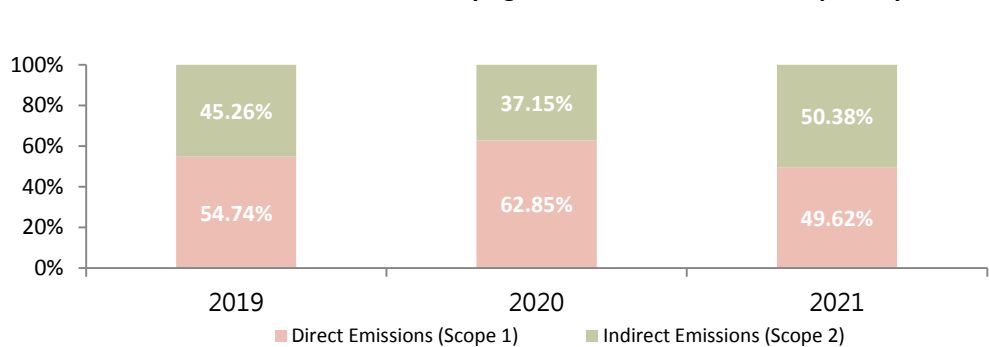
Total GHG Emissions and GHG Emission Intensity in the past 3 Years



The ratio of GHG Emission of Xinying Plant in the past 3 Years



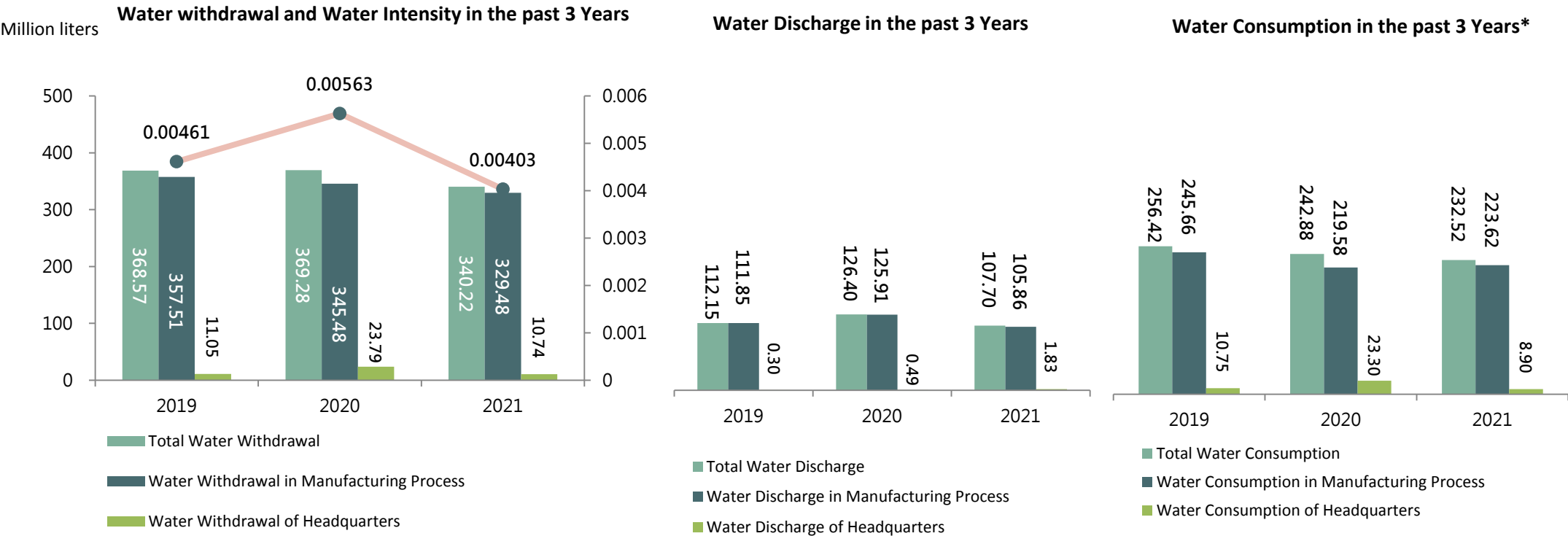
The Ratio of GHG Emission of Liuying Plant and VIM Plant in the past 3 years



4.4 Water Resources Management GRI 303-1,303-2,303-3,303-4,303-5

For process cooling, recycling and domestic water supplies for employees, GMTC’s processes (in Xinying plant, Liuying plant, VIM plant and Precision Forging Plant II) mainly uses tap water instead of directly taking groundwater. GMTC has set up rainwater harvesting systems and water recovery systems based on the concept of water reclamation and reuse to improve water-use efficiency. The water intensity per ton of steel output for the manufacturing process was 0.00403 million liters / ton in 2021. After the installation of flowmeters connected to the energy monitoring platform in 2020, water intensity significantly reduced by 13.56% in 2021 compared with the base year of 2014.

In terms of wastewater treatment, rainwater and wastewater are segregated within the factory area. The wastewater from the production process is discharged into the joint sewage treatment plant in the industrial area, and is discharged to surface water after wastewater treatments in compliance with the discharge water standard, in order to mitigate its impact on the environment. In 2021, the wastewater discharge from the GMTC process totaled 105.863 million liters, and the wastewater processing costs will be paid and reported to the competent authority on a regular basis. The wastewater from the headquarters was also sent to the joint sewage treatment plant in the industrial park, with wastewater discharge of 1.834 million liters in 2021.



*Water consumption: Amount of water withdrawal - amount of water discharge

Item		Xinying plant	Liuying plant
Water stress indicator		Low- to medium- level	Low- to medium- level
Water source		Osanto Reservoir	Osanto Reservoir
Drainage and water bodies		Stream	Stream
Wastewater treatment unit		Xinying Industrial Area Wastewater Treatment Plant	Liuying Industrial Area Wastewater Treatment Plant
Effluent water quality	PH	5-9	6-9
	SS(mg/L)	<400	<400
	COD(mg/L)	<560	<500

Areas of water stress	Region	Freshwater				
		Water withdrawal by source	Total water withdrawal (million liters)	Water discharge by destination	Total water discharge (million liters)	Total water consumption
		Third party water (tap water) (million liters)		Third party water (million liters)		
Areas of non-water stress	Taiwan	340.22	340.22	107.70	107.70	232.52
Areas of water stress	None	0.00	0.00	0.00	0.00	0.00

4.5 Waste management

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

In accordance with the "Waste Disposal Act", GMTC's disposal of commercial waste generated from the manufacturing process is entrusted to a qualified waste management company approved by the competent authority.

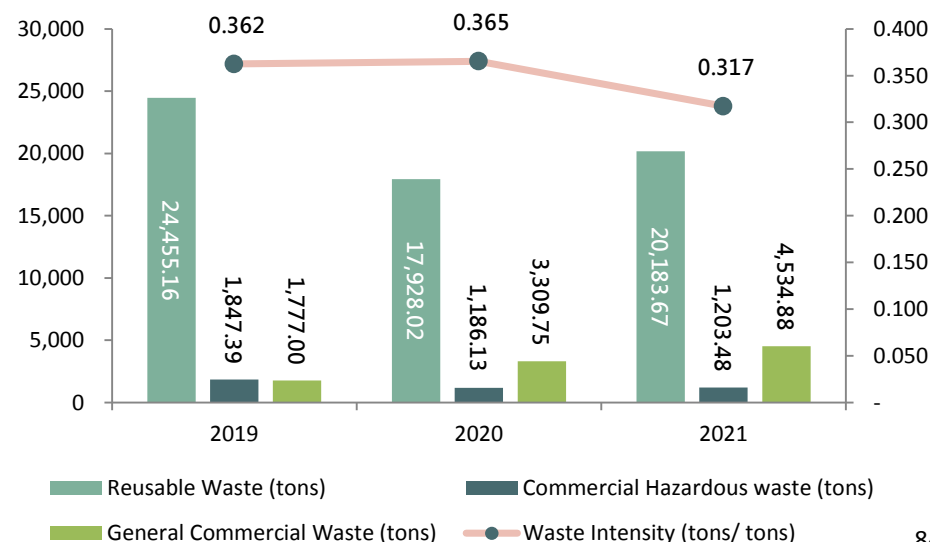
In 2021, GMTC's waste disposal volume (in Xinying Plant, Liuying Plant, VIM Plant, Precision Forging Plant II, and Headquarters) totaled 25,922 tons (general waste 17.49%, hazardous waste 4.64%, and recyclable waste 77.86%). The business waste is classified into three categories according to the disposal method, including the general waste, hazardous waste and recyclable waste. The main disposal method is the recycling method, which involves subsequent treatment to recycle business waste and mitigate the environmental impact.

The waste bricks were recycled at a recycling rate of 40.57% in 2021, which decreased by 23.76% compared with the 64.33% in the previous year. In addition, the waste intensity in 2021 was 0.317, which significantly dropped by 13.15% compared with the 0.365 in 2020.

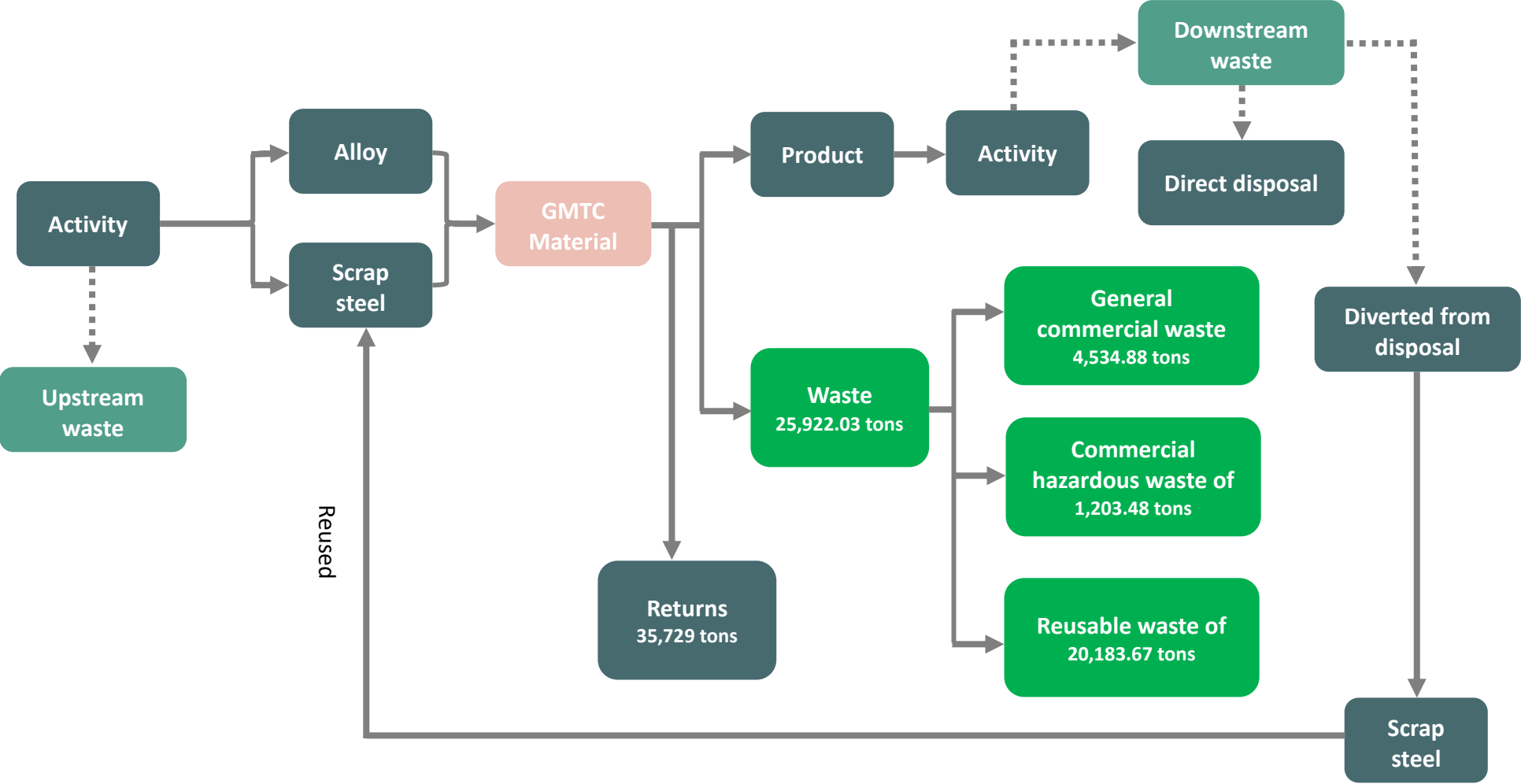
GMTC formulated waste disposal procedures in cooperation with the resource recycling company and has set up resource recycling centers in its plants and offices to implement resource recycling and garbage classification to advocate correct environmental protection concepts to employees. The supplier's packaging materials, including iron drums and space bags, will be reused in the plant if appropriate, but must be scrapped after they are deemed no longer usable.

Attribute	Type of waste	Treatment	Quantity (tons)
General commercial waste	Mixed plastic waste, cloth, municipal waste, non-hazardous organic liquid waste or waste solvents, etc.	Incineration	177.75
	Waste lubricating oil, mixture of waste oil, refractory waste, etc.	Physical treatment / heat treatment	4,327.39
	Used grinding wheels, waste insulation materials, etc.	Buried	29.74
Commercial hazardous waste	Pollution control of metallurgical dust or sludge in the electric arc furnace steelmaking process	Heat treatment	483.39
	Chromium and chromium compounds	Buried	720.09
Reusable waste	Waste wood, waste brick, electric arc furnace oxidation ballast, electric arc furnace ballast, scrap iron, etc.	Recycled	20,183.67
Total			25,922.03

The Amount of Waste in the past 3 Years



Waste Flowchart

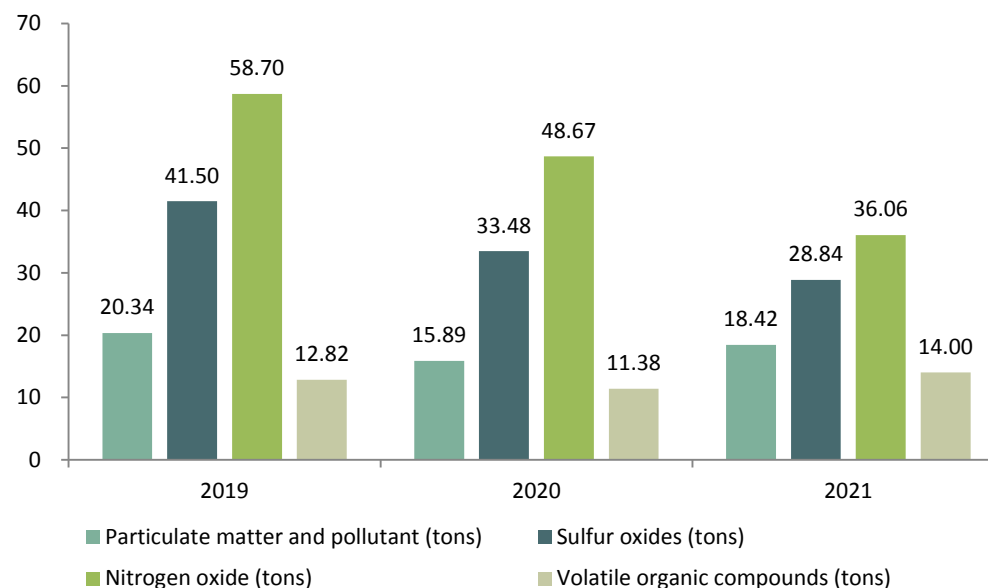


Air pollutants GRI 305-7

In 2015, for the air pollution control equipment, GMTC conducted replacement of dust collector filter bags, and maintenance of respiratory gas collection masks and dust collector. The air pollutants that may be emitted during the production process (in Xinying Plant, Liuying Plant, VIM Plant, and Precision Forging Plant II) include particulate matters, sulfur oxides, nitrogen oxides and volatile organic compounds, which shall be tested and reported according to regulations of the competent authority, in order to keep track of the emissions of air pollutants in compliance with the environmental protection laws and regulations.

For inspections of discharge pipelines, we have appointed the environmental assessment and testing institution, approved by the Environmental Protection Administration of the Executive Yuan, to conduct inspection of discharge pipelines on a regular basis in accordance with the "Regulations of Regular Analysis on Its Own or by Commission and Reporting Management for Stationary Pollution Sources", and report to the competent authority in accordance with relevant regulations. In 2021, the inspection results of air pollutants from discharge pipelines are in compliance with the "Stationary Pollution Source Air Pollutant Emissions Standards" announced by the Environmental Protection Administration of the Executive Yuan.

Air Pollutant Emissions in the past 3 Years



4.6 Environmental Protection Expenditure and Environmental Regulations GRI 307-1

There are three cases of violations against the environmental laws and regulations in 2021. The relevant descriptions and improvement measures are as follows:

Description	Improvement measures	Amount
Waste brick powder (R-0402) has slid from the sheltered area to the vehicle route within the plant, while there were insufficient equipment or measures for the prevention of ground water pollution and rainwater damage	Timely clean and strengthen storage management to prevent waste brick powder from sliding out	NT\$36,000
The R-1301 storage area does not conform to the approved layout in the Industrial Waste Disposal Management Plan	Re-marked	NT\$6,000
D-0299 waste vacuum storage bags were stored in the D-1801 storage area, and have not been stored separately in accordance with the characteristics of its major components	Strengthen labeling and ensure classified storage	NT\$6,000
D-0902, D1703, R-1703, D-1504, R-0701, D-2406, R-1301, D-0803 and other general industrial waste storage areas are not marked in Chinese in a prominent place with the name of the waste they contain	Re-marked	NT\$12,000
R-1301 uses open-air storage without equipment or measures to prevent the inflow or infiltration of surface water, rainwater, or groundwater	Strengthen storage management by covering with waterproof tarpaulins	NT\$6,000

On the other hand, GMTC's environmental expenditures in 2021 totaled NT\$88.38 million. The main expenses include waste disposal, maintenance of air pollution prevention and control equipment, air pollution control costs, wastewater treatment, and soil and groundwater pollution remediation funds. The details are shown in the table.

Year	Soil and Groundwater Pollution Remediation Funds	Wastewater treatment	Prevention of air pollution	Waste disposal	Total (NT\$10,000)
2019	98	224	108	9,996	10,425
2020	76	227	63	7,329	7,694
2021	81	210	82	8,464	8,838

GMTC's Xinying Plant and Liuying Plant II are both located in the industrial area established by the competent authority. There are no ecological protection zones and biodiversity hotspots in the plants' surrounding areas. In addition, the company monitors and take samples of waste water, waste and air pollutants on a regular basis. The inspection results all comply with the emission standards stipulated in the environmental protection regulations, and there was no significant impact on the surrounding environment. Strengthen the management of operations, logistics and warehouse in/out, in order to reduce unnecessary transportation and the pollution caused by transportation. For development and operations, GMTC will implement various environmental protection measures, alternative plans, emergency plans and environmental monitoring to prevent and minimize the environmental impact that arise from development activities, so as to achieve the purpose of environmental protection.

The background of the slide features a serene sunset scene. On the left, three hot air balloons with vertical stripes in shades of orange, red, and yellow float against a soft, hazy sky. On the right, a tall, cylindrical stone lighthouse stands on a rocky cliff overlooking the sea. The lighthouse's light is glowing, creating a bright starburst effect. The overall color palette is dominated by warm sunset tones like orange, pink, and purple, which are also used as a semi-transparent overlay on the left side of the slide.

5 Happy Workplace

- 5.1 Diverse talent pipeline and equality

- 5.2 Talent attraction and employee care

- 5.3 Human rights and equality

- 5.4 Safety and health at the workplace

Talent recruitment and retention management principles GRI 103-2,103-3	
Importance to GMTC	<ul style="list-style-type: none"> Continue to recruit talents and personnel, in order to achieve stable development assets and diversified talents, attracting talents through salary pay and employee benefits to set up the cornerstone for continuous corporate development
Policy/ Commitment	<ul style="list-style-type: none"> Policy: Uphold the principle that employees are the company's most important asset, and commit to making sure employees feel secure in the workplace Commitment: <ul style="list-style-type: none"> Provide equal employment opportunities and safeguard the rights and interests of workers Implement various talent cultivation measures and improve employee retention rate Optimize the salary and employee welfare system to maintain corporate competitiveness in the industry Stable promotion system, and arrangement of the right job position best suited for the employees' career development
Goals	<ul style="list-style-type: none"> Short term (2022): Retention rate of 70%; resignation rate of 11% Medium- to long-term: Retention rate of 75%; resignation rate of 9%
Complaints Mechanism	<ul style="list-style-type: none"> Employee complaints handling procedure Labor-management meeting
Specific actions	<ul style="list-style-type: none"> Care for new employees Remuneration and employee benefits Promotion and performance evaluation
Evaluation system	<ul style="list-style-type: none"> Employee performance appraisal, remuneration and reward system
2021 Evaluation results	<ul style="list-style-type: none"> New employee retention rate within the first 3 months on the job was 67% Resignation rate of 13%

Note:

1. New employee retention rate within the first 3 months on the job
The percentage of new employees who have worked in the company for more than three months

Occupational safety and health management principles GRI 103-2,103-3	
Importance to GMTC	<ul style="list-style-type: none"> By maintaining a safe and friendly workplace, GMTC aim to protect the health of employees and workers entering the site, and create a positive working environment
Policy/ Commitment	<ul style="list-style-type: none"> Create a safe and healthy environment and promote health protection. Cherish life and create corporate value.
Goals	<ul style="list-style-type: none"> Short term (2022): <ul style="list-style-type: none"> Continue to develop the ISO 45001 and CNS 45001 systems FR \leq 3.34; SR \leq 30 Medium- to long-term: <ul style="list-style-type: none"> Achieve zero injuries in the workplace and create an excellent working environment FR \leq 0; SR \leq 0
Specific actions	<p>Main tasks in 2022:</p> <ul style="list-style-type: none"> Maintain the effectiveness of the management system Strengthen independent inspection system Improve the on-site environment Implementation of rewards and punishment
Evaluation system	<ul style="list-style-type: none"> Monthly Statistics Occupational Safety and Health Committee (Quarterly) Review
2021 Evaluation results	<ul style="list-style-type: none"> Completed certifications of the ISO 45001 and CNS 45001 systems The core enterprise for the Safety and Health Team Leader of the Promotion Association of TOSHMS FR=3.19; SR=41

Note:

1. Disabling Frequency Rate (FR)
Total number of disabling injuries for every million work hours

2. Disabling Severity Rate (SR)
Total number of lost work days of disabling injuries for every million work hours

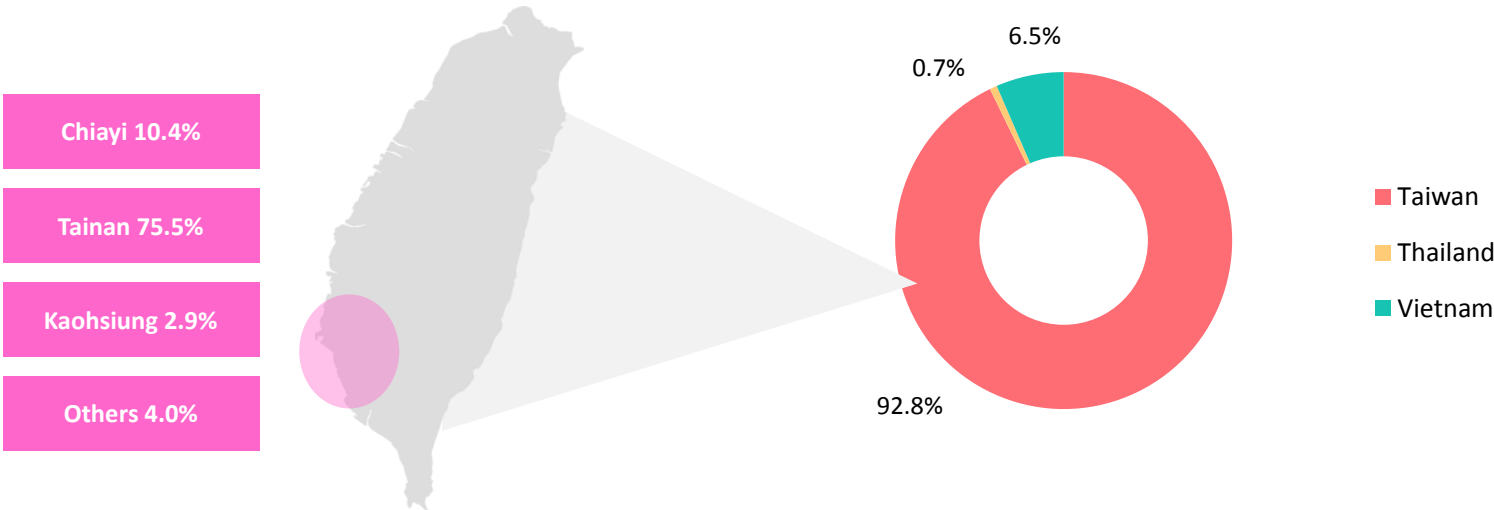
To implement corporate sustainability, GMT attaches great importance to mutual growth with its employees, and aims to "give full play to talents" as the main goal in human resource management, committing to provide excellent remuneration and employee benefits, a safe and comfortable working environment, and a sustainable learning and employee-friendly working atmosphere to help employees improve their professional skills and overall productivity, and keep in line with the UN Sustainable Development Goals (SDGs) including employment and economic growth, on-the-job training and gender equality.

GMT has already set up a comprehensive system for labor recruitment, education and training, remuneration and employee benefits, and employee promotion. In the future, we hope to strengthen GMT’s labor structure and employee skills development, and enhance workplace cohesiveness by improving the human resources management process, employee functional training, and performance evaluation.

5.1 Diverse Talent Pipeline and Equality

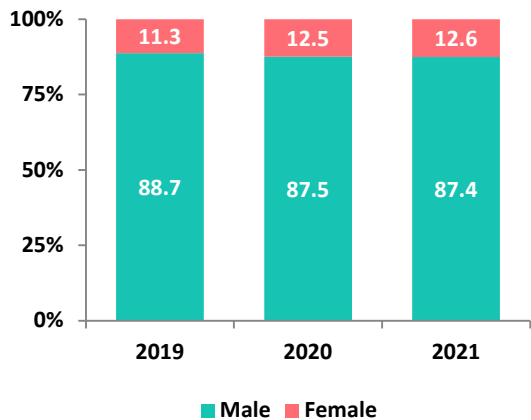
GMT’s Employment Status GRI 102-8,405-1

As of the end of 2021, GMT has a total of 902 employees, all of them are full-time employees, and there were no dispatched workers. Among them, Taiwanese employees account for 92.8%, of which 75.5% are from Tainan City. GMT’s head office and factory are located in Xinying District and Liuying District, Tainan City. Since its establishment, it has been actively maintaining good relationships with local communities and citizens. Nowadays, more than 50% of Taiwanese employees come from the surrounding areas of Xinying District and Liuying District, which bring about employee cohesiveness.

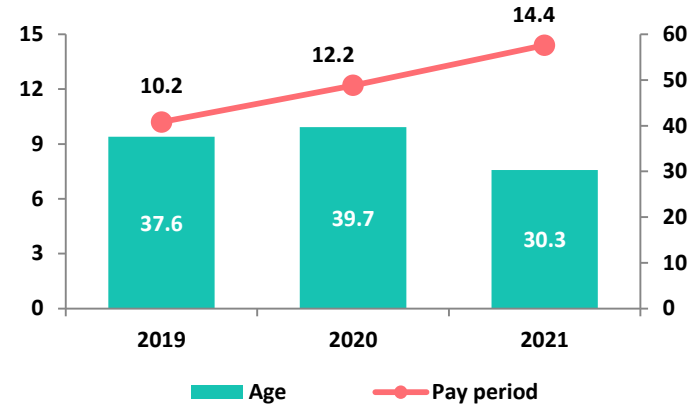


Due to high-temperature, high-heat, and heavy-duty working environment in the metal products manufacturing industry, GMTC has 788 male employees, which account for 87.4% of GMTC's total number of employees. In 2021, 63.3% of the local employees earned a bachelor's degree or higher, with an average age of 30.28 years old, and average seniority of 14.4 years, indicating that GMTC has a stable workforce allocation with potential for development.

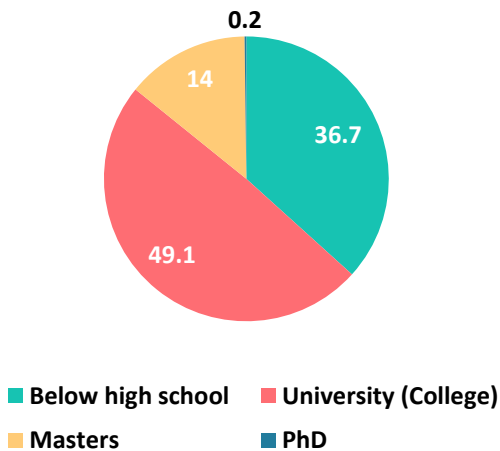
Gender (%)



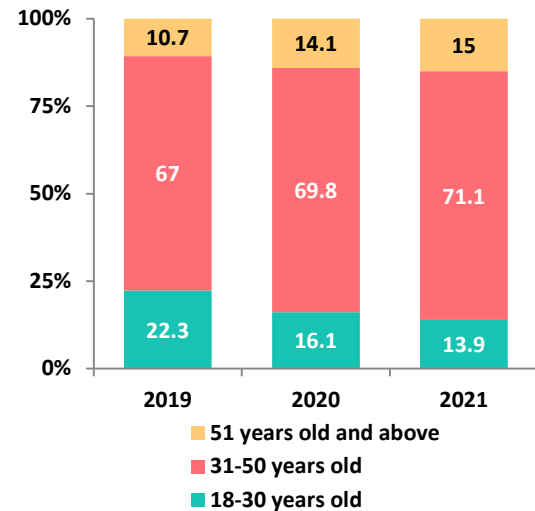
Average Employee Seniority/age (years old)



Educational Background (%)

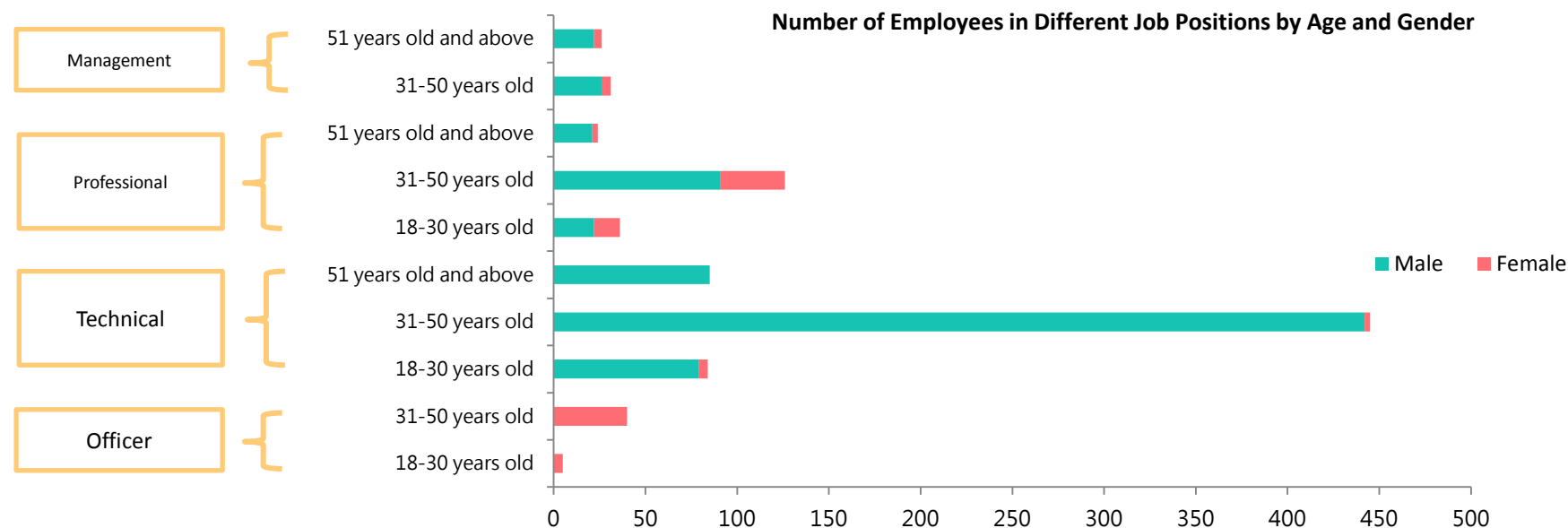


Age Group (%)



The employee positions in GMTC is classified into four sections: management, professionals, technical personnel and clerks according to their level of suitability. Responsible for logistics management, R&D, manufacturing, and administrative affairs in various departments. In 2021, management, professionals, technical personnel and clerks accounted for 6.3%, 20.6%, 68.1%, and 5.0% of the total number of employees.

Year	Type	2019	2020	2021
Management	Male	4.4%	4.9%	5.3%
	Female	0.6%	0.8%	1.0%
Professional	Male	14.9%	16.2%	14.9%
	Female	6.2%	6.2%	5.8%
Technical	Male	69.4%	66.4%	67.2%
	Female	0.6%	0.7%	0.9%
Officer	Male	0%	0%	0%
	Female	3.9%	4.8%	5.0%



Note: The management position refers to supervisors, professionals refer to engineers and managers, technical personnel refer to field operators, and clerks refer to the administrative personnel

Talent Flow GRI 401-1,401-3,406-1

GMTC supports gender equality and work force diversity. GMTC's personnel recruitment and selection is solely based on skills and experience instead of race, class, politics, ideology, religious beliefs, place of origin, place of birth, gender, sexual orientation, age, family status, genetic features, disability or previous labor union membership. In addition, the company has strictly abided by the local government labor standards, and has never engaged in child labor. There was no workplace discrimination in 2021. In 2021, there were a total of 43 new employees, of which 63% are from Tainan City, and 19% are from Chiayi County. To increase the sources of recruitment and meet the company's business needs, the employees are provided with incentive for introducing job positions to other people. In addition, GMTC actively coordinates and arranges suitable jobs for the disabled from the existing job vacancies, so that the disabled can enter the job market as soon as possible and

Statistics on the Application for Parental Leave	Male	Female	Total
Number of employees eligible for parental leave	81	11	92
Number of applications for parental leave in the current year	5	5	10
Actual number of employee reinstatements after parental leave (A)	3	1	4
Number of employee reinstatements after parental leave (B)	3	1	4
Reinstatement rate (A÷B×100%)	100%	100%	100%
Total number of employee reinstatements after parental leave in the previous year (C)	2	1	3
The number of people who have served for one year after being reinstated following a parental leave in the previous year (D)	2	0	2
Retention rate after reinstatement from parental leave (D÷C×100%)	100%	0%	67%

Attribute	Gender	Age group	Number of participants
New employees (Total: 43 employees)	Male	18-30 years old	10
		31-50 years old	24
		51 years old and above	4
	Female	18-30 years old	3
		31-50 years old	2
		51 years old and above	0
Resigned employees (Total number of resigned employees: 123; resignation rate: 13.0%)	Male	18-30 years old	34
		31-50 years old	66
		51 years old and above	12
	Female	18-30 years old	4
		31-50 years old	6
		51 years old and above	1

demonstrate their skills and competencies. In the past years, GMTC's disability inclusion has exceeded legal requirements (1%). In 2021, GMTC hired 11 disabled people, accounting for 1.2% of the total number of employees.

The employee turnover rate was 13% in 2021. Among them, 13 employees are 51 years old or above, which are all at retirement age. For better talent recruitment, GMTC has improved the employees' work efficiency and reduced their workload by improving the overall business process and operating efficiency.

In addition, the employees who have served in the company for more than 6 months, and are parents of eligible children under the age of 3, can apply for parental leave before their child turns three years old. In 2021, a total of 92 employees were eligible for

parental leave, and 10 employees have applied for parental leave. In 2021, it is expected that there will be a total of 4 reinstatements after parental leave, and the actual number of employees that reinstated after parental leave is 4, with an achievement rate of 100.0%. Retention rate of 67.0% after reinstatement

5.2 Talent Attraction and Employee Care

Employee Training and Promotion

Since corporate sustainability relies on the long-term cultivation and development of talents, GMTC has set an education and training system based on strategic objectives and operational planning, which mainly covers six main topics. The new employees shall take relevant training courses after joining the company, and continuously review and systematically complete all necessary trainings during the process of talent development. The employees shall first take basic courses related to professional techniques, professional training, and industry-academia practices, followed by leadership/ management skills training and supervisory training for managerial officers, so as to enhance the knowledge and skills required for individual career development. GMTC Group attaches great importance to cultivating talents, and has established the "Regulations Governing Education and Training." All relevant education and training shall be handled in accordance with the Regulations. GMTC planned annual training courses for each level according to business policies, legal compliance, and employee functions to strengthen the learning efficiency of participants and improve employee quality and benefits of employee development.

Since 2000, GMTC introduced GE’s professional training on Six Sigma and Lean Manufacturing, so as to reduce costs, increase on-time delivery rate, and improve product quality, and thereby strengthen corporate structure, tapping into the international supply chain, and quickly strengthening corporate competitiveness. In addition, we have set up a professional training and promotion team to conduct the Beginners Lean Six Sigma (LSS) Course and Advanced Six Sigma Course, to provide employees with systematic learning and practices. We have completed hundreds of improvement projects, so that employees can learn and grow together with the organization. To achieve excellence, we will continue to promote Six Sigma and Lean Six Sigma (LSS) project management training courses, so that all of GMTC’s employees can participate in quality improvement activities. With the aim of improving customer satisfaction, all of the company’s employees are aware of the spirit of continuous improvement. In addition to internal training, we also dispatch personnel to professional training institutions at home and abroad for education and training to obtain relevant certificates and certificates of completion. Employee education and training records in 2021 are summarized in the table on the right.

Training type	Item	Class/ session	Total training hours	Number of trainees
Internal training	Professional technology	76	121	718
	Core technology	85	178	655
External training	Professional technology	11	101	14
	License	16	373	689
Total		188	773	2,076

Recruitment and Retention of Talents

GMTC has attached great importance to employees, adhering to the principles of fairness and diversity. During recruitment, hiring, performance evaluation and promotion of employees, the company upholds equality in terms of gender, age, race, religion, political affiliation, marital status, educational background and experience, as it mainly considers having the right person in the right job. In addition to combining multi-channel talent acquisition channels, such as HR companies, government-sponsored talent recruitment activities, summer internship, and industry-academia cooperation, we also encourage employees to introduce new talents by providing referral bonuses, recruiting new talents for future corporate development.

Following the expiry of the probation period, new employees who have passed the performance evaluation can apply for salary adjustment, and the company will provide accommodation and transportation allowance for employees with long commuting time and distance. For the long-term retention of staff, we provide a maximum of 200% retention subsidy. As one of the objectives for employee promotion, the company conducted annual performance evaluation for qualified employees, with a dual-track promotion system for managerial and non-managerial employees, in order to prevent losing key talents.

The company provides cash bonuses to employees every quarter as work incentives, taking into account the company's financial and operating performance, and employee performance. In addition, we also distribute year-end bonuses and dividends in the following year when there arises a surplus in annual settlement. The company has been providing employee stock ownership plans for employees to buy company stocks every month, subsidizing 25% of the total cost spent for share purchase, so as to encourage employees in long-term retirement savings and participate in corporate development, attracting and retaining talents by providing better salary and employee benefits.

Diversified Communication Channels GRI 419-1

GMTC has always attached importance in two-way communication between the company and employees, providing an open and transparent communication channel for employees to express their opinions freely, with effective communication to understand the ideas of employees, so as to achieve harmony and a win-win situation between labor and management. GMTC actively established multiple communication channels, including complaint management procedures for staff, which stipulates that employees can submit opinions in written form to the Human Resources Division, under the employee’s real name or anonymously. After it is handled by the human resources division, it will then be submitted to the managerial officer for review. In 2021, there were no employee complaints or labor disputes in the company.

Social Clubs

In order to encourage employees to participate in workplace social clubs, GMTC’s Employee Welfare Committee has been subsidizing its social clubs every year, such as running, biking, swimming, hiking, softball, basketball, golf, and badminton clubs. In addition, GMTC’s workplace social clubs organized diversified holiday leisure and entertainment activities to improve the employees’ work-life balance to promote coworker exchange relationships and coworker friendships.



GMTC Biking Club



Softball club



GMTC Running Club

Golf Club



Basketball Club



Badminton Club



Mountain Climbing Club



Salary Pay and Employee Benefits GRI 401-2

With the aim to care for employees and their family members, GMTC provides comprehensive employee benefits, incentive compensation bonus system, considerate care, and preferential benefits to enable employees to work at peace of mind and ensure that the employees and families have a comfortable life.

Employees' salary, allowance, and bonus standards will not vary under different gender, race, religious beliefs, political beliefs, and marital statuses. The starting salaries are the same between GMTC's male and female employees with equal seniority and ranks. In addition, the average starting salary of the company's grassroots employees is equivalent to the minimum wage in Taiwan. In accordance with the Labor Standards Act, if an employee has to work overtime due to business needs, the company shall pay the employee overtime wages on the basis of the employee's full wage. In 2021, the average wage of non-managerial employees is NT\$746,000, with a median of NT\$723,000.

GMTC provides employees with labor and health insurance, retirement pensions, maternity/ paternity leave, and parental leave without pay in accordance with relevant laws, with group insurance for new employees. Colleagues can also pay for preferential group insurance for their family members, so that group insurance coverage covers the employees and their families. In addition, the company also provides employees with comprehensive travel insurance for long business trips, in order to protect employees who are working abroad.

The company attaches great importance to the health of each employee, and provides free employee health check-up on an annual basis, regardless of age group, which is better compared to relevant regulations. To support breastfeeding female employees, GMTC has set up a nursing room to meet the needs of employees, and allows employees to apply for parental leave without pay, with arrangements on job positions after the employees return to work from parental leave. To improve labor relations, GMTC has set up an Employee Welfare Committee (hereinafter referred to as the Welfare Committee), which not only provides employee travel incentives, festival gifts (Spring Festival, Labor Day, and Moon Festival), birthday gifts, wedding gifts and funeral condolences.

01 Incentive Compensation

1. Year-end bonus/ annual bonus
2. Holiday bonus
3. Business allowance/ production bonus / earnings bonus
4. Employee stock option grant (25%)
5. Retention employee stock ownership trust
6. Project completion bonus
7. Special Contribution

02 Workers Comprehensive

1. Compliant with the Labor Act / Act of Gender Equality in Employment
2. Comprehensive insurance system (labor insurance/health insurance/group insurance)
3. The company has set up an employee welfare committee to be responsible for employee welfare planning and implementation

03 Employee Care

1. Free health check-up every year
2. Travel allowance (NT\$3,000 per employee)
3. Marriage subsidy (NT\$32,000 per employee)
4. Funeral allowance (NT\$50,000 per employee)
5. Birthday gift (NT\$500 per employee)

04 Free and Preferential

1. Free lunch
2. Club grants
3. Special store offers

5.3 Human Rights and Equality GRI 406-1, 408-1

GMTC Human Rights Policy

The "GMTC Human Rights Policy" abide by the laws and regulations in each of its global bases, and comply with the human rights standards such as the "International Bill of Human Rights," "International Labor Organization - Declaration on Fundamental and Rights at Work," and the "Ten Principles of the United Nations Global Compact," so that employees and third-party personnel are entitled to dignity and respect at work, and preventing human rights violations. The documentations of "Human Rights Policy," "Work Rules" and "Corporate Social Responsibility Manual" clearly declare the protection of human rights. Meanwhile, specific improvement plans are conducted to reduce human rights risks. The details are described below.

Provision of Safe and Healthy Working Environment	Prevention of Unlawful Discrimination and Ensure Equality in Work Opportunities	Prohibit Child Labor	Prohibit Forced Labor	Help employees in maintaining physical and mental health with better work-life balance	Regular Review and Evaluation of Related Mechanisms and Behaviors
<ul style="list-style-type: none"> Aim to achieve zero disasters and risk reduction Upgrade on-site equipment to enhance safety and hygiene awareness Strengthen the protection of mechanical equipment against environmental hazards Conduct analysis, investigation and follow-up based on the association between health examination results and the company's manufacturing operations Promote health promotion activities and encourage employees to participate in maintaining a healthy lifestyle 	Abide by the local government labor standards, international norms and GMTC's human rights policies, with standard staff employment procedures to prevent illegal discrimination. The starting salaries are the same between GMTC's male and female employees with equal seniority and ranks	According to GMTC's human rights policy, work rules and social responsibility, the company was never engaged in child labor, so as to protect children's physical and cognitive growth and development. GMTC only accepts job applications from those aged 18 and older and will check the IDs of the new employees when they are hired to reject the candidates below the age of 18 years old.	GMTC has strictly abided by the local government labor standards and the company's human rights policies to respect human rights at the workplace, and prohibits any form of forced labor.	In order to encourage employees to participate in workplace social clubs, GMTC's Employee Welfare Committee has been subsidizing its social clubs every year. In addition, GMTC's workplace social clubs organized regular activities to improve the employees' work-life balance.	GMTC reviews regulations and makes adjustments to relevant systems on a regular basis

Human Rights Protection Education and Training

GMTC arranges relevant human rights education and training courses (including the understanding of the Labor Act, and advocacies on the prevention of wrongfully damaging the rights of another and sexual harassment) for new employees, and provides general, occupational safety and health training. In 2021, 43 people were trained, with a total of 172 hours of training, while relevant regulations are disclosed on the MOPS.

Promotion of local labor laws and regulations	Promotion of unlawful infringement prevention	Promotion of sexual harassment prevention	Provide comprehensive training on occupational safety and health
Anti-discrimination, code of ethical conduct and employee working hours management to protect human rights	Understanding the pattern of unlawful infringement and relevant solutions	Understanding the concept of sexual harassment and relevant response measures	Safety and health education and training, emergency response and handling, workplace health guidance and management practices

5.4 Safety and Health at the Workplace

We believe that enterprises shall be responsible for employee safety and hygiene management, taking care of the employees and the community. Thus, GMTC is responsible for creating a safe, healthy and comfortable working environment. Through continuous improvement of the safety and health management system, GMTC implements safety/ health education and training with the participation of all employees. It also promotes health care activities for the health care of employees, implements review and improvement to prevent occupational accidents, and actively comply to the SDGs for enterprises in fulfilling the goals related to health and welfare.

Occupational Safety and Health Management System GRI 403-1

GMTC has established the occupational safety and health management system in accordance with the occupational safety and health regulations, providing safe and healthy work conditions while adhering to the occupational safety and health regulations and related requirements, removing hazards, minimizing occupational safety and health risks, and providing consultation of occupational safety and health issues and promoting employee participation. We have obtained certification from the external certification body for ISO 45001:2018 and CNS 45001 in November 2021, and 746 employees (the company's employees and permanent contractors) were included in this safety and health management system, with a coverage ratio of 80.56%.

Region	Number of employees	Number of permanent contractors	Incorporated in the scope of management system validation
Xinying plant	631	10	○
Liuying plant	98	7	○
Global Headquarters	173	7	×

Safety and Health Education and Training GRI 403-5

Since GMTC believes that most accidents are caused by human error, the company focuses on cultivating employees' knowledge via safety and health education and training. To prevent colleagues and third-party manufacturers from being injured or frightened during work operations, all workers entering the plant must participate in safety and health education and training courses to lower occupational accident rates.

- (1) New employee training: 24 sessions were held, participated by a total of 43 new employees.
- (2) On-the-job training: Each unit organizes the on-the-job training courses once a month, which was participated by a total of 2,838 employees.
- (3) Training for cooperative suppliers: Remind suppliers on safety awareness and comply with regulations. 100 sessions were held, with a total of 253 participants.
- (4) Fire safety drills: For employees to be familiar with the notification process and operation of emergency equipment to enhance the employees' skills on emergency response. Six sessions were held in GMTC's three plants, which were participated by a total of 106 employees.

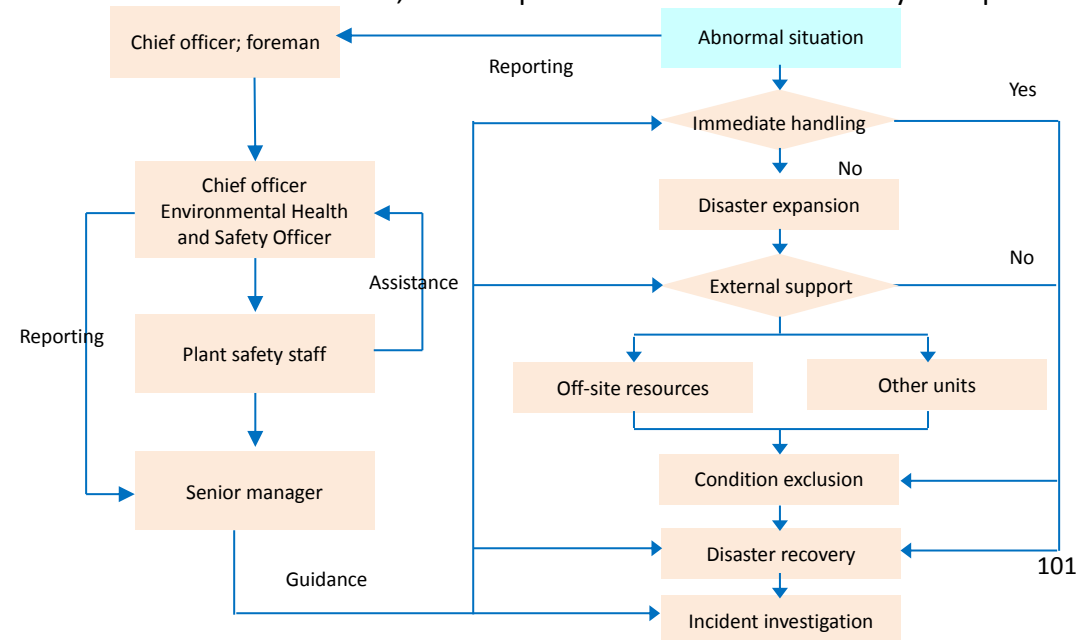
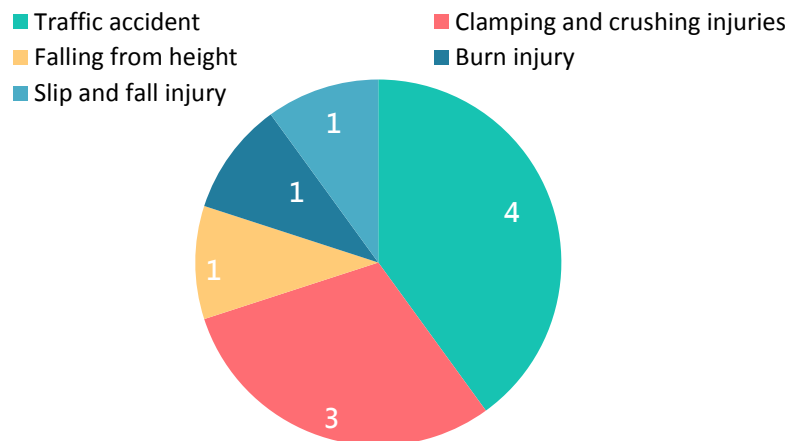
Chemicals Management GRI 403-7

Chemical management includes procurement and disposal. The suppliers are required to provide safety data sheets and hazard labels, and perform inspections in accordance with the Classification and Labeling Requirements for Hazardous Chemicals, Toxic and Concerned Chemical Substances Control Act, and the Regulations Governing Designating and Handling Permission of Controlled Chemicals. Chemicals containing toxic chemical substances listed by the Environmental Protection Administration or chemical ingredients controlled by the Ministry of Labor are prohibited from being purchased, in order to avoid harm to employee health. After chemicals are purchased, each unit carries out chemical inventory preparation, regularly classifies the chemicals used for management, and monitors the operating environment every six months, and after the chemicals are used up, they will be recycled by professional and qualified waste disposal companies.

Incident Management GRI 403-2, 403-7, 403-9, 403-10

GMTC pays great attention to work-related injuries, minor injuries, and even false alarms. The company not only investigates in the incident, but also performs parallel improvements for units under the same environment or with similar mechanical equipment. When there is an accident in the workplace, the workers shall follow the notification procedures below for reporting and handling. In 2021, within the total working hours of 1,880,674 hours, there were 56 incidents, of which 10 incidents caused disabling injury, accounting for 17.85% of the total incidents, which led to decrease in the number of working days of 78 days. The 10 incidents include 4 traffic accidents, 3 clamping and crushing injuries, 1 falling from height, 1 slip and fall injury, and 1 burn injury. For the disabling injury, we plan to improve safety and health management based on four aspects, including improvement of mechanical equipment to prevent clamping injury, use of personal protective equipment, strengthen on-site inspections, and perform thematic inspections every month, in order to reduce the occurrence of work-related accidents. The minor injuries include clamping, cuts and scratches, falling object injury, and burns. After the occurrence of minor injuries, the responsible units shall immediately make improvements, and report to the Environmental Protection and Occupational Safety and Health Committee about the accident, and require all other units to carry out parallel improvements to reduce the risk of injury.

The Types and Number of Disabling Injury Cases in 2021



Contractor Management GRI 403-7

For external contractor management, the contractors who enter the factory for construction have the responsibility and obligation on maintaining safety and health on construction sites, machinery and equipment and construction workers. Hence, before entering the factory, the contractors are required to submit the construction application form, list of construction workers, Statement of Commitment to EHS Letter, pre-construction review report, and Notice of Alleged Safety or Health Hazards, and the contractors shall appoint relevant safety and health management personnel to the construction site. All relevant construction workers shall be insured with NT\$5 million accident insurance, and take necessary safety and health education and training before entering the factory for construction.

During the construction process, GMTC's safety personnel conduct audits on an irregular basis based on four major aspects, including the on-site construction progress, the construction environment, machinery, and worker protection, and issue a Statement of Deficiencies for any violations. If there are major violations, the contractor shall be penalized according to the penalty standards for violation of contractor regulations. After the construction is completed, GMTC's safety and health personnel will conduct evaluations according to the contractor's safety and health conditions before, during and after construction, which shall be used as reference for the selection of contractors by various units. The company holds a safety and health consultation meeting every six months for on-site or external contractors to advocate on occupational safety and health, with explanations for management matters, in order to prevent the occurrence of occupational accident involving contractors.

Health Management GRI 403-3, 403-6

GMTC adheres to the concept of "creating a safe and healthy workplace and promote healthcare", and has dedicated efforts in conducting related health activities and health management projects, creating a healthy working environment, so as to achieve the ultimate goal of a healthy workplace. In addition, GMTC also obtained the Badge of Accredited Healthy Workplace from the Ministry of Health and Welfare.

GMTC has dedicated efforts in promoting a healthy working environment, and has set up a health promotion center beyond regulatory compliance, in order to plan multiple health-related activities and protect employee health. Based on the analysis of the abnormal rate of health check-up items, and issues that employees may be concerned about, we plan health promotion programs that are more in line with employee needs, strengthen employee awareness on healthcare, and establish a supportive environment to help employees achieve a good health, lifestyle and quality of life. To promote the physical and mental health of employees, we guide employees to relieve stress through exercise and sports activities, joining clubs, such as Biking Club, Softball Club, Swimming Club and Badminton Club, for better self-health management.

Apart from regular health check-up for employees working with special hazards and management of inspection results, the company also hope that all employees can balance between work, health and life. Therefore, the company has performed on-site health check-up services for employees

Location of health promotion center		Remarks
Xinying plant	Xinying plant health promotion center	None
Liuying plant	Head office health promotion center	Liuying plant's health promotion center is set up in GMTC headquarters given that Liuying plant's location is close to the headquarters

working in general and hazardous workplaces to detect health hazards and potential pathogenic factors at early stage. The items and frequency of health check-ups exceed regulatory requirements, and considering employee needs and employee lifestyles, the average participation rate for health check-ups reached 98% in 2021. The implementation results of the four main occupational hygiene plans in 2021 are as follows:

1. Measures for Preventing and Managing Abnormal Workload-triggered Disorders: Risk identification and evaluation table based on the staff with abnormal workloads. According to personal risk factors are classified into low, medium and high risk levels, identifying whether there is a need for interview after comprehensively taking into account the various values. Subsequently, the on-site medical staff will conduct interviews and health guidance, and submit the interview results to supervisors to provide appropriate assistance.
2. Human Hazard Prevention Program: Questionnaire based self-reported musculoskeletal symptoms and tracking lists. Appoint on-site physician to help patients understand the cause of their symptoms, with improvement suggestions, and conducting regular tracking of the improvement status.
3. Maternal employee health protection plan: When an employee is pregnant, the department chief officer shall fill out a "Maternal Health Risk Assessment Form" to assess the risks from the work activity of expectant mothers.
In 2021, the company provided maternal health protection for three pregnant female employees, while the medical personnel conducted risk identification and assessment via telephone or on-site interviews, providing prenatal education and information on postpartum care, and maternity allowance.
4. The prevention plan for unlawful infringement in the workplace: Include the prevention of unlawful infringement in the education and training courses, and conduct the "Hazard Identification Risk Assessment for Unlawful Infringement Prevention in the Workplace" for each unit on an annual basis. By arranging a safe workplace and appropriately deploying labor, we can alleviate the work pressure of employees. In addition, the representatives of labor and management have set up the "Unlawful Infringement Reporting and Complaints Investigation Team" to investigate on unlawful infringements and complaints, so as to implement the prevention plan and reduce the possibility of unlawful infringement in the workplace.

Every year, GMTC's on-site doctors discuss the health check-up results of all employees, and the management and tracking of workplace health education are carried out for groups with three highs (high blood pressure, high cholesterol and high blood sugars), cardiovascular diseases and other health problems, with continual cultivation of the self-management skills of employees' health. Considering the fact that most of the top ten abnormal results among the health check-ups are related to cardiovascular diseases, we encourage employees to better manage various abnormal findings by organizing weight loss competition every 6 months in 2021. Due to the impact of the COVID-19 pandemic, only 27 employees registered for the individual and group competition. There were seven colleagues who persisted on a diet, and achieved total weight loss of 37.3kg, which is an average weight loss of 5.3kg per participant. With that, a total bonus of NT\$11,100 was awarded.

GMTC also pays great attention on the prevention of occupational diseases and health hazards. If there are employees who have abnormal findings in health check-ups due to special hazards, and are listed in Level II management, the Health Promotion Center will arrange on-site physicians and occupational medicine specialists to provide suggestion with reference to the historical health check-up results and working environment. The on-site physicians will provide health guidance for employees, so that employees, on-site physicians and nurses and occupational safety units can work together in advanced planning for the prevention of health hazards. There were no cases of occupational disorders in the health check-up results due to special hazards in 2021.

COVID-19 Response Measures in 2021

2021 is the second year of COVID-19 pandemic, which may pose health threat to the world. In response, apart from the originally purchased medical supplies for epidemic prevention, such as forehead (ear) thermometers, face masks, alcohol, and disinfectants, the company also purchased the automatic alcohol spray temperature stand in 2021 to measure body temperature at the security rooms, entrances and exits of each factory. The COVID-19 prevention measures in the factory are still classified into five response stages, with timely review and adjustment.

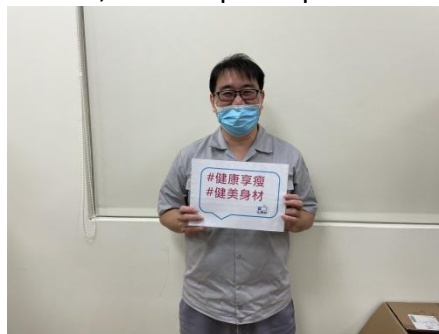
In addition to the five response stages, GMTC has also adopted the following COVID-19 prevention measures for related advocacies and ensure the health of colleagues, and has posted related messages and workplace regulations on the video wall and outside the security room.

1. Colleagues shall wear face masks and measure body temperature when entering the company.
2. Foreign guests, visitors or contractors are required to wear face masks, measure body temperature and fill in the health declaration form when entering the plant.
3. Place 75% alcohol-based hand sanitizer at the entrances and exits.
4. Public spaces such as conference rooms and stairs are disinfected with alcohol solutions on a regular basis.
5. Cancel group meals, and colleagues shall eat alone in their seats.
6. Keep track of footprints of confirmed cases during holidays or special festivals.

Stages of response	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
	Confirmed COVID-19 cases abroad No confirmed cases in Taiwan	There are imported cases confirmed in Taiwan but no local COVID cases	There are local COVID cases or community transmission of COVID-19 in Taiwan	There are local COVID cases in Tainan City	There are confirmed cases in the company
Employee Contact tracing Customer Contractor	<ul style="list-style-type: none"> ● Avoid non-essential travel to countries with confirmed coronavirus cases ● Employees shall notify the company before traveling abroad ● Travelers that returned from the countries with confirmed coronavirus cases shall complete the 14-day quarantine and practice an additional 7-day self-health management ● Staff are required to wear face masks and eat alone 	<ul style="list-style-type: none"> ● Comply with all COVID-19 prevention measures in the previous stage ● Employees who go abroad without notice shall be strictly punished, and visitors and contractors shall sign a health declaration before entering the company in accordance with the work rules ● It is suggested that employees shall not go to crowd gathering places, and the employees who went to the crowd gathering places with confirmed cases shall report to the company, and are required to do a 7-day self-health management ● Employees shall notify the company for any fever, respiratory symptoms or travel history 	<ul style="list-style-type: none"> ● Comply with all COVID-19 prevention measures in the two previous stages ● Employees should be strictly prohibited from business traveling ● Employees shall take their body temperature and wear masks before check-ins ● Eat alone on each floor or unit ● The number of elevator passengers is limited ● If the employee or his/her cohabiting partner has been in the same place with a confirmed case (with no direct contact): The employee is required to do a 14-day self-health management 	<ul style="list-style-type: none"> ● Comply with all COVID-19 prevention measures in the previous three stages ● Record body temperature every day ● Monthly inspection for each unit ● Routine workplace disinfection ● Prohibit physical contact between workers and logistics personnel in each plant ● Mainly online meetings ● Split operations ● Prohibit plant visits ● Prohibit eating in groups ● Cancel all major club activities 	<ul style="list-style-type: none"> ● Comply with all COVID-19 prevention measures in the previous four stages ● Home isolation for those who have direct contacts with the confirmed cases ● workers that are in the same factory as confirmed COVID-19 cases are required to practice 14 day self-health management ● Full disinfection ● Flexible work arrangements ● Work from home
Type of leave	Determined by the human resources department depending on current conditions	Determined by the human resources department depending on current conditions	Determined by the human resources department depending on current conditions	Determined by the human resources department depending on current conditions	Determined by the human resources department depending on current conditions
Other Precautions	<ul style="list-style-type: none"> ● Health education knowledge is posted on the bulletin board ● Preparation and procurement of anti-pandemic materials 	<ul style="list-style-type: none"> ● Comply with the previous COVID-19 prevention measures ● Delay the introduction of new foreign migrant workers 	<ul style="list-style-type: none"> ● Comply with all COVID-19 prevention measures in the two previous stages ● Employees are given surgical masks when going on business trips in Taiwan ● The number of participants in the meeting room shall be limited (plum blossom seating) 	<ul style="list-style-type: none"> Comply with all COVID-19 prevention measures in the previous three stages: ● The exterior windows of buildings shall be opened 	<ul style="list-style-type: none"> Comply with all COVID-19 prevention measures in the previous four stages: ● The air conditioner is equipped with ultraviolet disinfection equipment ● Increase the environmental cleaning frequency

Self-Health Management Activity

In 2021, there were a total of 2 health lectures, with 48 participants.



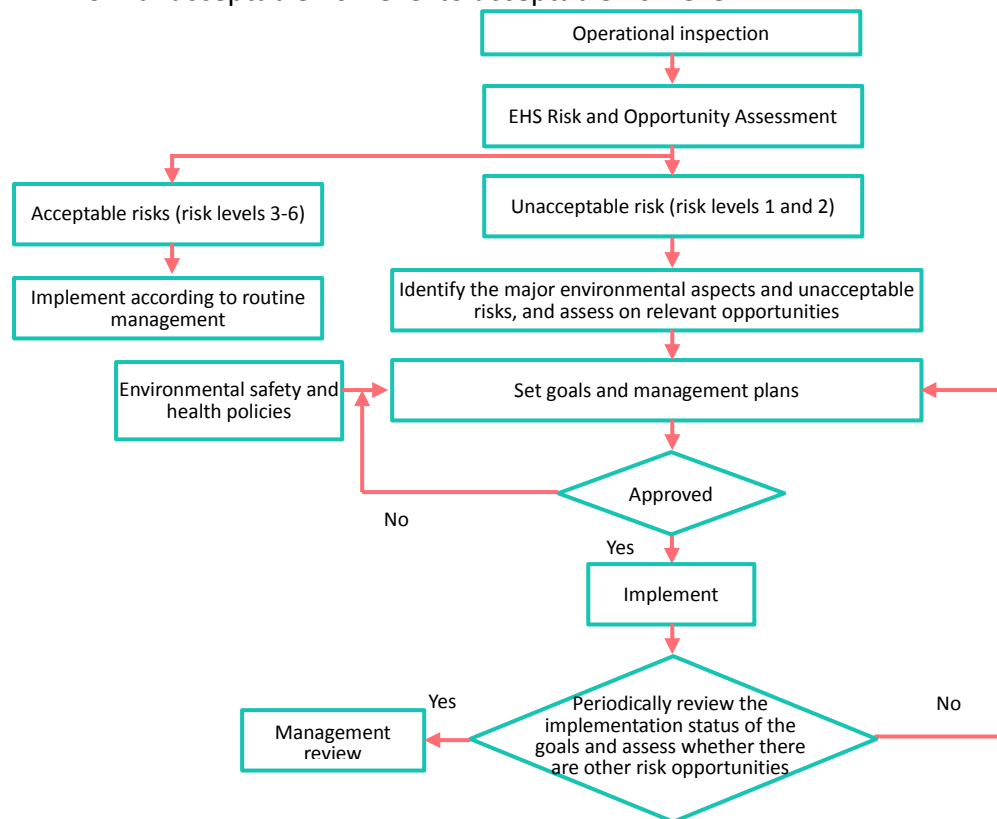
Emergency Response

GMTC has formulated emergency response procedures according to the emergency response regulations, so that employees can report and rescue according to the procedures in the event of emergency or abnormal situation, ensuring the safety of workers and surrounding residents, and prevent further expansion of disaster. With the aim to reduce the risk of personal injury and environmental pollution, GMTC attaches great importance to emergency response drills and training. In 2021, each factory has conducted 6 disaster prevention drills, participated by a total of 154 employees. Since 2017, emergency response drills have also included environmental protection events. The simulation of the air pollution control equipment and abnormal leakage and spillage of waste water or chemicals enable employees become more familiar with emergency response. During on-site operations, if the employees discovered environmental or safety and health hazards in the workplace, they shall report to the unit supervisor or occupational safety and health unit using the environmental safety and health communication form, by telephone, by email, or in person, and request for improvements. If, upon urgent risks and hazards in the environment or during operation, or emergency health issues, and the employee was unable to report to the unit supervisor or occupational safety and health personnel in time, the employee can move to a safe location first, and will not be penalized by the company for this.



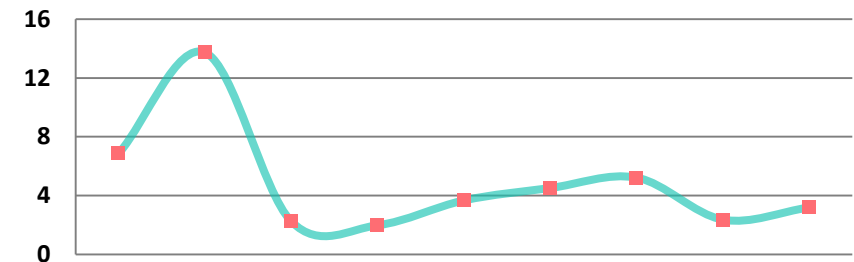
Safety and Health Management GRI 403-2

Since 2016, GMTC conducted active inspections every month. As of 2021, there were a total of 12 inspection items, with a total of 256 deficiencies reported by company units. In 2021, the Disabling Frequency Rate (FR) and Disabling Severity Rate (SR) did not meet the standards, but GMTC's safety and health management activities will still help reduce workplace injuries. In addition to active inspections, GMTC also identifies the risks in various operating activities every year. In 2021, the company identified a total of 1,831 occupational safety risks and 899 occupational health risks. Regardless of incapacitating injuries, minor injuries or false alarms, the risk level of the operation needs to be modified, and if the disaster caused death, permanent total disability or permanent partial disability, it is necessary to include intolerable risks and make improvement proposals, so that it is unlikely to that a similar event occurs again, improving from unacceptable risk level to acceptable risk level.

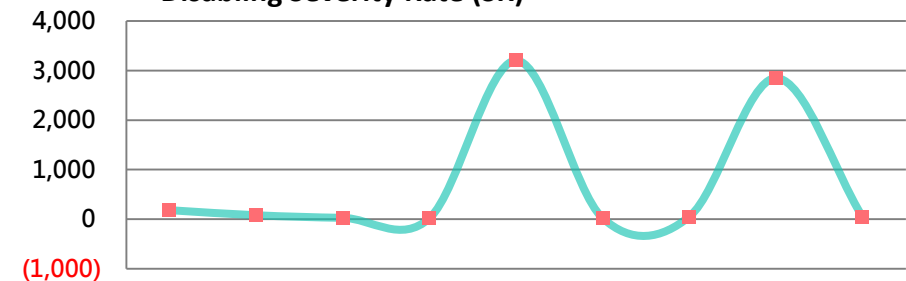


GMTC FR, SR, FSI

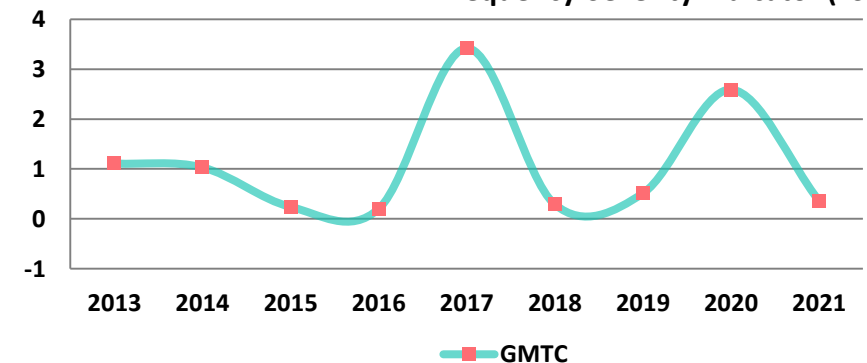
Disabling Frequency Rate (FR)



Disabling Severity Rate (SR)



Frequency-Severity Indicator (FSI)





6 Social Engagement

Industry-Academia Collaboration

1. Digital Manufacturing Value-Added Program -

Cultivating Digital Manufacturing Leaders Sub-Project

In 2021, we will continue to participate in the "Digital Manufacturing Value-added Program - Cultivating Digital Manufacturing Leaders Sub-project" of the Industrial Development Bureau, MOEA, and collaborate with the Department of Chemical and Materials Engineering and the Department of Electrical Engineering of the National University of Kaohsiung. According to the program, GMTC designed relevant training courses, with a total of 36 hours of training. The lecturers from GMTC accounted for 50% of the total number of lecturers. GMTC provided 4 practical topics which invited students to visit the factory to learn about practical processes and contents relevant to the topic. During the COVID-19 pandemic, GMTC successfully announced its achievements via video conferences, which not only enables students to understand plant operations, but also allows the company to know about the research topics and available resources allocated to various departments at the universities.

Execution period: 2021; hours of training: 36 hours;
number of trained students: 8; GMTC's student-teacher
ratio: 50%; number of practical topics: 4 topics



2. NCKU-Butterfly Program

In 2020, in response to Taiwan's New Southbound Policy, GMTC participated in the industry-academia collaboration NCKU-Butterfly Program, a talent cultivation platform, to launch educational exchanges and collaboration between Taiwan and Vietnam, and subsidize National Cheng Kung University to provide scholarships for Vietnamese students. In the first and second semesters of 2021, four students have received scholarships, which totaled NT\$120,000, as GMTC aims to train professionals and strengthen students' practical skills to implement collaborative teaching and enhance students' career orientation and employability.

Implementation period: 2020/09-2023/08; number of scholarships: 4;
total amount of scholarships awarded: NT\$120,000



Charitable activities

1. Annual Blood Donation Activity

GMTC has held blood donation activities every year to give back to society with the vision of social sustainability. In 2021, there were 124 employees who participated in the blood donation activities, which decreased by 55% compared to the 276 employees in 2020. The total amount blood donation was 50,500cc, which was 55% less than the 112,250cc in 2020.

Execution period: annually; number of blood donors: 124; amount of donated blood: 50,500cc



Neighborhood activities

1. Adopt a Green Space: Adopt a green space in the Liuying plant industrial area and its surrounding area, and safeguarding the surrounding environment

GMT's greening and beautification policies mainly focus on adopting the green spaces surrounding Liuying plant and the industrial area. The Liuying Workstation under the Water Conservancy Association applied for adoption of green space in the surrounding areas of Liuying Plant in November 2012, with a total area of 1,045sqm, and has signed the contract for adoption of green space with the Economic Development Bureau of Tainan City Government in May 2017, with a total area of 21,688sqm. Total area of green space adopted: 22,733sqm; maintaining the green space in the aim to develop a new green life.

Implementation period: 2012 to date; total area of green space adopted: 22,733sqm



2. Community Assistance: Provision of meals to Tai Zi Community Development Association

Xinying District Tai Zi Community Development Association responds to government policies by providing meals for the elderlies over age 65 and living alone, low-income families, single-parent families and disadvantaged groups. GMT has maintained good interactions with local community, and develops the corporate image with active methodology on social responsibility. It has sponsored NT\$50,000 on the provision of meals to Tai Zi Community Development Association every six months, totaling NT\$100,000 for the whole year, in the aim to build good neighborhood relationships.

Implementation period: 2018 to date; meal sponsorship: NT\$50,000 every six months



3. Offer Mangoes to Employees to Support Local Mango Farmers

In response to government measures, GMTC has procured 1,053 boxes of mangoes from the farmers to help them overcome the impact of the COVID-19 pandemic, and at the same time, contribute to social responsibility. GMTC offered the mangoes to its employees as a token of appreciation for their hard work during the COVID-19 pandemic.

Implementation period: 2021; total procurement amount: NT\$528,930



Promote Safety and Health

1. GMTC established the Safety and Health Team to help guide small and medium-sized enterprises with a relatively less-safe environment in workplace improvement

In October 2015, entrusted by the Labor Affairs Bureau, Tainan City Government, GMTC's Safety and Health Team was established to assist and provide guidance for small and medium-sized enterprises with relatively poor occupational safety in the workplace, improving safety and hygiene in the workplace of factories that are member of the Safety and Health Team through professional assistance of county and city government counselors, and strengthening self-management ability. The number of members remained at 26. In 2021, GMTC has organized 1 event and participated in 6 safety and health events.

Implementation period: 2015 to date; GMTC organized 1 activity, and participated in 6 activities in 2021

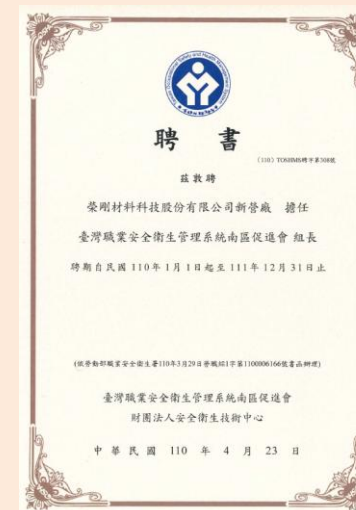


2. Participated in the Taiwan Occupational Safety and Health Management System (TOSHMS) promotion association of southern area established by the Safety and Health Technology Center to share management experiences

Participated in the Taiwan Occupational Safety and Health Management System (TOSHMS) promotion association of southern area established by the Safety and Health Technology Center, and prepared promotional documents and posters which incorporated plant risk assessment and cases of occupational safety and health improvements as reference for the members of the TOSHMS promotion association of southern area.

GMTC was also invited by the TOSHMS promotion association of southern area to share its experience in the occupational safety and health management system practices and drills

Implementation period: every year; GMTC participated in 4 activities in 2021



Appendix

- Appendix I GRI Standards Index Comparison Table
- Appendix II Third Party Verification Statement

Appendix I GRI Standards Index Comparison Table

GRI 102-55

GRI Standards	Disclosed Items	Disclosed Chapters	Other Instructions	Page
GRI 102 General Disclosures 2016				
Organizational Profile	102-1 Name of the organization	2.1 Company Profile		30
	102-2 Activities, brands, products, and services	2.1 Company Profile		30
	102-3 Location of headquarters	2.1 Company Profile		30
	102-4 Location of operations	2.1 Company Profile		30
	102-5 Ownership and legal form	2.1 Company Profile		30
	102-6 Markets served	2.1 Company Profile		30
	102-7 Scale of the organization	2.1 Company Profile		30
	102-8 Information on employees and other workers	5.1 Diverse talent pipeline		90
	102-9 Supply chain	3.3 Responsible Supply Chain		67
	102-10 Significant changes to the organization and its supply chain	Letter from the Chairman		6
		3.3 Responsible Supply Chain		67
	102-11 Precautionary Principle or approach	2.5 Risk Management		43

GRI Standards	Disclosed Items	Disclosed Chapters	Other Instructions	Page
Strategy	102-12 External initiatives	-	The Company did not sign external initiatives	-
	102-13 Membership of associations	2.3 Corporate Governance		41
	102-14 Statement from senior decision-maker	Letter from the Chairman		6
	102-15 Key impacts, risks, and opportunities	2.5 Risk Management	Comprehensive options, voluntary disclosures	43
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	2.4 Integrity Management		41
Governance	102-18 Governance structure	1.1 GMTC's Corporate Philosophy and Sustainability Vision		9
		2.3 Corporate Governance		34
	102-19 Delegating authority	1.1 GMTC's Corporate Philosophy and Sustainability Vision	Comprehensive options, voluntary disclosures	9
	102-20 Executive-level responsibility for economic, environmental, and social topics	1.1 GMTC's Corporate Philosophy and Sustainability Vision	Comprehensive options, voluntary disclosures	9
	102-22 Composition of the highest governance body and its committees	1.1 GMTC's Corporate Philosophy and Sustainability Vision		9
		2.3 Corporate Governance	Comprehensive options, voluntary disclosures	34

GRI Standards	Disclosed Items	Disclosed Chapters	Other Instructions	Page
	102-23 Chair of the highest governance body	2.3 Corporate Governance	Comprehensive options, voluntary disclosures	34
	102-24 Nominating and selecting the highest governance body	2.3 Corporate Governance	Comprehensive options, voluntary disclosures	34
	102-25 Conflicts of interest	2.3 Corporate Governance	Comprehensive options, voluntary disclosures	39
	102-26 Role of highest governance body in setting purpose, values, and strategy	1.1 GMTC's Corporate	Comprehensive options, voluntary disclosures	9 34
		Philosophy and Sustainability Vision		
		2.3 Corporate Governance		
Communications with Stakeholders	102-40 List of stakeholder groups	1.2 Stakeholder Engagement		15
	102-41 Collective bargaining agreements	-	Did not sign the collective bargaining agreements	-
	102-42 Identifying and selecting stakeholders	1.2 Stakeholder Engagement		15
	102-43 Approach to stakeholder engagement	1.2 Stakeholder Engagement		16
	102-44 Key topics and concerns raised	1.2 Stakeholder Engagement		16
Reporting Requirements	102-45 Entities included in the consolidated financial statements	About this Report		4
	102-46 Defining report content and topic Boundaries	About this Report		4
	102-47 List of material topics	1.3 Materiality Analysis		24



GRI Standards	Disclosed Items	Disclosed Chapters	Other Instructions	Page
	102-48 Restatements of information	-	There were no restatements of information in the current fiscal year	-
	102-49 Changes in reporting	1.3 Materiality Analysis		22
	102-50 Reporting period	About this Report		4
	102-51 Date of most recent report	About this Report		4
	102-52 Reporting cycle	About this Report		4
	102-53 Contact point for questions regarding the report	About this Report		4
	102-54 Claims of reporting in accordance with the GRI Standards	About this Report		4
	102-55 GRI content index	Appendix 1		114
	102-56 External assurance	About this Report		4

Major Topic: Economic Performance

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch 2 Company operations		28
	103-3 Evaluation of the management approach	Ch 2 Company operations		28
GRI 201 Economic Performance 2016	201-1 Direct economic value generated and distributed	2.2 Economic Performance		32
	201-4 Financial assistance received from government	2.2 Economic Performance		32

Major Topic: Integrity Management

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch 2 Company operations		28
	103-3 Evaluation of the management approach	Ch 2 Company operations		28
GRI 205 Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	2.4 Integrity Management		41
	205-3 Confirmed incidents of corruption and actions taken	2.4 Integrity Management		41

GRI 307 Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	4.6 Environmental Protection Expenditure and Environmental Regulations	87	
GRI 419 Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	2.4 Integrity Management 5.2 Talent attraction and employee care	41 95	
Major Topic: Product Quality				
GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch3 Sustainable Value Chain		57
	103-3 Evaluation of the management approach	Ch3 Sustainable Value Chain		57
GRI 416 Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	None	-
GRI 417 Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	-	None	-
	417-3 Incidents of non-compliance concerning marketing communications	-	None	-

Major topic: Customer Services

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch3 Sustainable Value Chain		57
	103-3 Evaluation of the management approach	Ch3 Sustainable Value Chain		57
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	None	-

Major topic: Information Security

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch 2 Company operations		29
	103-3 Evaluation of the management approach	Ch 2 Company operations		29
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	None	-

Major topic: Supply Chain Management

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch3 Sustainable Value Chain		58
	103-3 Evaluation of the management approach	Ch3 Sustainable Value Chain		58
GRI 204 Procurement Practices 2016	204-1 Proportion of spending on local suppliers	3.3 Responsible Supply Chain		69
GRI 318 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	3.3 Responsible Supply Chain		68
GRI 414 Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	3.3 Responsible Supply Chain		68

Major Topic: Talent Recruitment and Retention

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch5 Happy Workplace		89
	103-3 Evaluation of the management approach	Ch5 Happy Workplace		89
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	5.1 Diverse talent pipeline		93
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Talent attraction and employee care		98
	401-3 Parental leave	5.1 Diverse talent pipeline		88

Major Topic: Occupational Safety and Health

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch5 Happy Workplace		89
	103-3 Evaluation of the management approach	Ch5 Happy Workplace		89
GRI 403 Occupational Safety and Health 2018	403-1 Occupational health and safety management system	5.4 Safety and health at the workplace		100
	403-2 Hazard identification, risk assessment, and incident investigation	5.4 Safety and health at the workplace		101 106
	403-3 Occupational health services	5.4 Safety and health at the workplace		102
	403-4 Worker participation, consultation, and communication on occupational health and safety	4.1 Environmental Safety and Health		76
	403-5 Worker training on occupational health and safety	5.4 Safety and health at the workplace		100
	403-6 Promotion of worker health	5.4 Safety and health at the workplace		102
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Safety and health at the workplace		101
	403-9 Work-related injuries	5.4 Safety and health at the workplace		101
	403-10 Work-related ill health	5.4 Safety and health at the workplace		101

Topic Disclosures: Emissions, Energy Management, Water Management and Waste Management

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Analysis		24
	103-2 The management approach and its components	Ch4 Environmental protection		72, 73
	103-3 Evaluation of the management approach	Ch4 Environmental protection		72, 73
GRI 201 Economic Performance 2016	201-2 Financial implications and other risks and opportunities due	2.6 Climate-Related Actions		49
GRI 302 Energy 2016	302-1 Energy consumption within the organization	4.3 Power and greenhouse gas		78
	302-3 Energy intensity	4.3 Power and greenhouse gas		78
	302-4 Reduction of energy consumption	4.3 Power and greenhouse gas		79
GRI 303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.4 Water resource management		82
	303-2 Management of water discharge-related impacts	4.4 Water resource management		82
	303-3 Water withdrawal	4.4 Water resource management		82
	303-4 Water discharge	4.4 Water resource management		82
	303-5 Water consumption	4.4 Water resource management		82
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.3 Power and greenhouse		81

	gas	
305-2 Energy indirect (Scope 2) GHG emissions	4.3 Power and greenhouse gas	81
305-4 GHG emissions intensity	4.3 Power and greenhouse gas	81
305-5 Reduction of GHG emissions	4.3 Power and greenhouse gas	81
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.5 Waste management	86
306-1 Waste generation and significant waste-related impacts	4.5 Waste management	84
306-2 Management of significant waste-related impacts	4.5 Waste management	84
306-3 Waste generated	4.5 Waste management	84
306-4 Waste diverted from disposal	4.5 Waste management	84
306-5 Waste directed to disposal	4.5 Waste management	84

**GRI 306 Waste
2020**

Sub-topic: Risk Management

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 102 General Disclosures 2016	102-15 Key impacts, risks, and opportunities	2.5 Risk Management		43

Sub-Topic: Raw Materials Management

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 301 Materials 2016	301-1 Materials used by weight or volume	4.2 Raw materials management		77

Sub-Topic: Labor-Management Relation

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 402 Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	-	Not disclosed	-

Sub-topic: Employee Training and Education

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	-	Not disclosed	-
	404-2 Programs for upgrading employee skills and transition	-	Not disclosed	-
	404-3 Percentage of employees receiving regular performance and career development reviews	-	Not disclosed	-

Sub-topic: Human Rights and Equality

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 406 Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	5.1 Diverse talent pipeline and equality		93
		5.3 Human rights and equality		99
GRI 408 Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	5.3 Human rights and equality		99
GRI 409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	None	-
GRI 411 Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	-	None	-
GRI 412 Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	-	Not disclosed	-
	412-2 Employee training on human rights policies or procedures	-	Not disclosed	-
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	Not disclosed	-




Other Topic: Workplace Diversity and Equality

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	5.1 Diverse talent pipeline and equality		90

Other topics: Social Participation

GRI Standards	Disclosed items	Disclosed chapters	Other instructions	Page
GRI 203 Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Ch 6 Social Participation		107

Appendix II Third Party Verification Statement



Independent Assurance Statement

GLORIA MATERIAL TECHNOLOGY CORP's ESG REPORT FOR 2021

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR Group hereby provides a summary of GLORIA MATERIAL TECHNOLOGY CORP's Sustainability Report of 2021 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.



AFNOR Group and GLORIA MATERIAL TECHNOLOGY CORP. (hereinafter referred to as "GMTC") are independent entities. AFNOR ASIA LTD., was commissioned by GMTC to conduct the assessment and assure the Sustainability Report of 2021 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

The Sustainability Report announced by GMTC covers operating performance and activities related to the social, environmental, and economic aspects of the of the head office and its subsidiaries, and all operating sites in Taiwan.

AFNOR Asia is responsible for:

1. Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (v3) based on the AA1000 Accountability Principles (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
2. Evaluating the appropriate option of the Report and its disclosure of materiality topics by GRI Standards.

REFERENCES

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 :


- AA1000 Accountability Principles (2018)
- GRI Standards

METHODOLOGY

- The inclusivity, materiality, responsiveness, and impact in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (v3).
- The contents and the level of disclosure of the Report were in accordance with GRI Standards core option and review the report's general standard disclosure requirements and specific subject disclosures (including management policies and projects) that meet the Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- Through interviews with GMTC's individual responsible personnel, examine and review the documents, materials and information related to the report.
- Interviewed 17 organizational members related to sustainability management and report writing, including representatives of all levels and departments.
- All documents, data and information related to the preparation of this report are reviewed and verified through discussions between the verification team and relevant personnel.
- All the supporting material and evidence which were used for the preparation of the Report were reviewed for adequacy and integrity.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.





CONCLUSION

◆ AA1000 Accountability Principles

Inclusivity

GMTC continues to implement an extensive stakeholder engagement program aimed at identifying and understanding stakeholders' interests and informational needs, which broadly includes issues from all parties. The impartial report sets out the economic, social, and environmental message adequately to support planning and achieving targets. Future reports could be improved by the following recommendations:

- Based on the existing communication channels, develop a more systematic process to accurately identify stakeholders who are closely related to the organization's operations.

Materiality

GMTC has made their sustainability management information public available to enable the stakeholders to assess the management and performance of the company. GMTC also develops and implements a decision-making mechanism to consider all critical issues from different stakeholders. Future reports could be improved by the following recommendations :

- Continued use of risk management mechanisms across departments to reasonably identify sustainability issues that have a significant impact on the organization to the decision-making level.

Responsiveness

GMTC has developed and implemented the responding mechanism for stakeholders' interests to clearly declare the ethical policies and to communicate with interested parties. GMTC has responded the ethical expectations and opinions from the stakeholders. Future reports could be improved by the following recommendations:

- Continue to strengthen the communication mechanism between various departments and stakeholders. In addition to regular disclosure, irregular or more diversified and timely methods can be planned to enhance the transparency of the organization.



Impact

GMTC has developed and implemented processes to understand, measure, evaluate and manage the impact of the organization and to provide the necessary capabilities and resources. GMTC is also committed to a comprehensive and balanced disclosure of the organization's impact measurement and assessment of stakeholders and themselves. Future reports could be improved by the following recommendations:

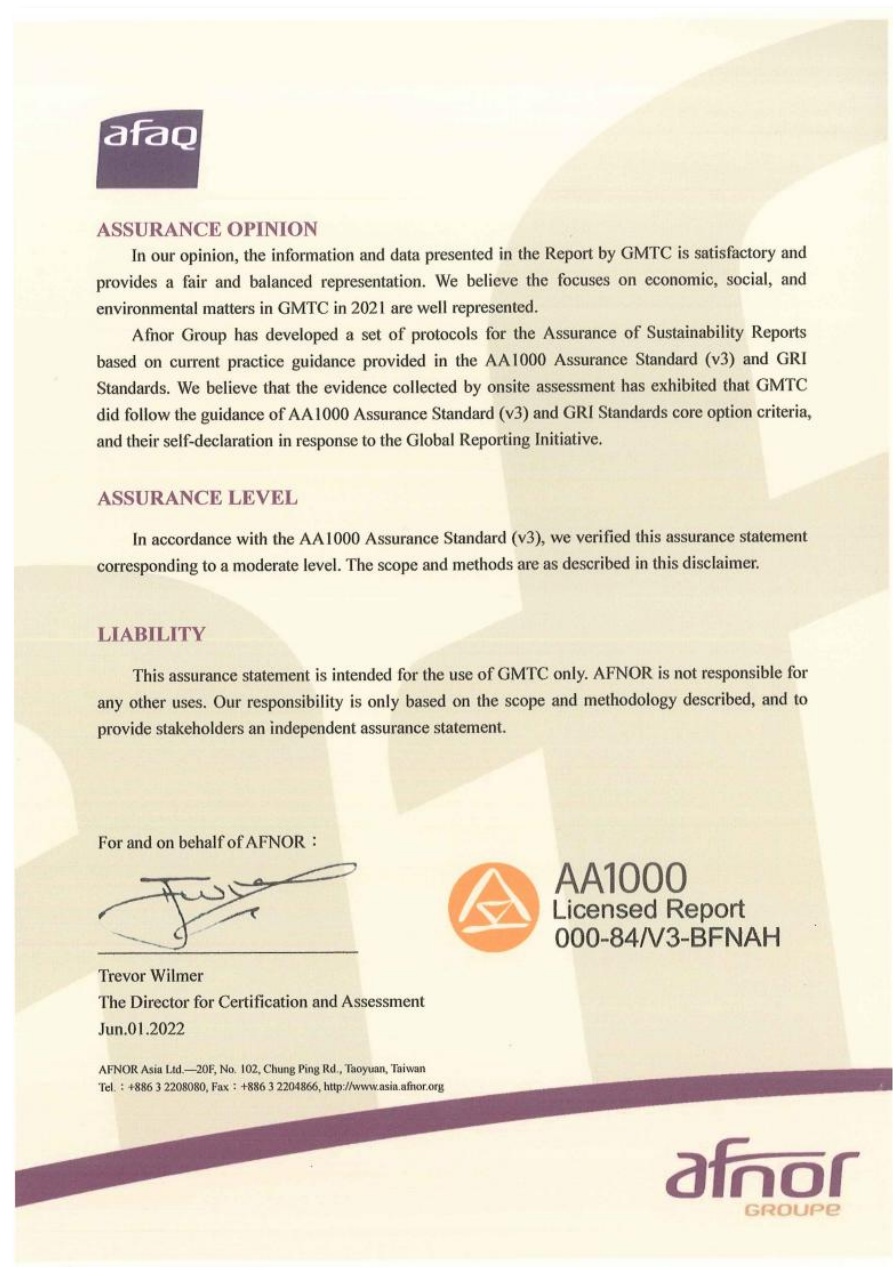
- Continue to invest resources to demonstrate the organization's impactful monitoring, analysis, and management of its operations with environmental management in line with international management trends.

◆ Global Reporting Initiative Sustainability Reporting Standards

GMTC has provided a self-declaration which followed the principles of defining report content and quality of GRI Standards. We confirm the related indicators in reference to GRI Standards (core option) in the report have been compliant with guidelines. Some opportunities for improvement are:

- Extensive and rational identification of stakeholders and issues of concern through a systematic process, and truly respond to expectations and interests.
- Highlight an organization's positive performance on sustainability by citing relevant industry or international tools.







GMTC

Gloria Material Technology Corp.