

Gloria Material Technology Corp.

2022 Sustainability Report





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About this Report

This report is Gloria Material Technology Corp.’s (hereinafter referred to as GMTC, “the Company”) 2022 Sustainability Report (hereinafter referred to as “the Report”). The Report discloses GMTC’s planning and practices related to corporate social responsibility and sustainable development, and the materiality analysis results correspond to major sustainability issues concerned 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 2023. The previous Chinese version has been released in June 2022, while the next version is expected to be released in June 2024. The contents are also disclosed on GMTC’s official website, with multiple channels demonstrating GMTC’s achievements which are related to sustainable development.

Reporting Scope and Boundary

The Report’s information disclosure period is from January 1, 2022 to December 31, 2022, and covers the environmental and social aspects including GMTC’s operating system and activities in Taiwan, including Xinying Plant, Liuying Plant, Forging Plant II, Liuying Plant I, Liuying Plant II, Tong Yah Plant, photovoltaic plant, headquarters. Any differences shall be described in the Report. The economic data and financial information disclosed in the Report are consistent with the data in the 2022 consolidated financial statements audited by the CPA. The scope of the consolidated financial statements covers ❶Gloria Material Technology Corp., ❷its wholly-owned subsidiary, ❸and other subsidiaries where GMTC possesses substantial controlling power.

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 systems IMQ certification accredited by Accredia, ISO 14001, ISO 45001, and CNS 45001 systems of Afnor Asia Ltd., and inventory ISO 14064-1 verification accredited by Taiwan Accreditation Foundation (TAF) in Xinying plant and Liuying plant. In addition, Xinying plant, Liuying plant, and Liuying Global Headquarters passed the ISO 9001 + AS9100D verification of Intertek, 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 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 Dis-



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closures (TCFD), Sustainability Accounting Standards Board (SASB), with active disclosures in accordance with Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies, responding to relevant global issues, and keeping in line with international trends.

A third-party verification company, Afnor Asia Ltd., was entrusted with the verification of the Report in accordance with 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.

Contact Information

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Letter from the Chairman

Both Taiwan Steel Group and GMTC have achieved outstanding performances in 2022. In the rapidly changing environment in recent years, the U.S.-China trade war, Boeing 737 Max groundings, the COVID-19 pandemic, Russia-Ukraine War, and the U.S. interest rate hike have led to an increasingly complicated business environment. However, opportunities remain for the prepared. Since becoming a member of TSG Group in 2018, we uphold the business concept of “Conscientiousness, Professionalism, and Discipline”, emphasized stable operations, and implemented policies such as lean production and change of alloy procurement strategies, strengthening internal management measures, human resources, and organizational structure, in order to actively respond to changes in the external environment by strategy implementation.

In terms of governance, we actively strengthened the functions of the board, the efficiency of decision-making and supervision, and the credibility and professionalism of corporate governance. GMTC achieved exceptional 2022 financial results, with standalone revenue of NT\$11.2 billion and EPS of NT\$4.52, which have hit a new high since the Company’s establishment. In terms of evaluation, the Company was ranked top 5% for corporate governance. Meanwhile, institutional investor ownership increased from 7% to 34%, while the share price was at a 10-year high, reflecting that it is well recognized by financial institutions and investors. In addition, the Company was also included in the constituents of the MSCI Small Cap Index and completed fundraising using convertible bonds of NT\$3 billion, so as to become a major cornerstone for the next growth stage.

In terms of environmental issues, we attach great importance to resource conservation and pollution prevention. We adhere to the spirit of discipline and implement sustainable development in compliance with laws and regulations. We also promote various energy-saving and carbon-reduction plans. On the one hand, we adopted advanced production technology and equipment for energy-saving, and invested in the manufacturing of special steel. The process was improved for better production efficiency, so as to effectively utilize various energy resources such as water, electricity, and natural gas, and recycle scrap steel production to reduce the intensity of carbon emission per unit. We gradually invest in green energy, increase the amount of green electricity consumption, in order to play a good role in the circular economy with an environmentally friendly production process, and achieve a balance between growth and environmental sustainability.



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In terms of social issues, we care about employee rights and benefits. In 2022, in addition to overall salary increase of 5%, the business achievements will be shared with employees and reflected in their salary and bonuses. The average salary of non-managerial officers has increased by more than 33% compared with the previous year, while the number of employees increased by 6% alongside rising business scale. We are also committed to providing a safe and hygienic working environment and talent cultivation, and attach great importance to supplier management and customer relations. We established partnerships with mutual trust and mutual benefit in compliance with business ethics, while we actively participate in public welfare activities and community services, so as to give back to the society and achieve a win-win situation.

The new 50-ton furnace will be completed and put into operation in 2023, while the continuous casting production line will be installed in Xinying plant in the near future, followed by revamping of the breakdown mill plant and starting to assess the installation of press. The Company will also assess the installation of a large forging machine, and continue to strengthen its advantage by investing in R&D, in order to seize market opportunities. Meanwhile, we plan to develop more high-quality products that meet customer needs, expand into the global market, and build global business partnerships. As GMTC celebrates its 30th anniversary in 2023, we express our gratitude to the government, customers, suppliers, contractors, banks, local communities, employees, and all related parties for their support and mutual growth. After the Company bears fruit, it attaches great importance to joint development in the next 30 years. Upholding the concept of “Diligence, Professionalism, and Discipline”, we expanded from domestic to international, achieving corporate sustainability and shared value. We hope to achieve mutual growth with your joint support.

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Governance Issues (including economic factors)

- Ranked top 5% in the 9th term Evaluation of the Effectiveness of Corporate Governance
- Standalone revenue of NT\$11.2 billion and EPS of NT\$4.52 both hit record highs
- Financing by NT\$3 billion convertible corporate bonds to increase domestic investment
- Obtained JIS Mark certification for 304/316 stainless steel products in Japan, tapping into new markets

Environmental Issues

- Recycled scrap accounted for 91% of raw materials
- Waste recycling reached 90%, which grew by 15% as compared to the previous year
- Annual greenhouse gas emission intensity of key manufacturing processes decreased by 1.44% compared to the previous year
- Water consumption intensity of key manufacturing processes dropped by 1.45% compared to the previous year, and declined by 20% compared to the base period

Social Issues

- The average salary review for non-managerial personnel was NT\$991,000 in 2022, which grew by 33% compared to that in 2021
- There were no labor disputes
- Disabling Severity Rate (SR) declined by 32% as compared to the previous year
- There were no material occupational accidents





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1.1 Corporate Philosophy and Sustainability Vision

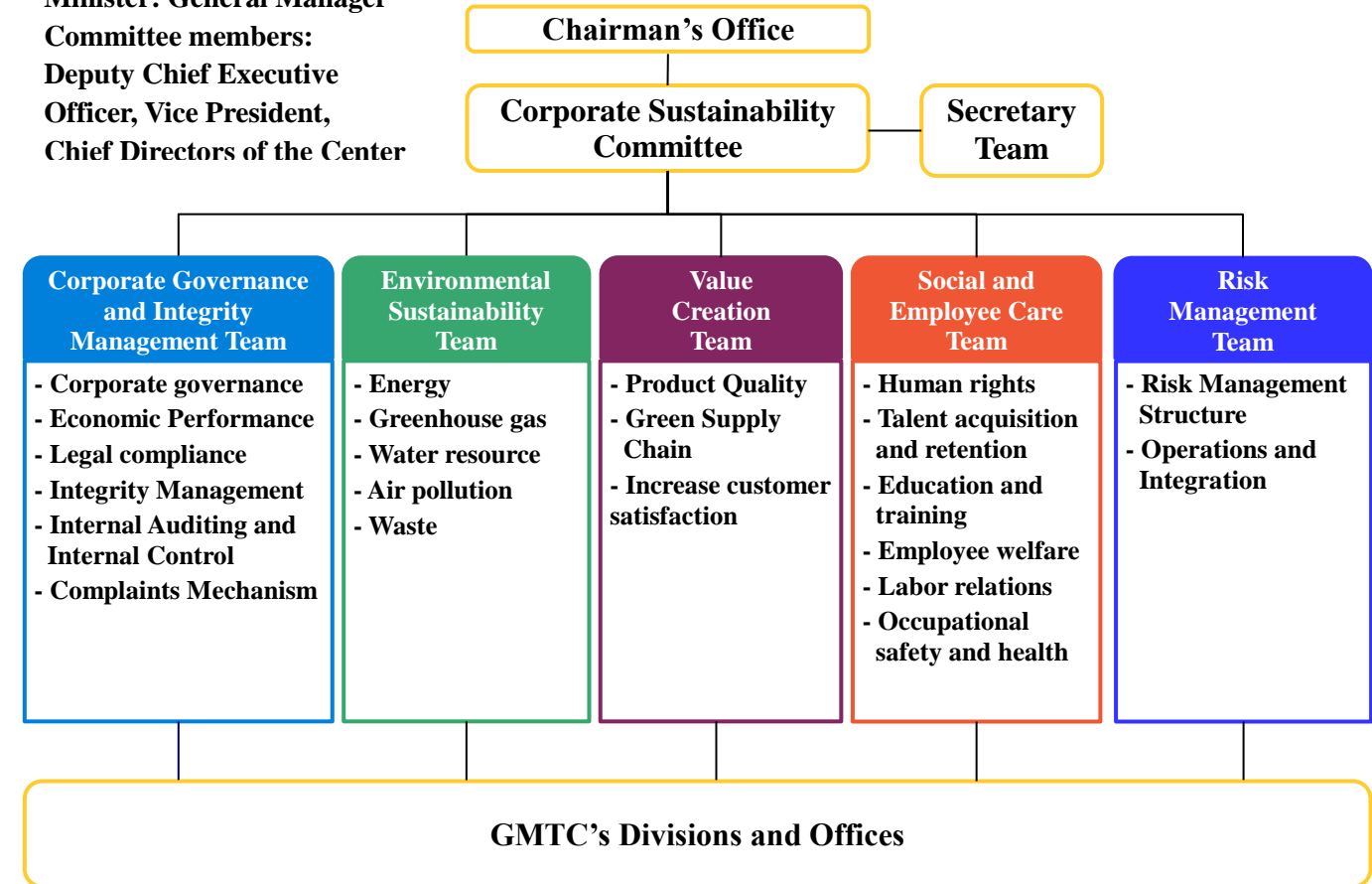
Corporate Sustainability Committee

GMTC established the “Corporate Sustainability Management Committee” on December 16, 2020. The Chairman is the advisory member of the Committee, and the committee meeting shall be chaired by General Manager, while the center supervisors shall review the resolutions of the committee meeting. The Board of Directors authorized the Corporate Sustainability Management Committee to concurrently promote sustainability in accordance with GMTC’s Sustainable Development Best Practice Principles. It authorized the chair of the committee to handle economic, environmental and social issues generated by business activities, as well as to be responsible for the formulation and implementation of sustainable development policies, systems and related management policies and promotion plans, which shall then be reported to the Board of Directors.


The committee members include the Deputy Chief Executive Officer, Vice President, and Chief Directors of the Center. The teams on Corporate Governance and Integrity Management, Corporate Sustainability, Value Creation, Social and Employee Care, and Risk Management have been set up under the Corporate Sustainability Management Committee. In addition, relevant unit supervisors were assigned as team conveners to be responsible for formulating promotional strategies and objectives, and then conducting performance evaluations and reviews according to the competent authority. GMTC also appointed an executive secretary to assist committee members in planning and implementing sustainable development policies.

In order to integrate resources and implement corporate sustainable development policies, GMTC’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 ESG policies.

Advisor: Chairman
Minister: General Manager
Committee members:
Deputy Chief Executive Officer, Vice President, Chief Directors of the Center



GMTC's sustainable development results and promotion plans

| Committee Team | Sustainable Development Goals | 2022 Goals | 2022 Achievements | 2023 Goals | 2023 Execution Plans | SDGs | Corresponding Chapter |
|--|---|---|---|---|---|--|---|
| 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 | Ranked top 5% among the listed companies in the 9th term Evaluation of the Effectiveness of Corporate Governance | Deepen the corporate culture related to sustainable governance | Continuously review corporate governance evaluation indicators to improve the effectiveness of evaluation |  16.6 Establish an efficient system to ensure accountability and transparency 16.7 Inclusive and representative decision-making | Letter from the Chairman 1.1 Corporate Philosophy and Vision 2.3 Corporate Governance Structure 2.4 Integrity Management |
| | | Strengthen board functions | 1.All the directors meet the training hours set out in applicable requirements. 2.On October 27, 2022, the Corporate Governance Association was commissioned to evaluate board performance, and submit a report to the directors for reference | Strengthen board functions | 1.Plan for director training courses 2.Functional committee performance evaluation | | |
| | | Strengthen communications with stakeholders | 1.After approval by the Board of Directors, the financial statements were published before the end of February. The meeting date of the Board of Directors was February 24, 2022. 2.The shareholders' meeting was held before the end of May. The date of the meeting was May 26, 2022 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 5.3 investor conference sessions were held in 2022. | 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.The English versions of the Annual Report, Meeting Handbook, and annual and interim financial statements are all available 4.Hold at least two investor conferences every year. | | |
| | | Update the Company website to improve information transparency. | 1.The financial statements, sustainability reports and other relevant information are updated on the Company's website 2.The English version of the sustainability report shall be uploaded, and obtain third-party verification | Update the Company website to improve information transparency. | Update the Company website on a regular basis | | |





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|---------------------|---|--|--|---|---|--|--|
| Value Creation Team | Establish Green Sustainable Supply Chain | Domestic carbon steel and stainless steel scrap suppliers are not allowed to directly cause contamination with scrap steel and damage soil | In 2022, the storage areas of 36 domestic carbon steel and stainless steel scrap suppliers all meet the specifications, with an overall qualification rate of 100% | Domestic carbon steel and stainless steel scrap 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 in direct contact with the ground |  | 3.1 Marketing and Customer Service 3.2 Quality management 3.3 Responsible Supply Chain |
| | | The recycling rate for H13 steel scrap melted by an electric furnace of 35 tons is more than 80% | 1.Actual recycling rate for H13 alloy steel scrap was 78% in 2022. 2. Addition of 5 new H13 suppliers in 2022 | The total recycling rate for H13 steel scrap melted by an electric furnace of 35 tons is 95%. | 1.Continuously develop new suppliers 2.Strengthen relationships with suppliers 3.Hold a weekly purchasing meeting for scrap steel stocking and an inventory check | 9.b Encourage innovation to create a better environment, support diversified industrial development, and add product value | |
| | Increase in Quality Management Systems Certifications | Certified by the BIS for supplying tool steel / High speed steel | The BIS application has been submitted for review, waiting for review notification | 1.Certified by the BIS for supplying tool steel/high-speed steel 2.Passed the NADCA Grade C certification for high-quality hot work tool steel. 3.IATF 16949 Automotive Quality Management System Certification | |  | |
| | | Passed the NADCA certification for high-end hot work tool steel. | Grade C has submitted an application, waiting for notification of the strip test | *North American Die Casting Association (NADCA) certification | | | |
| | Increase material services and added value | Developed high-end hot work steel to be used in the die casting industry | Conduct market surveys in cooperation with the Japanese company, and development of high-quality hot work steels with high market demand | 1.Developed high-quality hot work steel to be used in the die casting industry 2.Development of mirror mold steel | | | |
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| | | Establishment of a continuous casting process | 1.Setting and testing steel grades 2.Conduct cold tests starting from Q4 of 2023 | Development of 50-ton furnace steelmaking process, determine the steel grades for testing, while cold testing is scheduled at Q2-Q4 | | | |
| | Marketing and Product Development | Expanded tool steel orders | Achievement Rate of 75.5% | Develop a cluster management project Expanded tool steel orders to 36,000 tons per year Expanded functional stainless steel orders to 31,000 tons per year | | | |
| | | Expanded functional stainless steel orders | Achievement Rate of 124.6% | | | | |
| Environmental Sustainability Team | Energy Management | Cooperate with government policies to save 1% of electricity per year | Xinying plant 0.26% Liuying plant 2.72% | Cooperate with government policies to save 1% of electricity per year | Promote annual energy-saving measures |  6.4 Increase water-use efficiency | 2.6 Climate-related Information |
| | | Annual greenhouse gas emission intensity per unit of product decreased by 1% | 1.Annual greenhouse gas emission intensity of the key manufacturing processes decreased by 1.44% 2.Completed the renovation of the walking beam furnace in April 2022 3.Addition of 1,470kW solar power generation device (394kW capacity already completed) | Annual greenhouse gas emission intensity per unit of product decreased by 1% | 1.Build rooftop solar power generation devices 2.Reduce carbon emissions per unit by simplifying the thermal processes | |  4.3 Energy Management 4.4 Greenhouse gas management |
| | <u>Water management</u> | | | | | 7.2 & 7.a Increase the share of renewable energy and invest in clean energy | 4.5 Water resource management |
| | Water productivity intensity fell by 10% (base year: 2014) | Water productivity intensity fell by 5% (base year: 2014) | Water consumption intensity of key manufacturing processes dropped by 1.45% compared to the previous year, and declined by 20% compared to 2014 | Water productivity intensity fell by 5% (base year: 2014) | 1. Continuous Monitoring by the Energy Platform on Anomalies in Water Consumption 2. Set up new water treatment facilities, wastewater recycling and reuse | | 4.6 Waste management |



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| | <u>Waste management</u> Ongoing waste reduction | Increase waste bricks recycling rate by 1% | 1.The recycling rate of waste bricks was 83%, which increased by 102% compared with 41% in 2021 2.Percentage of waste bricks recycling rate was 90%. | Increase waste bricks recycling rate by 1% | Continue to promote the use of waste bricks as resources in the recycling plants |  12.2 Sustainable management and efficient use of natural resources 12.4 & 12.5 Proper waste management | |
| | <u>Climate Risk</u> | Improve climate and disaster resilience. | There were no disaster losses in 2022 | Improve climate and disaster resilience. | 1.Establish an emergency preparedness team to enable prompt disaster response and reduce disaster losses. 2. Hold emergency preparedness meetings before the rainy season and typhoons. 3.Periodic inspection of drainage and water pumping systems. 4. Set up an emergency power supply system and water storage tank for backup. 5.Periodic ditch dredging. |  13.1 & 13.2 & 13.3 Adaptability to Climate Change & Incorporating Responsive Measures in the Policies & Improving Employee Awareness and Relevant Education | |

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|-------------------------------|---|--|--|--|---|--|--|
| Social and Employee Care Team | <u>Human rights</u> Adhere to international human rights standards | Comply with the international human rights standards. | Comply with the international human rights standards. | Comply with the international human rights standards. | Human rights education and training and disclosure of relevant documents |  3.7 Improvement of maternal health care system 3.8 Healthcare provision | 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 |
| | <u>Talent acquisition and retention</u> 1.Competitive pay 2.Industry-academia collaboration | Achieve better performance compared to FSC's standards | 1.Achieve better performance compared to FSC's standards 2.Overall salary raise of 5% 3.Establish a flexible pay system 3.Collaboration with the Industrial Development Bureau and National University of Kaohsiung on the Smart Metal Talent Cultivation Platform. 4.Adjustment of the promotion system for non-managerial positions 5.Participate in the Flagship Youth Employment Program of the Ministry of Labor | Achieve better performance compared to FSC's standards (NT\$500,000) | 1.Improvement measures for recruitment of talents and talent retention of non-managerial positions. 2.Improve the promotion system for non-managerial employees. |  4.3 Provide high-quality educational opportunities and achieve gender equality in education 4.5 Eliminating gender gaps in education and assisting disadvantaged groups to promote equal educational opportunity | |
| | <u>Education and training</u> Give full play to talents with the concept of having the right person in the right job | 100% of the courses were successfully conducted | 100% of the courses were successfully conducted | 1.100% of the internal courses were successfully conducted 2 Improve management functions | Core technology, professional technology and license courses | | |



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| | <u>Employee welfare</u> Diversified benefits | Provide diversified benefits. | 1. Recommendation of senior employees in Q2 of 2022 2. Organized social clubs and trainings with a total of 111 participants, and held 37 public activities 3. Replace the original uniforms with new ones with cooling perspire moisture absorption and solve the problem of clothing ventilation 4. Raise employee meal allowance from NT\$60 to NT\$80 5. Increase bonuses and allowances for migrant workers | Provide diversified benefits. | 1. Promote employee travel (foreign and domestic travel) 2. Encourage employees to participate in clubs and activities |  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 | |
| | <u>Labor relations</u> Achieve shared prosperity and harmony | There were no labor disputes. | There were no labor disputes. | There were no labor disputes. | Ensure smooth communication channels between labor and management. | 8.5 Equal pay for equal work 8.7 Prohibit Child Labor 8.8 Safe and healthy workplace | |
| | <u>Environmental safety</u> 1.Disabling Frequency Rate FR=0 2.Disabling Severity Rate SR=0 | FR≤3.34 SR≤30 | FR: 3.21, SR: 28. | FR≤3.34 SR≤30 | 1.Introduce a penalty system for occupational safety violations. 2.Maintain the effectiveness of the management system 3.Implement an independent inspection system 4.Improve the on-site environment 5.Improve on-site education and training 6.Due diligence investigation and punishments. |  10.3 Respect for human rights | |



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| 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.The 2023 risk assessment has been conducted on September 6, 2022, and the assessment results were submitted to the Board of Directors on October 27, 2022 2.Reporting rate of 100% from the major risk items 3.Submit climate change-related transition risk impact assessment from the legal aspect | Target reporting rate of 100% from the monitoring of major risk items. | 1.Conduct risk assessment and submit risk assessment results to the Board of Directors 2.Target control of major risk items and submit mid-year risk reports to the Corporate Sustainability Committee | | 2.5 Operating risk |

1.2 Materiality Analysis

In accordance with GRI Universal Standards 2021, GMTC has adjusted its materiality identification methodology, in order to assess the impact significance of sustainable issues on the economy, environment, and human rights. The “degree of impact” assesses the materiality of the issue, and is used as a basis for information disclosure in this report and sustainable development strategy planning.

Identification of major issues

| 01 Identification | | 02 Impact assessment | |
|--|--|--|--|
| <p><u>Stakeholder Identification</u></p> <p>In accordance with the five principles of AA1000 SES Stakeholder Engagement Standard (dependency, responsibility, influence, multiple perspectives, and tension), it was decided that the 8 major types of stakeholders include <u>employees, customers, investors, suppliers, contractors, local communities, social groups, and governmental institutions</u>. The questionnaires are sent to each department for materiality analysis according to their duties, and the survey results to received are used to measure the weights per stakeholder, which will serve as the standard for the quantification of stakeholder concerns.</p> <p><u>8 Major Types of Stakeholders</u></p> | <p><u>Identify Sustainability Issues</u></p> <p>A summary of economic, social and environmental issues based on the GRI guidelines, UN Sustainable Development Goals (SDGs), Sustainability Accounting Standards Board (SASB) standards and concerned issues in the steel industry. A total of 28 sustainability issues have been compiled according to 3 aspects including the economy, society and environment.</p> <p><u>28 Sustainability Issues</u></p> | <p><u>Investigations on Stakeholder’s Attention</u></p> <p>At this stage, questionnaires were send out for investigation of the degree of external stakeholder concern on various issues, including employees (71 copies), customers (6 copies), investment and financing (24 copies), suppliers (16 copies), contractors (11 copies) , local communities (9 copies), social groups (1 copy), governmental institutions (2 copies). The statistical results are incorporated in impact identification and assessment.</p> <p><u>140 questionnaires on external customers</u></p> | <p><u>Impact Identification and Assessment</u></p> <p>Questionnaire survey was conducted on the senior managers to assess the impact of various issues on the Company's operations (received 13 copies). The materiality assessment of negative impact is based on its severity and probability of occurrence, whereas the materiality assessment of positive impact is based on the scale, scope, and likelihood of the impact.</p> <p><u>13 questionnaires on the internal employees</u></p> |

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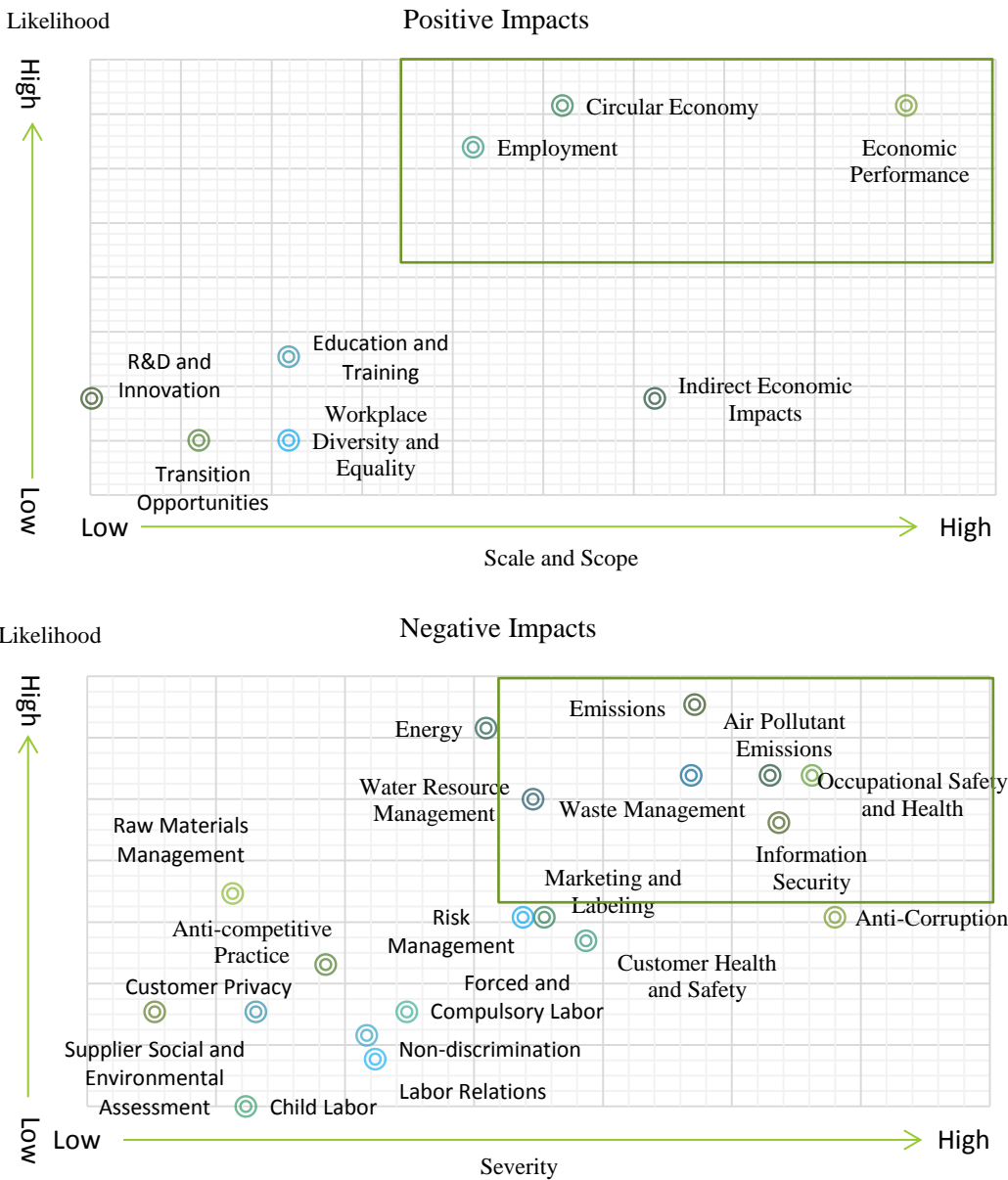
03 Materiality Analysis

GMTC identifies the positive and negative impacts of organizational activities and business relationships on the economy, environment and the public, including the impact on human rights. In addition, for 28 related topics, GMTC's department chiefs conduct impact assessments by taking into account stakeholders' concerned issues as adjustment items, followed by impact analysis by the Corporate Sustainability Committee.

Materiality assessment of negative impact is based on its severity and probability of occurrence, whereas the materiality assessment of positive impact is based on the scale, scope, and likelihood of the impact. The materiality of a negative impact is defined as the severity and probability of occurrence exceeding the average, while the energy issues are incorporated to correspond to SASB indicators and legal requirements. The materiality of a positive impact is defined as the scale, scope, and likelihood of the impact exceeding the average. GMTC's ESG major issues and ranking are listed below. Compared with 2021, we added major issues including discharge, air pollutant emissions, water resource management, waste management, energy, and circular economy, whereas integrity management, product quality, supply chain management and customer services are excluded.

| Negative impact | |
|----------------------|--------------------------------|
| Facet | ESG issues |
| Economic risks | Information security |
| | Emissions |
| Environmental Issues | Air pollutant emissions |
| | Water resource management |
| | Waste management |
| | Energy |
| Social Issues | Occupational safety and health |

| Positive impact | |
|----------------------|----------------------|
| Facet | ESG issues |
| Economic risks | Economic Performance |
| Environmental Issues | Circular Economy |
| Social Issues | Employment |





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04 Verification of Major Issues

According to the analysis results, the Corporate Sustainability Committee first disclose 10 major sustainability issues, boundaries, which are compared with the GRI guidelines, and the results are submitted to the Board of Directors for verification. Subsequently, the Report presents the impacts and management policy of various issues, as well as GMTC's strategies, which enable the stakeholders to evaluate the organizational performance during the reporting period.

The material topics and their boundaries

| Topic | Impact | Report chapter | Involvement and scope of impact | | | | | | | GRI Standards |
|----------------------|---|--|---------------------------------|----------|-------------------------|-------------|-----------------|--------------------------|---------------|------------------------------|
| | | | Employee | Customer | Supplier and contractor | Shareholder | Local community | Governmental institution | Social groups | |
| Economic Performance | Continuously improve operational efficiency and competitiveness, strengthen corporate governance, so as to achieve excellent market performance and create substantial economic value. Stakeholder returns are generated through direct economic value, distribution of economic value and allocation of pension funds, with positive contributions to the economy. | 2.2 Financial Performance Appendix I GRI Index Comparison Table | • | • | • | • | | • | | GRI 201 Economic Performance |
| Circular Economy | Steel is the most commonly used metal material due to its characteristics of reusability and repetitive manufacturing, with the highest recycling rate. Since GMTC is an electric furnace steelmaker, with raw materials including commercially available scrap steel, foundry returns and alloy steel. With the input of raw materials, a large amount of iron and steel scrap can be manufactured into high value-added special steel through the smelting process in the product supply chain, and thus has become a critical part of the circular economy by making positive economic contributions. This steel production method can reduce the iron ore and coal mining, with only 25% carbon emissions of blast furnace steelmaking, which can mitigate environmental impacts. | 3.4 Responsible Supply Chain 3.3 Use of Raw Materials | | | • | | | | | Customized Issue |



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| Topic | Impact | Report chapter | Involvement and scope of impact | | | | | | | GRI Standards |
|--------------------------------|--|---|---------------------------------|----------|-------------------------|-------------|-----------------|--------------------------|---------------|--|
| | | | Employee | Customer | Supplier and contractor | Shareholder | Local community | Governmental institution | Social groups | |
| Information security | The information security management measures can reduce the severity and probability of operational, economic, and human risks (including human rights), so that the Company can achieve stable relationships built on mutual trust with stakeholders. | 2.7 Information security | ● | ● | ○ | | | ● | | Customized Issue |
| Employment | By providing comprehensive salary, promotion and employee welfare systems, GMTC protects employee rights and interests in accordance with relevant laws and regulations, and fosters a good working environment, so that employees can give full play to their strengths and achieve mutual growth. GMTC also provides local employment opportunities and contributes to economic growth. | 5.1 Diverse talent pipeline and equality 5.2 Talent attraction and employee care | ● | | | | ○ | ● | | GRI 401 Employment |
| Occupational safety and health | GMTC is committed to providing a friendly working environment, and mitigating the occurrence of potentially dangerous situations by implementing hazard identification and risk assessment. We also actively promote a series of health check-ups and health activities to provide care for the physical and mental health of employees, and develop products with the best quality for customers in a safe and healthy working environment. | 5.4 Safety and Health at the Workplace | ● | | ○ | | | ● | ○ | GRI 403 Occupational safety and health |
| Energy | GMTC's operations in Taiwan mainly focus on the manufacturing of special steel, which may lead to negative impacts on the environment and relevant stakeholders. The Company strictly abides by environmental laws and regulations in the implementation of corporate social responsibility. | 4.2 Energy Management | | | | | ● | ● | ○ | GRI 302 Energy |
| Emissions | | 4.3 Greenhouse gas management | | | | ● | | ● | | GRI 305 Emissions |



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| Topic | Impact | Report chapter | Involvement and scope of impact | | | | | | | GRI Standards |
|---------------------------|---|-------------------------------|---------------------------------|----------|-------------------------|-------------|-----------------|--------------------------|---------------|-----------------------------|
| | | | Employee | Customer | Supplier and contractor | Shareholder | Local community | Governmental institution | Social groups | |
| Air Pollutant Control | bility, and established a sound management system, seeking energy-saving opportunities. In addition, we also continue to invest in environmental protection and minimize potential impacts. | 4.5 Waste management | ● | | | | ● | ● | | GRI 306 Waste |
| Waste management | | | | | | | ● | ● | | |
| Water resource management | | 4.4 Water resource management | | | | | ● | ● | | GRI 303 Water and effluents |

● Direct impact; ○ Indirect impact; ▲ Impacts directly linked to business relationships



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1.3 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 in implementing corporate sustainability.

Stakeholder Concerned Issues and Communication Channels

| Stakeholder | Significance | Concerned topics | Communication method and frequency | Communicating Instructions and Responses | Reference Chapter |
|---------------------------------|--|---|---|--|---|
| Investment and Financing | 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 | <ul style="list-style-type: none"> - Economic Performance - Risk management - Integrity Management | 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) ESG 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's business and various operating conditions. In 2022, the English version interim financial report was newly published, so the English versions of the Annual Report, Meeting Handbook, and annual/interim financial statements will all be available. 2.The investor conferences enable investors to understand the Company’s operating status. In 2022, we participated in 3 sessions of investor conferences, and 22 welcoming activities for domestic and foreign corporate entities. 3.Contact window to directly respond to shareholder opinions. | 2.2 Financial Performance 2.3 Corporate Governance Structure 2.4 Integrity Management 2.5 Risk Management |
| Employee | GMTC values employees as its important asset and important cooperative partners for realizing corporate sustainability. Providing friend- | <ul style="list-style-type: none"> - Economic Performance - Talent recruitment and retention - Labor relations - Employee training and education - Human rights and equality | Internal system and announcements (timely) Labor-management meeting (quarterly) Employee Welfare Committee (quarterly) Implementation Status of the Environmental Protection and Occupational Safety and Health Committee (quarterly) Education and training courses (on an irregular basis) Employee complaints channel (timely) ESG Questionnaire (annually) | 1.The Company timely communicates with employees via its internal network, and has set up an employee complaint channel to improve two-way communication and achieve mutual growth. 2.Conduct quarterly meetings of the Occupational Safety and Health/ Environmental Management Committee to advocate relevant laws and occupational disaster incidents, discuss opinions and reviews on safety, health and environmental protection, and organize safety and health education and training | 2.2 Financial Performance 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 |



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| Stakeholder | Significance | Concerned topics | Communication method and frequency | Communicating Instructions and Responses | Reference Chapter |
|-----------------|---|---|--|--|---|
| | ly, diversified, equal opportunities and healthy working environment, with training plans to strengthen the competitiveness of GMTC's employees. | | | courses and fire drills. 3.Better salary and employee welfare. In 2022, the average annual salary for non-managerial positions increased by 33% compared with 2021. | |
| Customer | The trust and support of customers are the main drivers for improving product quality and technology, and will continue to boost revenue growth. | <ul style="list-style-type: none"> - Economic Performance - Product Quality - Occupational safety and health | 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) ESG Questionnaire (annually) | 1.Timely respond to customer needs and opinions, and conduct customer satisfaction surveys on an annual basis, with reviews and improvements to achieve a win-win situation. In 2022, the average customer satisfaction was 4.2 points. (Out of 5). 2.The Company is committed to improving product quality and manufacturing technology to meet customer needs. In 2022, it obtained the JIS Mark G4303 certification amid the renewal of BIS stainless steel product certification. | 2.2 Financial Performance 3.1 Marketing and Customer Service 3.2 Quality management 5.4 Safety and Health at the Workplace |
| Supplier | GMTC's suppliers play a key role in providing high-quality products, while the Company hopes to build sustainable partnerships with its suppliers, in order to jointly implement corporate social responsibility and create value for | <ul style="list-style-type: none"> - Integrity Management - Product Quality - Economic Performance | Supplier Evaluation (annually) Telephone, email, fax (on an irregular basis) Commitment to social responsibility matters (on an irregular basis) ESG Questionnaire (annually) | 1 Require new suppliers to commit to social responsibility matters. 2.Perform supplier evaluation every year and develop long-term cooperative relationships with qualified suppliers. 3.The Company guided domestic waste steel manufacturers in making improvements in storage areas and reducing the environmental impact. In 2022, 100% of the storage areas of 36 carbon steel scrap and stainless steel scrap suppliers met specifications. | 2.2 Financial Performance 2.4 Integrity Management 3.2 Quality management 3.4 Responsible Supply Chain |



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| Stakeholder | Significance | Concerned topics | Communication method and frequency | Communicating Instructions and Responses | Reference Chapter |
|---------------------------------|---|--|---|--|--|
| | its customers. | | | | |
| Contractor | GMTC prioritizes the appointment of local contractors, and dedicated efforts to localization. We also require the contractors to follow internal regulations, so as to ensure a safe workplace for contractors. | <ul style="list-style-type: none"> - Integrity Management - Product Quality - Economic Performance | Telephone, email, fax (on an irregular basis) In-plant education and training for contractors (on an irregular basis) Entrusted company's commitment to social responsibility matters (on an irregular basis) ESG Questionnaire (annually) | 1.Require the entrusted company to commit to social responsibility matters. 2.Advocacy and audits were performed when contractors enter the factory, so as to ensure the safety of operations. In 2022, we conducted cooperative factory training, with a total of 173 sessions and 635 trainees. | 5.4 Safety and Health at the Workplace |
| Governmental institution | The Company adheres to relevant regulations and laws of governmental institutions, and actively corresponds to the implementation of policies. We dedicated efforts to cooperate with the government, in order to gain its trust and support via transparent and two-way communication. | <ul style="list-style-type: none"> - Economic Performance - Integrity Management - Risk management - Information security - Climate-Related Actions - Occupational safety and health | 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) ESG Questionnaire (annually) | 1.We actively provide feedback and perform audits on a regular and irregular basis in cooperation with government institutions, and comply with various laws and regulations. 2.Ranked top 5% among the listed companies in the 9th term Evaluation of the Effectiveness of Corporate Governance | 2.2 Financial Performance 2.3 Corporate Governance Structure 2.4 Integrity Management 2.5 Risk Management 2.6 Climate-related Information 2.7 Information security 4. Environmental protection 5.4 Safety and Health at the Workplace |



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| Stakeholder | Significance | Concerned topics | Communication method and frequency | Communicating Instructions and Responses | Reference Chapter |
|------------------------|---|--|--|--|--|
| Local community | GMTC's operations are closely linked to neighboring communities and industrial areas, maintaining interactive relationships, in order to help promote mutual growth in the community. | <ul style="list-style-type: none"> - Occupational safety and health - Waste management - Social Engagement | The Board of Directors and Supervisors Meeting of the Industrial Area Manufacturers Association (quarterly) Exchange activities between industrial area manufacturers (quarterly) ESG Questionnaire (annually) | 1. Actively participate in discussions in the meeting and related activities 2. Participate in feedback and connections to the community | 4. Environmental protection 6. Social Engagement |
| Social groups | In promoting sustainability issues, communication and clarification through public-interest organizations are required to conduct more effective and reliable actions. | <ul style="list-style-type: none"> - Integrity Management - Product Quality - R&D and innovation - Climate-Related Actions - Air pollutant management - Occupational safety and health | 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 industry overview by participating in conferences and meetings with various associations as reference for internal discussion and planning | 2.4 Integrity Management 2.6 Climate-related Information 3.1 Marketing and Customer Service 3.2 Quality management 4. Environmental protection 5.4 Safety and Health at the Workplace |



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| Major Issues and Management Principles - Economic Performance | |
|---|--|
| Impact | Continuously improve operational efficiency and competitiveness, strengthen corporate governance, so as to achieve excellent market performance and create substantial economic value. Stakeholder returns are generated through direct economic value, distribution of economic value and allocation of pension funds, with positive contributions to the economy |
| Policy /Commitment | 1. Actively expand into new foreign markets and develop new customer relationships 2. Continue to improve technical capabilities and management efficiency, reduce production costs, work closely with production, sales and purchase departments to enhance market competitiveness |
| Goals | Stable growth and profit |
| Action plans | 1. The Company's senior management regularly discuss the operating status for relevant decision-making 2. Strengthen the link between the reward system and employee performance 3. Gradually implement TCFD |
| Evaluation system | 1. 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 2. Continue to 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 |
| 2022 Evaluation results | 1. Consolidated operating revenue of NT\$12.365 billion, which grew by 41% compared to that in 2021 2. EPS of NT\$4.52, which increased by 165% compared to that in 2021 3. Ranked top 5% in the 9th term Evaluation of the Effectiveness of Corporate Governance |

| Major Issues and Management Principles - Information Security | |
|---|--|
| Impact | The information security management measures can reduce the severity and probability of operational, economic, and human risks (including human rights), so that the Company can achieve stable relationships built on mutual trust with stakeholders |
| Policy / Commitment | Policy: (I) Regulations: The Company established the information security management system to regulate the operations and behaviors of employees (II) Technological application: 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 of information security Commitment: Uninterrupted services, no data loss, and corporate sustainability |
| Goals | Short term (2023) 1. To comply with FSC requirements, and appoint a dedicated information security supervisor and at least one information security personnel 2. Regularly implement information security education and training to raise employee awareness 3. Firewall firmware upgrades 4. Wi-Fi device upgrades Long-term: Evaluate/introduce regulations related to the ISO 27001 system and obtain certification |
| Action plans | 1. Introduce proper protection mechanisms and monitoring software, and conduct penetration testing on an irregular basis to protect data from unauthorized access 2. Improve worker safety awareness: Conduct information safety education and training courses 3. Strengthen information security through government tech projects |
| Evaluation system | 1. Conduct information safety education and training courses 2. Conduct internal auditing 3. Conduct outsourced information audit and improvement |
| 2022 Evaluation results | 1. In May 2022, the user received a complaint letter, and immediately notified the IT unit. After analysis, an information security report was announced to all units in the Company. 2. In June 2022, the user received a complaint letter, and immediately notified the IT unit. After analysis, an information security report was announced to all units in the Company. 3. Complete systems establishment. The information security awareness education and training courses were conducted on an irregular basis in the past, but have now switched to 3-hour courses conducted on an annual basis 4. There were no material information security incidents |

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2.1 Company Profile



Gloria Material Technology Corp. was merged under the TSG Group in 2018, and its main special steel 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. The Company 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. We uphold the business philosophy of “Diligent, Professionalism, and Discipline”, pursue technology excellence, and in response to market demands, we provide excellent products and services to meet customer needs, with investments to support the customers’ business growth.

| | |
|---------------------------|--|
| Company name | Gloria Material Technology Corp. |
| Stock Code | 5009 |
| Industry | Steel industry |
| Date of Establishment | April 1993 |
| Capital | NT\$4.567 billion |
| Chairman | Chiung-Fen Wang |
| General Manager | Yung-Chang Kang |
| Main products | Special steel |
| GMTC output | 93,115 mt |
| Consolidated revenue | NT\$12.365 billion |
| Subsidiary | Golden Win Steel Industrial Corp. (Taiwan) Goldway Special Metal Corp., Xiang Yang Metal Co., Ltd. (China) Golden Win Steel Industrial Corp. (Vietnam) Alloy Tool Steel, Inc. (USA) Gloria Material Technology Japan Co., Ltd. (Japan) |
| Markets served | By industry: Aerospace (17%), Energy (6%), Oil and gas (11%), Machinery & mold & people’s livelihood (60%), Others (6%) By region: The Americas (36%), Europe (17%), Asia (24%), Taiwan (21%), and others (2%) |
| Country of operating base | Taiwan, China, Vietnam, USA, Japan |
| Number of employees | 957 |
| Headquarter | No. 10, Gong 2nd Rd., Liuying Dist., Tainan City, Taiwan (R.O.C.) |



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2.2 Financial Performance

The consolidated sales were NT\$12,365,317 thousand in 2022, which grew by 40.98% compared with 2021, while the gross profit, operating profit and pre-tax profit were also better than that in 2021. The net profit was NT\$2,098,015 thousand in 2022, which grew by 150.57% compared with that in 2021. 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 2022, GMTC's distribute cash dividend was NT\$2.5 per share. No shareholding from government units in 2022.

▼ GMTC's consolidated business status in the past three years (unit: NT\$ thousand)

| Item | 2020 | 2021 | 2022 |
|-------------------|-----------|-----------|------------|
| Operating revenue | 7,640,497 | 8,770,944 | 12,365,317 |
| Gross margin | 1,090,729 | 2,338,770 | 3,955,630 |
| Operating profit | 130,964 | 1,074,052 | 2,414,961 |
| Pre-tax profit | 276,249 | 1,018,195 | 2,592,521 |
| Net profit | 257,911 | 837,300 | 2,098,015 |

▼ Dividend distribution in the past three years

| Year | Earnings per share | Cash dividends | Stock Dividends Appropriated from Retained Earnings | Total |
|------|--------------------|----------------|---|-------|
| 2020 | 0.50 | 0.40 | 0 | 0.40 |
| 2021 | 1.70 | 1.40 | 0 | 1.40 |
| 2022 | 4.52 | 2.37 | 0 | 2.37 |

▼ GMTC's distribution of economic value between different stakeholders in the past three years (Unit: NT\$ thousand)

| Item | 2020 | 2021 | 2022 |
|---|-----------|-----------|-----------|
| Operating costs | 5,853,685 | 5,707,629 | 7,550,321 |
| Salary pay and employee benefits | 1,056,558 | 1,094,005 | 1,280,873 |
| Payments to capital providers (interest expense and cash dividends) | 372,484 | 322,462 | 694,804 |
| Payments to the government (Income tax) | 20,633 | 56,917 | 118,038 |

*For social investment, please refer to Chapter VI Social Engagement

Government subsidies

The Legislative Yuan passed the "Statute for Industrial Innovation" in 2010, 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.

▼ Obtained government financial subsidy in 2022 (unit: NT\$ thousand)

| Item | Basis for calculating the subsidy | Amount |
|-------------------|--|--------|
| Investment credit | Industrial Development Bureau, Ministry of Economic Affairs/ Statute for Industrial Innovation | 20 |
| Subsidy | Workforce Development Agency/ Flagship Youth Employment Program | 59 |
| Subsidy | Ministry of Economic Affairs/ Value-Adding Program for Digital Manufacturing Management | 381 |
| Subsidy | Workforce Development Agency/Enterprises Human Resource Upgrade Plan | 46 |

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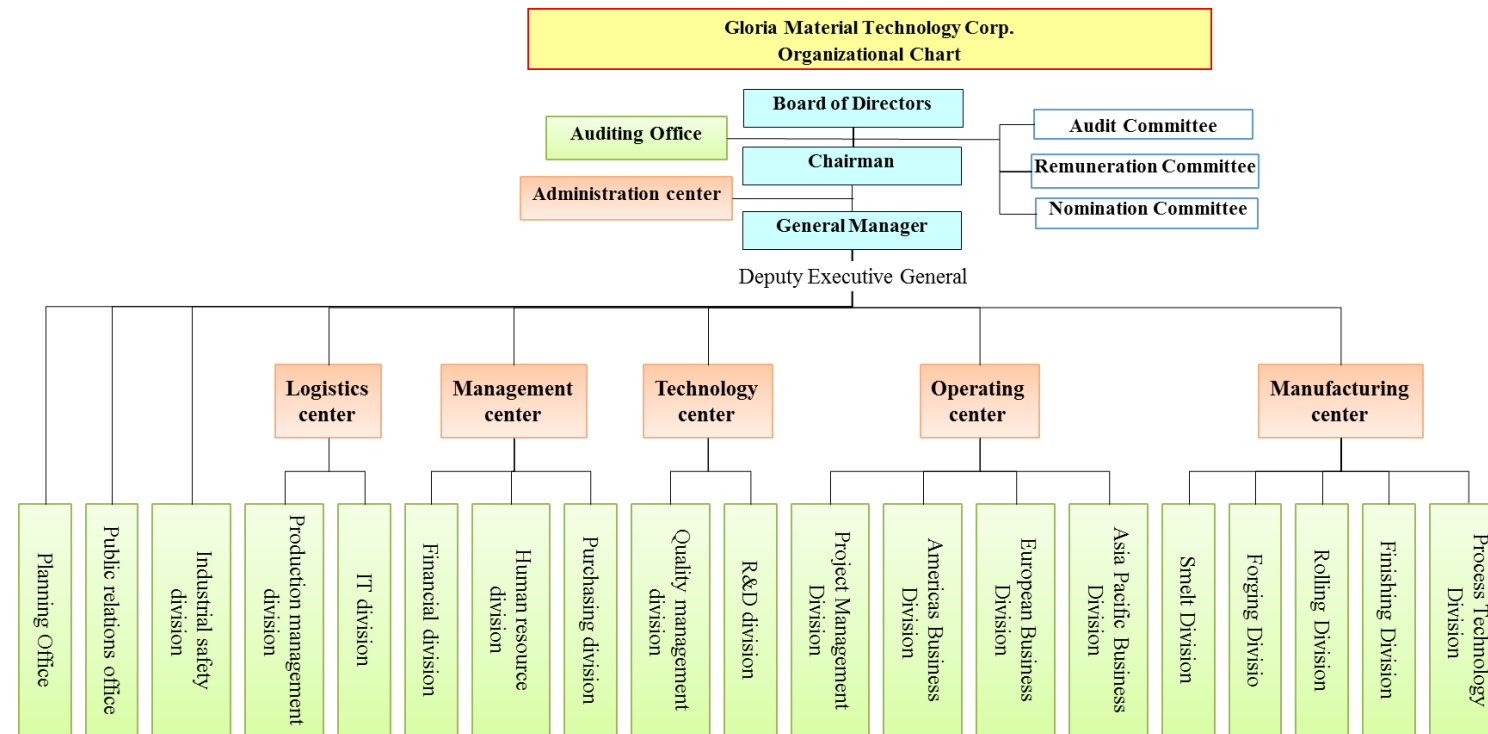
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2.3 Corporate Governance Structure

Corporate Governance System and Operations

In accordance with the Company's Articles of Incorporation, the Company shall appoint 5 to 9 directors, and shall include 4 independent directors starting from the 10th 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 independent directors were elected in accordance with the law on June 6, 2008, while the supervisor was dismissed. The Board of Directors is 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 Remuneration Committee, Audit Committee and Nomination Committee were established under the Board of Directors to assist in supervision by the board. (For the status of corporate governance, please refer to the MOPS and GMTC's official website)

GMTC Governance Structure





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Board of Directors

GMTC has appointed directors and independent directors in accordance with the Company's Articles of Incorporation. The Board of Directors is the highest governance unit and decision-making center. The director candidate's qualifications and other matters are reviewed in advance, and the review results are provided to shareholders for reference. The board members take into account the following characteristics for the election of suitable directors:

1. Directors who meet the Company's core values including integrity, responsibility, innovation and decision-making, with professional knowledge and skills which assist the Company's operations and management.
2. Relevant business experience in the industry.
3. Professional background including corporate strategy and management, accounting, finance and law.

For the selection of independent directors, in addition to the above considerations, we also pay attention to their independence and professionalism, various professional skills and industrial management experience, which may support the Company's development and business operations. Meanwhile, independent outside directors play an important role in innovative development and corporate governance.

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 audit reports and follow-up reports. In 2022, the Board of Directors held 7 meetings, with an average in-person attendance (excluding proxies) of 100%. 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. 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.



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In 2022, GMTC’s Board of Directors comprises 5 directors and 4 independent directors. Period: June 20, 2020 ~ June 19, 2023

| 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. | 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. |
| | Representative: Chiung-Fen Wang | | | | | |
| Director | 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 | 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 | 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 | 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-Chen Chien | Male | 50 years old and above | 2017.06.02 | Ph.D. 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 Yangmingshan 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. |



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Evaluation of Board performance

To implement corporate governance and improve board function, the Company's Board of Directors passed the amendment of the Rules for Performance Evaluation of Board of Directors on August 13, 2020, which stipulates that the performance evaluation of internal committees shall be conducted once a year, and external board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. The annual evaluation results will be disclosed on the Company website. In 2022, the performance evaluation results of internal committees reached 98.83 points, which were submitted to the nomination committee for resolution, and reported to the Board of Directors. Meanwhile, the Company commissioned Taiwan Corporate Governance Association to evaluate board performance to obtain a certificate and evaluation report.

Directors' continuing education

To encourage the appointment of newly elected or re-elected directors (including independent directors) and gain new knowledge, we have formulated the Directions for the Implementation of Continuing Education for Directors to improve professional knowledge, corporate governance and group culture for sustainable development. Regarding continuing education, the directors shall participate in the training courses held by external organizations, while the Company shall discuss with the accounting firm on the arrangement of suitable training projects. In 2022, the directors and chief corporate governance officer completed the number of training hours required for course training. (Please refer to GMTC's 2022 Annual Report on p.50)

Avoiding Conflicts of Interest on the Board of Directors

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 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 2022, there are a total of 12 proposals related to the conflict of interests of board members, and a total of 3 directors have avoided the conflicts of interest.

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 2022, 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 the Annual Report.

Remuneration for Directors and Managerial Officers

The remuneration for directors includes monthly salary, reward, traveling allowance, and expenses for the execution of business. According to the Company's Articles of Industry, the Board of Directors is authorized to determine the amount of compensation to the Directors of the Company based on the Directors' level of operational participation as well as the value of the contribution. The standard terms in the industry shall also be considered and shall not exceed the standard of the highest salary level stipulated in the Company's payment method. The Company's Articles of Incorporation also stipulates that no more than 5% of profits shall be allocated as remuneration for directors. In accordance with the Company's Remuneration Committee Organizational Rules, the remuneration for directors is paid in accordance with the Company's Regulations Governing Remuneration Of Directors and Functional Committee Members.

The remuneration for managerial officers mainly includes employee compensation, rewards, year-end bonuses and salaries. Based on the Company's overall business performance, future industrial and business risks, and development trends, we calculated the remuneration ratio and reasonable compensation by taking into account the quantified performance achievement, profitability, operational effectiveness, and contributions. The Remuneration Committee is responsible for reviewing the remuneration for the above-mentioned directors and senior managerial officers, while the HR department shall provide meeting agenda information including the distribution list, and principles of remuneration (including scope and method), and disclose the remuneration of directors and senior managerial officers for directors' review. In addition to the remuneration review, we also reviewed the salary structure and made adjustments at the beginning of this year according to actual operating conditions, standards of industry peers, and relevant laws and regulations, which will be submitted to the Board of Directors for resolution after approval of the remuneration committee.



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Audit Committee

The Company's Audit Committee shall be convened by Independent Director Chin-Cheng Chien, and is composed of 4 independent directors. In 2022, 7 audit committee meetings were held, with the aim to assist the Board in supervising the quality and integrity of the accounting, auditing, financial reporting processes, and financial management.

The main focus of work in 2022 is as follows:

1. Financial Statements
2. Auditing and accounting policies and procedures
3. The internal control system and its related policies and procedures
4. Transaction involving major assets or derivatives
5. Major loaning of funds and endorsements/ guarantees
6. Offering and issuance of securities
7. Compliance with laws and regulations
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto
9. The appointment or discharge of a financial, accounting, or internal auditing officer

Nomination Committee

On October 28, 2020, the Company established a Nomination Committee for corporate sustainability, assisting the Board in strengthening the management mechanism and corporate governance. The Nomination Committee was convened by independent director Chun-Hsiung Chu, and consists of four independent directors and one director. 1 nomination committee meeting has been held in 2022. With the authorization of the board, the nomination committee shall faithfully exercise due care of a good manager, and submit proposals to the Board of Directors for discussion:

1. Formulation of the standards of professional knowledge, technology, experience, gender, and other diversified backgrounds and independence rules and standards required for board members and senior managerial officers, which shall be the basis for the search, review, and nomination of candidates of directors and senior managerial officers.
2. Establishing and developing the organizational structure of the board and each committee, and evaluating the performance of the board, each committee, and each director and senior executive and the independence of the independent directors.
3. Establishing and reviewing programs for director continuing education and the succession plans of directors and senior executives regularly.
4. Establishing corporate governance guidelines of the Company to strengthen the corporate governance system and practices, and protect the rights and interests of stakeholders.



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2.4 Integrity Management

GMTC has established the “Ethical Corporate Management Best Practice Principles”, “Codes of Ethical Conduct”, “Work Rules”, “Procedures for Handling Material Inside Information”, and “Regulations Governing Reports of Illegal, and Unethical or Dishonest Conduct Cases”, in order to regulate business activities which are at a higher risk of being involved in unethical behavior, with preventive measures to encourage internal and external personnel to report unethical behavior or illegal conduct, and implement integrity management.

The “Ethical Corporate Management Best Practice Principles” prohibits unethical behavior of directors, managerial officers, employees, or persons with substantial control capabilities, in the process of engaging in business activities, they must not directly or indirectly provide, promise, request or accept any improper benefits or commit other dishonest acts that violate integrity, lawlessness, or breach of fiduciary duty in order to obtain or maintain benefits. The term “benefits” means any money, gift, commission, position, service, preferential treatment, kickback, or any other item of value in whatever form or name.

The “Work Rules” clearly stipulate that employees are prohibited from accepting any improper gifts, bribes, banquets, or any form of donations. With the establishment of principles and systems, we can effectively avoid potential dishonest behavior, and reduce relevant risks.

To ensure the implementation of integrity management, the Audit Office conducts audits in accordance with laws and regulations and internal systems, while the Company has set up a complaint channel for internal and external stakeholders, with quick response to improve operational deficiencies, ensure service quality, and establish good relationships and interactions with stakeholders. The Budget Department of the Financial Division shall be responsible for promoting the Company’s integrity management goals. On January 12, 2023, the 2022 implementation status of integrity management was reported to the Board of Directors as follows:

1. Advocacy of integrity management (including prevention of insider trading): 1 advocacy meeting.
2. Violations of integrity management: 0 violation reports, 0 self-audited violation.

> Every employee is responsible for 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



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2.5 Risk Management

To promote stable operations and sustainable development, GMTC has established a sound risk management mechanism for early identification, accurate measurement, effective supervision and strict risk control within an acceptable range. GMTC has formulated the “Risk Management Policy and Procedures”, which shall be implemented by the Board of Directors, the Corporate Sustainability Committee and various business units, with the purpose of promoting sound business operations, so as to achieve the Company’s strategic goals and ensure its reasonableness.

Organizational Structure and Risk Management Scope

The Company’s 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. After reviewing the characteristics of business operations and assessing the frequency of risk events and severity of operational impact, the Company’s risks are classified into five categories: supply chain risk, financial risk, management risk, environmental risk, and other risks.

Risk management types and management and control strategies

The Company’s risk management organization reduces the impact of internal and external risks, and adheres to the risk management process, covering risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response. In addition, based on the nature of the Company’s business and operations, we identify corporate governance, economic, environmental, and social risk issues every year. We assess the probability of occurrence and impact of the risks, and plan relevant management and monitoring measures, with regular review of the risk management status, which shall be reported to the Board of Directors. The management policies, strategies or mechanisms of each risk type are summarized as follows:

| Aspects | Risk Type | Potential risks | Management and control strategies |
|--------------------|--------------|--|--|
| Supply chain risks | Supply risks | Work suspension as the imported raw materials become out of stock | ● Build relationships with more than two suppliers to supply key raw materials. ● Regularly keep track of the consumption and storage progress. ● Maintain adequate safety stock. |
| | | Supplier delivers out-of-specification raw materials | ● Formulation of clear acceptance specifications for raw materials. ● Implement incoming inspection. ● Build relationships with more than two suppliers to supply key raw materials. ● Maintain adequate safety stock. |
| | | Port shutdowns caused by the impact of diseases, which led to port congestion and shipping container shortage, while some ports suspended operations | ● Obtain shipping space from other domestic or international freight forwarders. ● Change to other delivery ports and match shipments with inland transportation. |
| | | Affected by the economic slowdown, many factories shut down and cut production, resulting in reduced | ● Continue to develop external product sources. ● Internally, the Company’s relevant units convene discussion meetings to determine the feasibility of |



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| Aspects | Risk Type | Potential risks | Management and control strategies |
|-----------------|--------------------------|--|--|
| | | scrap steel output, a sharp drop in market supply, and a shortage of purchased scrap steel, which led to insufficient materials and a production halt | amendments to scrap steel specifications. ● Research alternative ingredient solutions in advance. |
| | Operating risk | Unable to meet customer specifications or requirements | ● Renovation and optimization of machinery. ● Install new machinery. ● Improve communications with industry professionals. ● Improve communications with industry professionals. |
| | | Invalid customer (second party) quality certification | ● Arrange MPP audits on a regular basis. ● Maintain third-party audits to obtain relevant certifications. |
| | | Invalid third-party AS9100 quality certification | ● SOP review on a regular basis. ● Internal audits on a regular basis. |
| | | Anomalies in equipment, as it cannot be executed using the original process parameters, which led to a high rate of abnormal findings on product quality | ● Manufactured with alternative equipment. |
| | | The production/inspection conditions do not meet customer needs and product quality requirements. | ● Regular arrangement of product/process audits. |
| | Demand risks | Has not yet achieved sales target | ● Discuss contingency plans through weekly meetings related to order collection. ● Strengthen the timely update of market conditions through meetings before the stock market opens. |
| Management Risk | Operating Risk | A large number of grassroots technicians resigned within a month | ● Understand the willingness of employees and describe job roles before job transfer. ● Develop various recruitment packages, introduction bonuses, transport allowances, and company share for talent retention. ● Improve pay structure and raise monthly salary. |
| | | Resignation of the equipment engineer has led to a loss of equipment-related technology | ● Formulate primary equipment SOP. ● Establish equipment maintenance log. ● Improve equipment management system. |
| | Occupational safety risk | Fatal occupational injuries which led to a full or partial suspension of operations (material risk) | ● Implement safety and health education and training. ● Handle the abnormalities detected during on-site inspections. ● Emergency response drills. |
| | | Fire disaster risk | ● Fire drills. ● Routine equipment maintenance and inspection. |
| | | Plant shutdown/casualties in catastrophic illnesses | ● Anti-pandemic measures in the factory. ● Encourage vaccination. |
| Financial Risk | Capital Expenditure Risk | Capital expenditure not appropriately authorized | ● Formulation of the "Fixed Asset Management Best Practices" to serve as a guideline for capital expenditures. ● Significant capital expenditures must be reviewed by the Audit Committee and the Board of Directors. |



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| Aspects | Risk Type | Potential risks | Management and control strategies |
|--------------------|-----------------------------|--|---|
| | Accounts Receivable Risk | Bad debt losses | <ul style="list-style-type: none"> ● Send overdue payment details to the sales personnel on a weekly basis, timely track accounts, and improve debt collection. ● Enforcement of creditor rights by factoring accounts receivables without recourse and insurance. |
| Environmental Risk | Macroeconomic Risk | Rising interest rate risk which led to an increase in interest expense | <ul style="list-style-type: none"> ● Short-term financing by use of commercial promissory notes and bank loans with low-interest rates. ● 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) | <ul style="list-style-type: none"> ● 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. ● Focus on natural hedging and the spot market, and use derivatives such as currency forwards for hedging. ● Mitigate foreign exchange rate risks by stringent control of the major capital expenditures and capital transfers that cause significant changes in foreign exchange positions. |
| | Commercial and Market Risks | Tightening human resource regulations which increases labor costs | <ul style="list-style-type: none"> ● Legal compliance. |
| | | No timely amendments in response to changes in labor-related laws and regulations | <ul style="list-style-type: none"> ● Appoint dedicated personnel to keep track of recent laws and real-time news on a regular basis. |
| | | Strict environmental regulations and emission standards (Material Risk) | <ul style="list-style-type: none"> ● Regular maintenance of control equipment. ● Use of clean energy fuels. |
| | | Implementation of tariff barriers to protect local markets in various countries (Material Risk) | <ul style="list-style-type: none"> ● Apply for tariff exemption in various countries. ● Market development in other countries with duty-free or lower tariffs. |
| | Disasters | Earthquakes, wind disasters, floods | <ul style="list-style-type: none"> ● Inspection, drainage, pumping and cleaning of the drainage ditch on a regular basis. ● Establish an emergency preparedness team and hold meetings before the rainy season and typhoons. ● Hold evacuation drills. |
| Other Risks | Climate change Risk | Implementation of carbon pricing mechanisms in various countries (Material Risk) | <ul style="list-style-type: none"> ● Greenhouse gas inventory identifies the sources of carbon emissions. ● Use of clean energy fuels. |
| | Information Security Risk | External cyber attacks | <ul style="list-style-type: none"> ● Set up firewalls and network isolation areas to separate internal and external networks, with stringent control and application of access protocols. ● Strengthen disaster prevention and monitoring, deal with anomalies, and provide backup mechanisms to ensure the quick recovery of operating functions. ● Turn on the firewall and send security updates on a regular basis to prevent ransomware. |



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| Aspects | Risk Type | Potential risks | Management and control strategies |
|---------|-----------|-----------------------|---|
| | | Internal data leakage | <ul style="list-style-type: none">● 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.● Formulate electronic data management guidelines that specify how to control electronic data access, including database application systems and e-file servers.● Continue introducing IT security solutions to effectively protect, manage and monitor the systems.● Plan and set up a data protection mechanism so that users have a lower risk of data leakage.● 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. |



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2.6 Climate-related Information

According to the World Economic Forum’s Global Risks Report 2022, environmental risks still represent a large percentage of total risks. In terms of “likelihood of occurrence”, climate change-related risks occupy the top two issues: (1) Climate action failure; and (2) extreme weather. This indicates that enterprises nowadays must face physical risks associated with extreme weather, and transformation risks covering laws and regulations, markets, technologies, and other factors that arise to reverse the current situation. Therefore, GMTC has set 4 core elements: "Governance ", “Strategy”, “Risk Management”, “Indicators 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

At the operational level, GMTC’s “Corporate Sustainability Committee” discusses and management of climate change-related risks and opportunities. In 2022, the “Risk Management Team” submitted a risk assessment report on identifying climate change-related risks and opportunities to the Board of Directors. Meanwhile, the “Environmental Sustainability Team” jointly works with relevant internal units on relevant measures, including green electricity, energy management, greenhouse gas inventory, etc. In addition, an energy-saving and carbon reduction team was established to review feasible carbon reduction processes and equipment, planning towards carbon reduction measures in the future.

Risk management

Through the TCFD framework, we systematically analyze the impact of policies and regulations, technology, market conditions, corporate image, as well as short-term and long-term climate risks. We discuss the impact of risks and opportunities, and periodically identify climate-related risks and opportunities to ensure that the identification results comply with the current situation, while we developed response plans based on the identification results of climate-related risks/opportunities.

Strategy

Identify climate risks and opportunities and the impacts on GMTC’s business, risk management TCFD indicators and target strategies, and finance

Indicators and goals

| Item | Energy | Water re-source | Greenhouse gas | Use of raw materials | Product devel-opment |
|-----------|--|---|--|--|---|
| Indicator | Annual elec-tricity conser-vation rate | Water inten-sity | GHG emis-sions intensity | Scrap steel consumption rate | Tool steel certifications |
| Goals | Long-term cooperation with govern-ment policies to achieve annual electricity savings of 1%, including Xinying plant and Liuying plant | The water intensity in the entire company was reduced by 10% compared with the base year of 2014. | Annual greenhouse gas emission intensity of the entire company decreased by 1% compared to the previous year | Maintain a total scrap steel utilization of over 90%. *Formula: Scrap steel/(Scrap + Ferro Alloy) | Develop high-quality extrusion die and tool steel that meets the standards of the North American Die Casting As-sociation (NADCA) |



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Strategy

After a review of regulations, a study of research reports, and a review of market information, the issues cover 4 regulatory risks, 1 technology risk, 1 market risk, and 1 physical risk. Short-term (1-3 years), medium-term (3-6 years), and long-term (more than 6 years) climate-related risks and opportunities are as follows:

| 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 2022 |
|------------------|--------------------------|---|--|--|---|--|
| Transition risks | Policies and regulations | Carbon border tax (medium term) | Increase in operating costs | 1. Use low-carbon energy supply and strengthen energy substitution / diversification 2. Install green energy equipment 3. Reduce resource consumption through efficient production processes | 1. Decrease in operating costs 2. Increase in asset value 3. Increase in operating revenue | 1. 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) 2. Continue to conduct greenhouse gas inventory in accordance with the ISO 14064-1 standard 3. Continue to implement the ISO 50001 energy management system to achieve high energy efficiency, energy-saving and carbon reduction 4. Installation of rooftop solar power systems for self-build properties to meet the 10% electricity demands of major electricity users 5. Transformation of walking beam furnace, and replacement of heavy oil with natural gas to reduce carbon emissions 6. Construction of the 50-ton steelmaking furnace, process improvement and high-efficiency equipment can reduce CO ₂ emission intensity |
| | | Carbon fees (short term) | Increase in operating costs | | | |
| | | Major electricity user clauses (short term) | Increase in operating costs | | | |
| | | Water consumption fees (short term) | Increase in operating costs | Improve water management and increase water-use efficiency | Decrease in operating costs | 1. Continue to use the energy monitoring platform in order to timely deal with water overuse 2. Ensure the proper rate of water pipes and water circulation equipment in the plant to avoid wasting water |
| | Technology | Low-carbon transition in the steel industry which increases the usage of scrap steel to reduce carbon emissions has become a recent trend (medium term) | Increase in operating costs | Improve resource efficiency | Decrease in operating costs | 1. Continuously develop new suppliers 2. Develop viable alternative ingredients |
| | Market | Market trends and changes in end-user demand (medium term) | Product mix and changes in the sources of income | Tap into the green steel industry | Increase in operating revenue | 1. Invest in the development of high-quality extrusion die and high-grade tool steel that meets the standards of the North American Die Casting Association (NADCA) 2. Provide end-user application materials with high-temperature compatibility and high strength |
| Physical risks | Timeliness | Increased intensity of extreme climate events (such as typhoons and floods) (long term) | 1. Increase in capital expenditure 2. Decrease in operating revenue (production disruption) | Build climate resilience and enhance disaster preparedness | 1. Increase in operating revenue 2. Increase in capital expenditure 3. To increase climate resilience and reduce the loss caused by operational disruptions | 1. Establish an emergency preparedness team to enable prompt disaster response and reduce disaster losses 2. Hold emergency preparedness meetings before the rainy season and typhoons. 3. Regularly check rainwater drainage and water pumps 4. Set up an emergency power supply system and water storage tank for backup 5. Dredging of drainages ditches on a regular basis |

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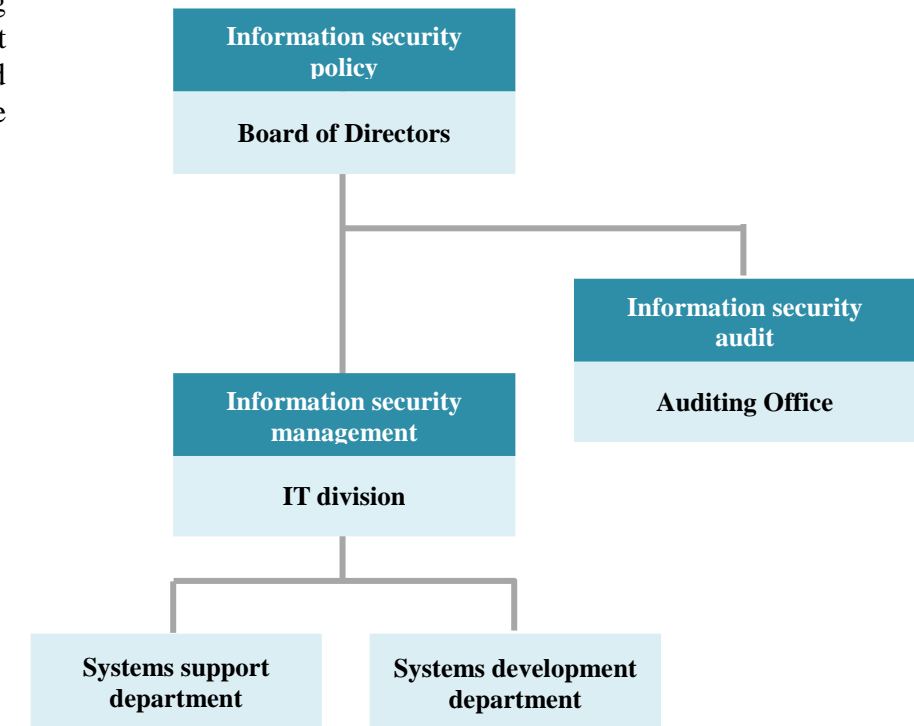
2.7 Information security

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, with 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 a regular 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.



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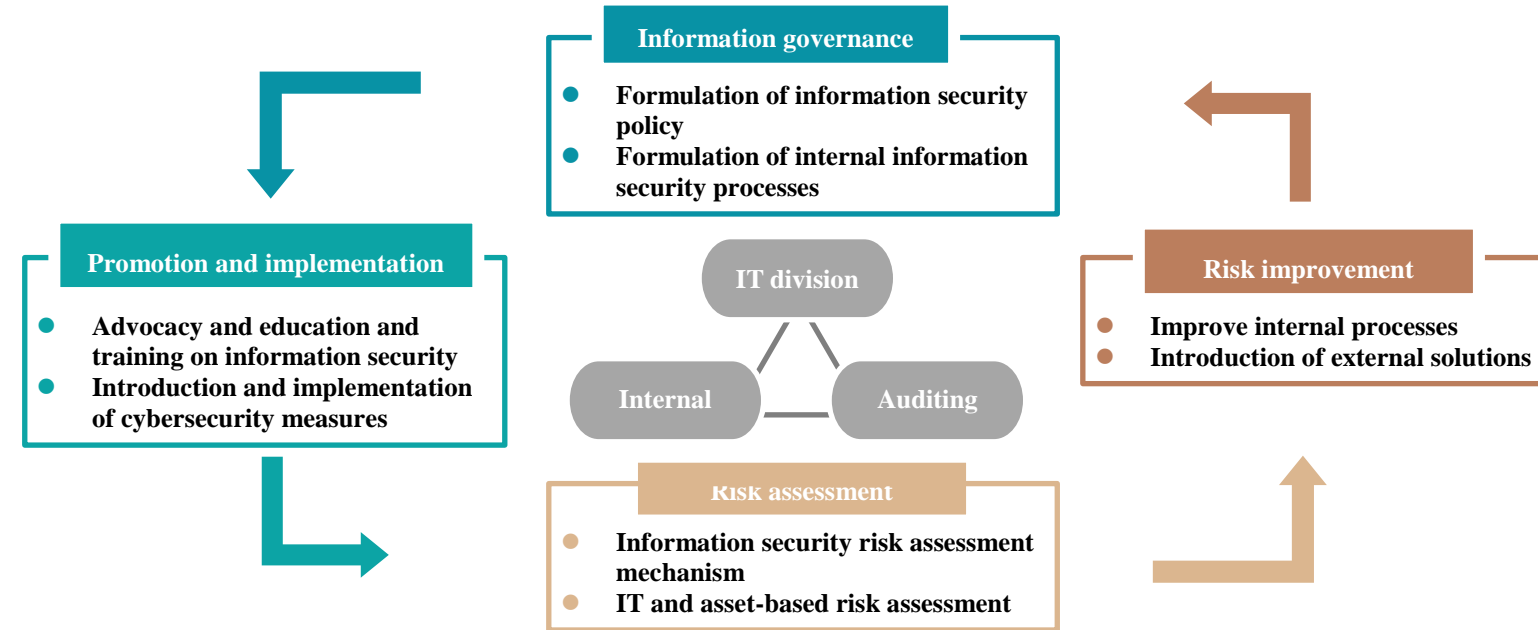
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Information security risk management

Organizational operations - The PDCA (Plan-Do-Check-Act) method is adopted to achieve circular management, so as to ensure reliability, and make improvements to achieve targets.





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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) Technological application: Installation of information security management equipment and implementation of cybersecurity management measures.
- (III) Personnel training: Conduct information security education and training to enhance the employees’ awareness of information security.

The details are 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 the 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) Technological application: 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 conform 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 internal staff’s knowledge and professional skills.

Information security management measures

GMTC reviews the internal information security standards on a regular basis, and reports 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.

Special management measures:

| 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 review● 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 channel management and control measures● 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 |

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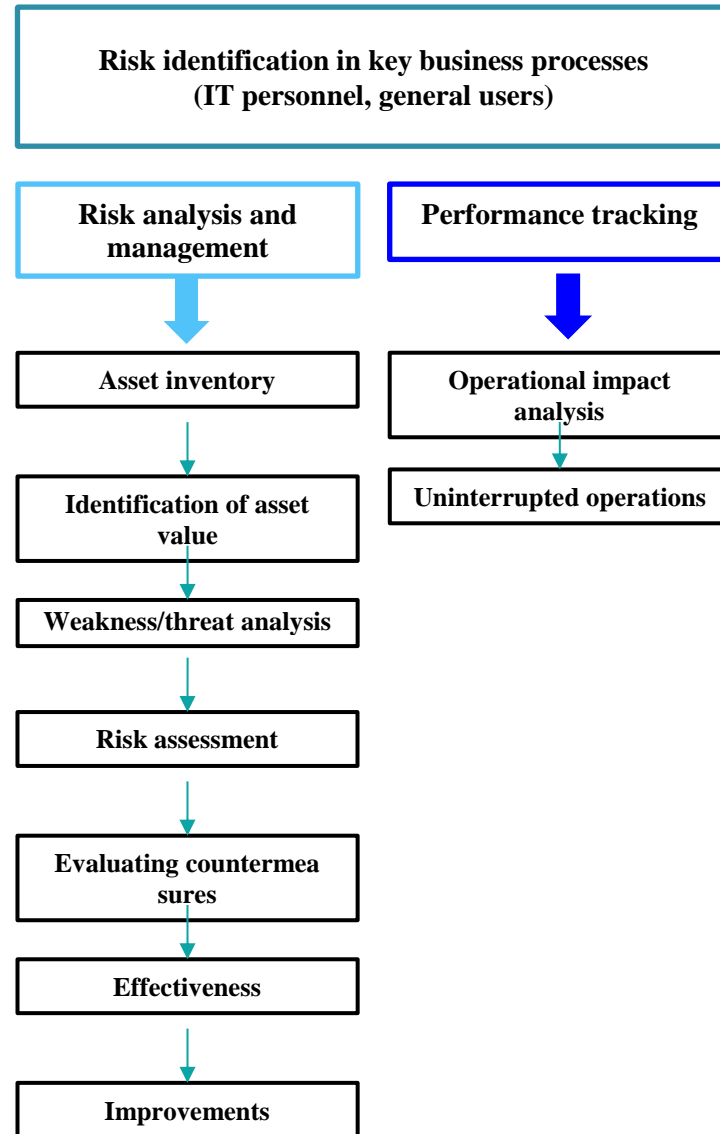
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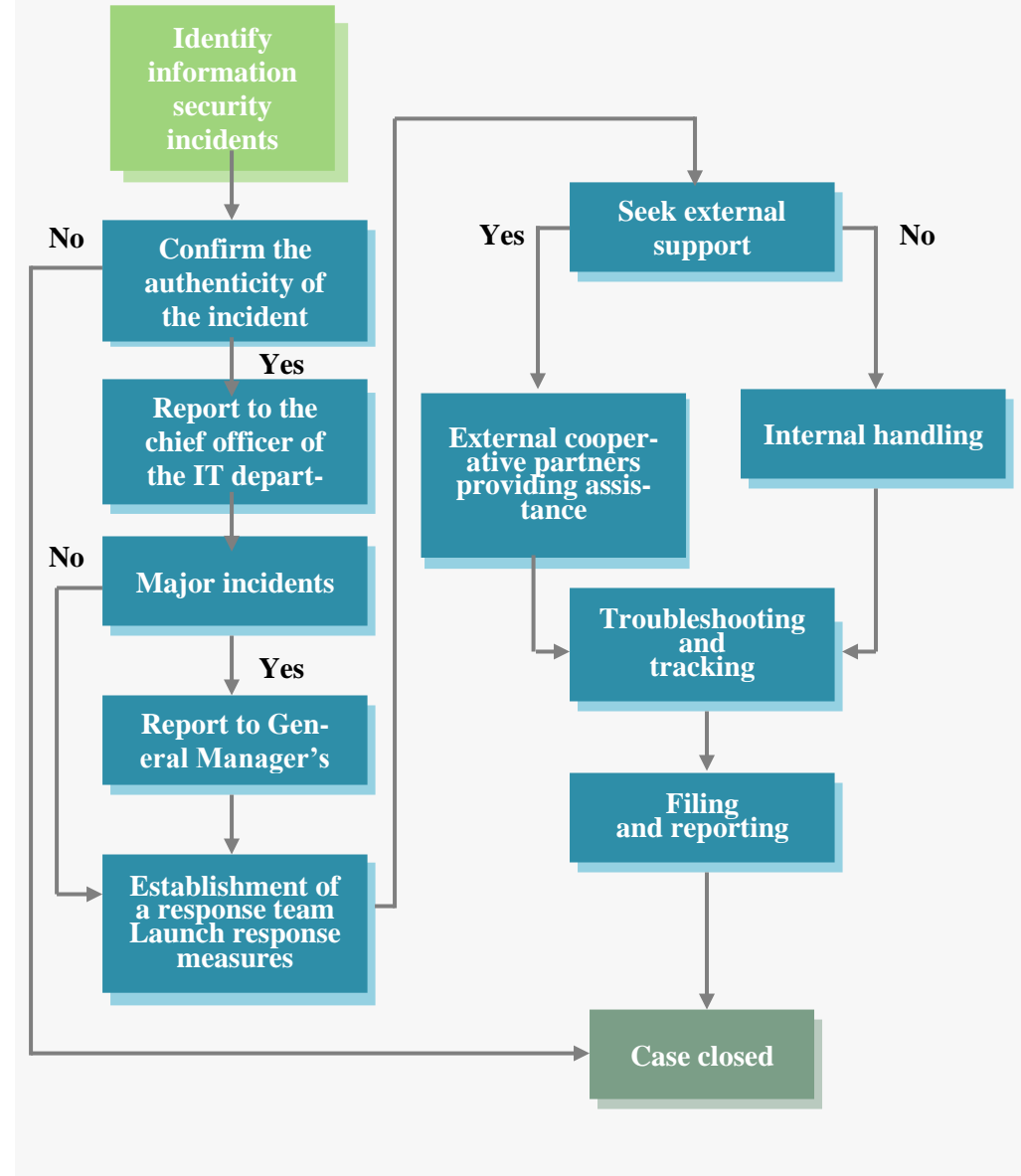
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Information Risk Assessment Process

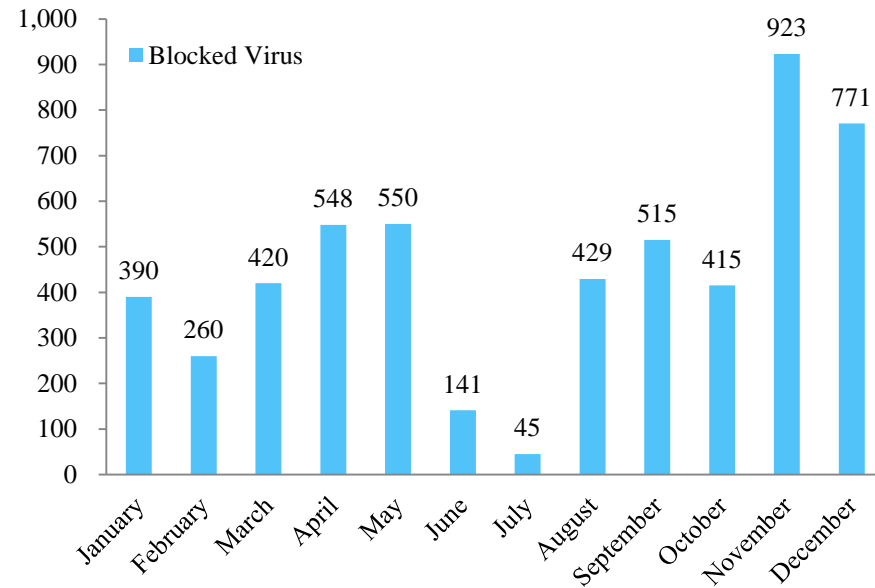


IT Incident Reporting Procedures



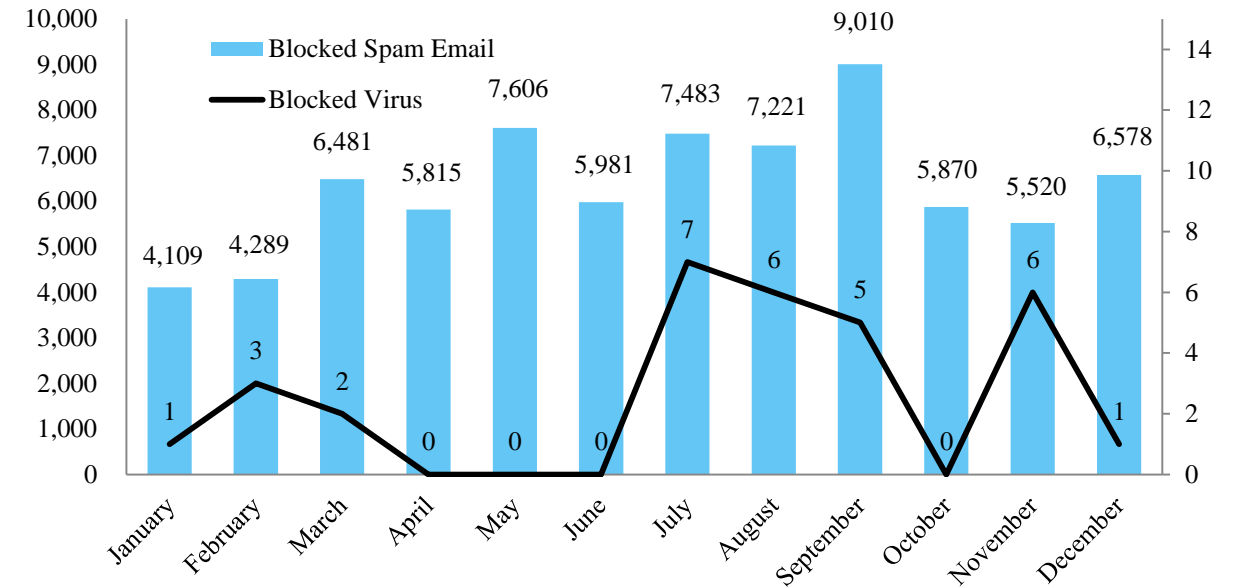
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2022 Achievements of Endpoint Virus Protection



Endpoint anti-virus: When users download or access files on computer devices through the Internet or access files via USBs, the system timely performs scanning and isolate suspicious files, in order to reduce the risk of poisoning attacks on users' computer devices.

2022 Achievements of Mail Protection System



Mail protection: The mail protection system timely scans and blocks viruses and spam emails, so as to reduce the occurrence of poisoning attacks on computer devices from incoming emails.



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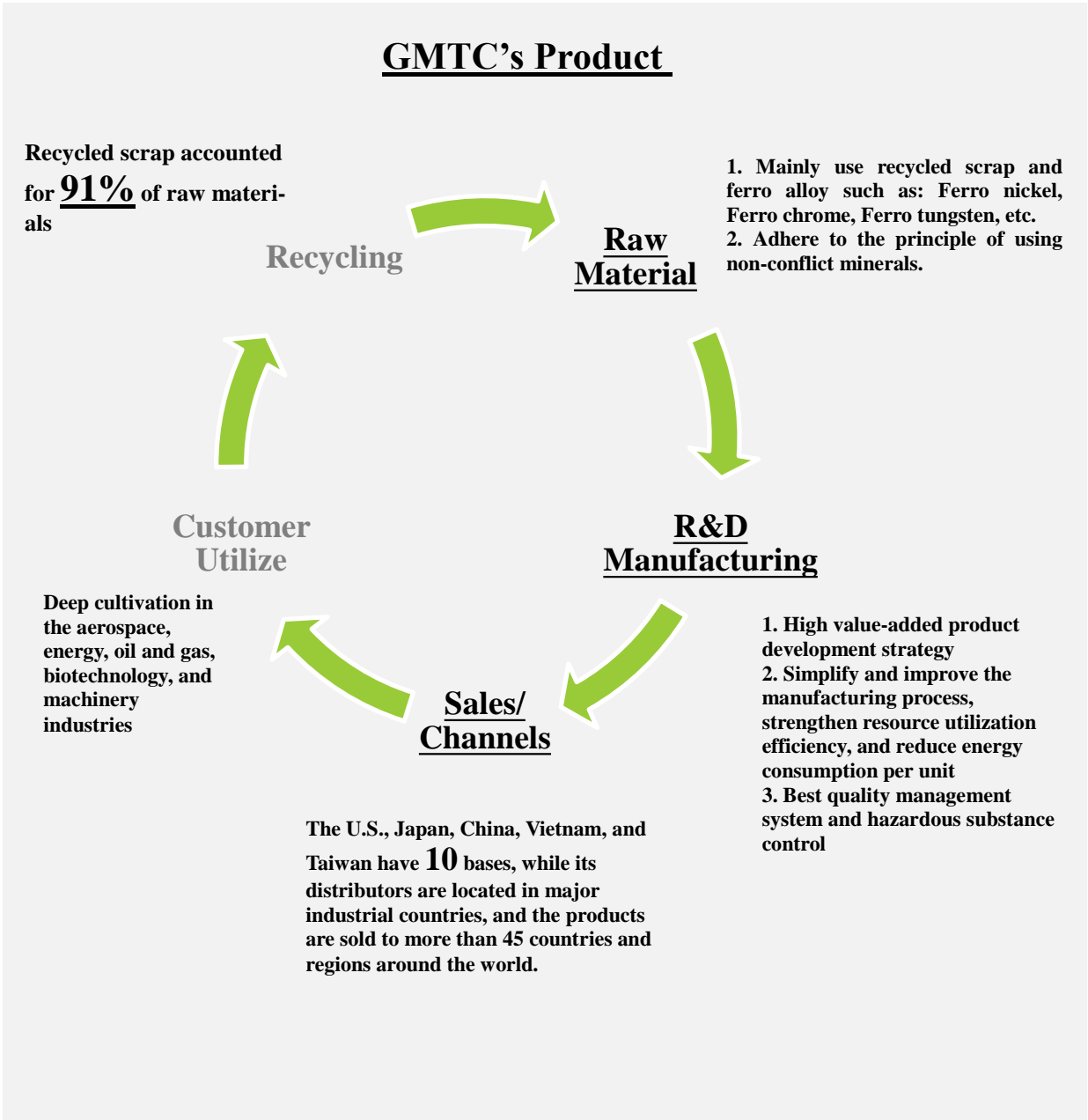
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| Major Issues and Management Principles - Circular Economy | |
|---|--|
| Impact | Steel is the most commonly used metal material due to its characteristics of reusability and repetitive manufacturing, with the highest recycling rate. Since GMTC is an electric furnace steelmaker, with raw materials including commercially available scrap steel, foundry returns and alloy steel. With the input of raw materials, a large amount of scrap can be manufactured into high value-added special steel through the smelting process in the product supply chain, and thus has become a critical part of the circular economy by making positive economic contributions. This steel production method can reduce the iron ore and coal mining, with only 25% carbon emissions of blast furnace steelmaking, which can mitigate environmental impacts. |
| Policy/ Commitment | Promote Green Sustainable Supply Chain |
| Goals | Short term (2023) The proportion of scrap for melting H13 is more than 95% at 35T EAF. Long term In 2025, the 35-ton electric furnace and 50-ton smart alloy steel smelting system will achieve the proportion of scrap for melting H13 more than 95%. |
| Action plans | 1. Continuously develop new suppliers to extend the source of scrap steel 2. Strengthen relationships with suppliers |
| Evaluation system | 1. Annual supplier evaluation and resource management and control 2. Hold a weekly purchasing meeting for scrap steel stocking and an inventory check |
| 2022 Evaluation results | 1.The proportion of H13 scrap for melting H13 was 78% in 2022 2.The proportion of scrap for melting H13 was 95% in 2022 |





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3.1 Marketing and Customer Service

Product marketing, development and management

In recent years, various countries have imposed high trade barriers, which pose difficulties to exporting, such as the U.S. imposed Section 232 tariffs, EU import quotas and India BIS certification. In face of challenges, it is necessary to break through the existing barriers. Therefore, GMTC has been planning relevant trade countermeasures since 2019. The application for the U.S. Section 232 tariff exemptions has successively contributed to benefits in 2021-2022. In 2022, the Company aims to expand into new markets and new applications, providing more comprehensive services and product sales, and investing in the R&D of high-end tool steel. The mechanical properties and microstructure correspond to the steel grade indicators of the North American Die Casting Association (NADCA), which should contribute to the increase in market share in the die casting and aluminum extrusion industry. In terms of certification, we have obtained the JIS Certification, with the renewal of BIS Certification, and the application for tool steel and stainless steel certifications. In terms of distribution channels, we tapped into new markets via GMTC's newly established subsidiary in Japan by the end of 2021.

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 a high market share (basic industrial materials). We have formulated the short-, medium- and long-term product marketing plan as follows:

I. Short term

The renovation of a 35-ton electric arc furnace and the expansion of molten steel production capacity after the adjustment of the manufacturing process have boosted the Company's sales momentum. In 2022, the Company focuses on tapping into the tool steel market and adding new clients. Meanwhile, we would obtain relevant certification for BIS tool steel and high-speed steel in the first half of 2023, which would make a sales contribution. As such, the Company will continue its growth trajectory in 2023. The continuous casting equipment is expected to be installed in 2023, and coupled with the 35-ton electric arc furnace, we expect it to drive the growth of commercial stainless steel and low-alloy steel products in new markets. For the green energy industry: The Company will continue to expand the required materials for applications in electric vehicles, wind power, and solar power, with sales deployment plans after commencing molten steel production from the 50-ton alloy steel intelligent refining system in the future.

II. Medium- and long-term

Focusing on the newly established 50-ton alloy steel intelligent refining system, 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 relationships 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.



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Development direction of key businesses

| Increase the percentage of certified products | High-value products | Expand market share in the tool steel market | Optimization of regional management and dealer services |
|---|---|--|--|
| Deep cultivation of aviation, energy, oil and gas and biotechnology 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. | With GMTC Group's core technologies such as Vacuum Arc Remelting (VAR) and Electro slag Remelting (ESR) as the platform, we will design high-purity steel grades with specific alloy compositions, processes, and mechanical properties based on customer needs. We focus on expanding the breadth and depth of our product mix to provide a wide selection of products to comply with industrial demands. In addition to continuously developing new steel grades, GMTC also extends to semi-finished products and finished products by integrating the Group's production resources, raw materials and external supply chain, so as to improve the Group's overall service capacity and added value. In addition, GMTC plans to invest in research plans related to energy saving and carbon reduction fields as a growth driver in the future competitive environment. | 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 sales of molten steel from the 50-ton alloy steel intelligent refining system. | 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, the U.S. and Japan. It has long been cooperating with 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. |

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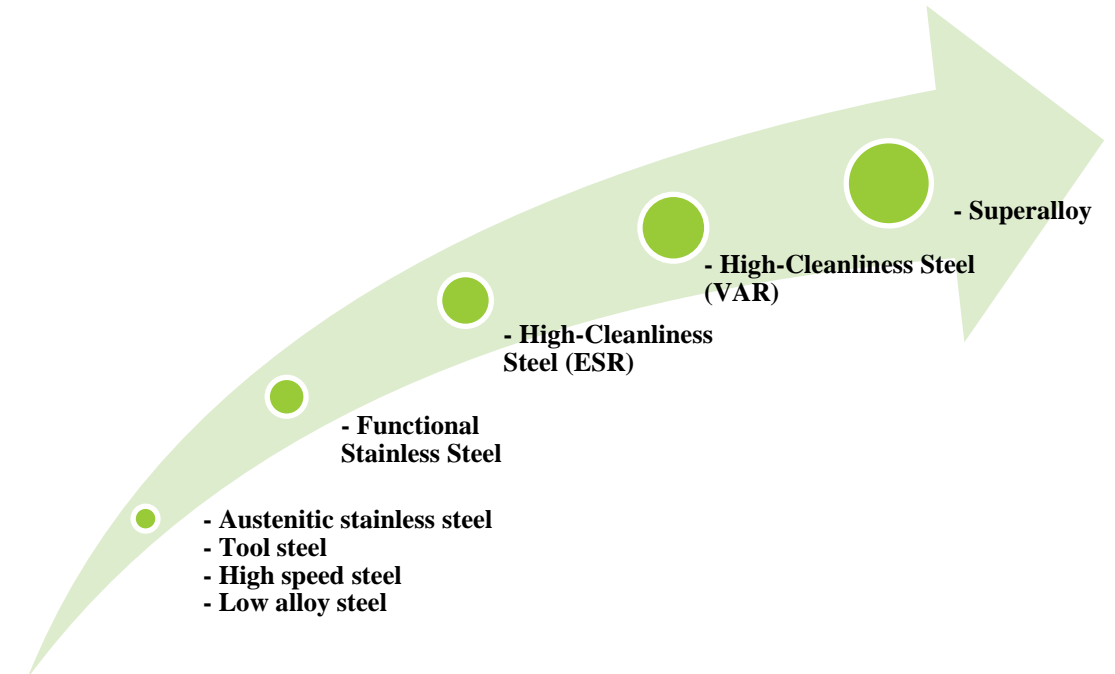
High value-added product development

GMTC is working towards the strategic development of special steels with high added value, and has been mainly focusing on six product sections: functional stainless steel, high-end hot work and cold work tool steels, and high strength low alloy steel. We have integrated R&D resources to develop new hot work tool steel and 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.

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 ultra-clean 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.

Improvement of production technology

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, transformation 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-clean 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 steel refining equipment in Liuying Plant. In addition, GMTC also dedicated efforts to investigating the recent trends and market demands, and plans in 2023 to develop 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 integrating physical and chemical properties of products, expanding standardized general steel grades to meet customer needs, with the 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.



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3.2 Quality management

For product quality, GMTC upholds the policy of “Customer Satisfaction, Continuous Improvement, Quality First, Full Participation, and Investigation”, and understands that quality management is important to customers and its corporate image. 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), 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

To provide high-quality products and meet the quality system requirements of various industries, GMTC has successively obtained certifications for the ISO 9001 quality management system, AS 9100 aerospace quality management system, NADCAP certification for special processes in HT (Heat Treatment), LAB (Laboratory), and NDT (Non-Destructive Testing) within the international aerospace and defense industry supplier accreditation system, European PED certification, and AD2000 certification. It’s laboratory also obtained the ISO 17025 laboratory certification, and passed the certification by Pratt & Whitney and GKN Aerospace to become one of the few steel mills with blind testing capabilities. In 2023, the Company plans to apply for IATF 16949 automotive quality management system (QMS) certification to comply with its business development plan.

For product certification, the Company has obtained India’s BIS product certification and China Corporation Register of Shipping (CR) new steel grade XM-19 vessel certification was obtained in 2021; obtained the JIS Mark certification for 304 and 316 stainless steel amid a renewal of BIS certification for stainless steel in 2022; and applied for BIS certification for tool steel, high-speed steel product certification, and North American Die Casting Association (NADCA) Grade C certification in 2023 to support relevant regional and industrial development strategies. GMTC’s products are mainly used in the aviation, energy, oil and gas, biotechnology, and machine industries. To successfully enter the global supply chain system, we have obtained product certification over the past years from 38 international manufacturers such as Boeing, Airbus Canada, Safran, Pratt & Whitney, etc., with products adopted by international manufacturers.





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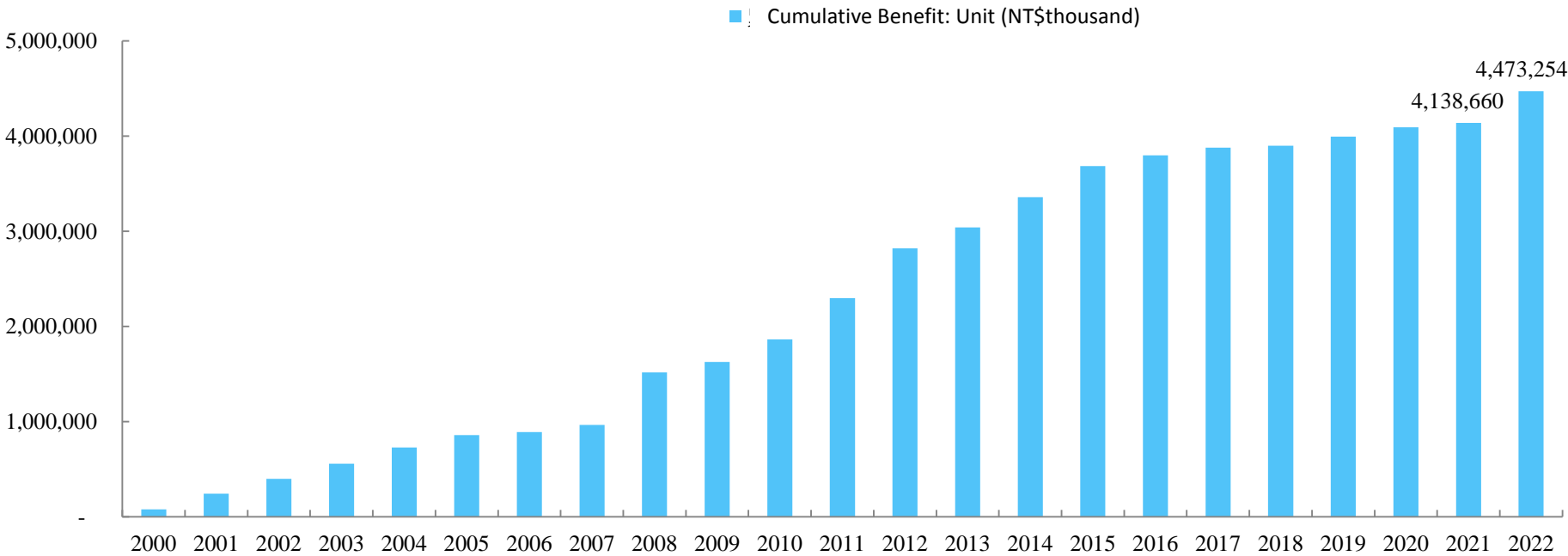
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Continuous improvements to raise product quality

Adhering to the concept of employee participation, we 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 2022, the benefits from project improvement reached NT\$334,593 thousand, while the benefits accumulated in 2000-2022 totaled NT\$4,473,254 thousand.

The Company adopts cluster operations, with breakthroughs 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 better appropriateness, effectiveness and continuity of quality management activities, GMTC achieved the target of employee participation, with inter-departmental tasks and teams for internal system audits or process/product audits to achieve employee participation in quality management activities, and seek the establishment of a culture of quality among their employees. Through the quality policy, quality objectives, audit results, data analysis, corrective and preventive measures, management review objectives and discussions, the Company continued to improve the effectiveness of quality system management.





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Hazardous Substance Management

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 announced by the U.S. Securities and Exchange Commission (SEC) on January 1, 2010. GMTC has quality management covering 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 reduce environmental and social impacts.

Response measures

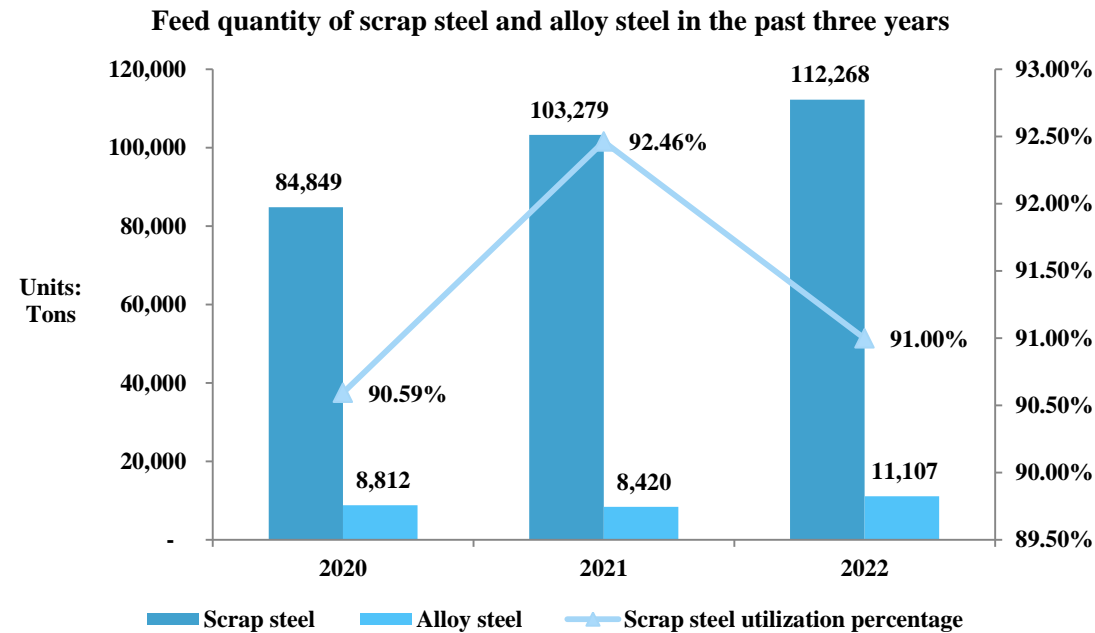
| RoHS | REACH-SVHC | SDS | Non-Conflict Minerals | No radiation |
|---|---|--|--|--|
| <div>1. Supplier/Cooperative partner provides Self-Declaration/Test Report</div> <div>2. Product self-declaration, with outsourced testing conducted every three years or as per customer requirements.</div> | <div>1. Request for self-declaration from raw material suppliers</div> <div>2. Periodic review of Substances of Very High Concern (SVHC) (updated twice a year) and self-declaration of products (roll bars/ finished products)</div> | <div>Develop the SDS of chemicals with regular updates (every three years)</div> | <div>1. Request for self-declaration from raw material suppliers</div> <div>2. Self-declaration of products (roll bars/ finished products)</div> <div>3. Update of EMRT and CMRT questionnaire requirements created by the RMI, the selection of new suppliers, and update of the “List of RMI Qualified Suppliers of Non-Conflict Minerals” for cobalt and tungsten suppliers every three years</div> <div>*RMI is an information platform for 400 companies to share non-conflict minerals</div> | <div>Management and control of the door frame metal detector</div> |

3.3 Use of Raw Materials

Steel is the most commonly used metal material due to its characteristics of reusability and repetitive manufacturing, with the highest recycling rate. Since GMTC is an electric furnace steelmaker, with raw materials including commercially available scrap steel, foundry returns and alloy steel. With the input of raw materials, a large amount of iron and steel scrap can be manufactured into value-added products through the smelting process in the product supply chain, which can reduce the iron ore and coal mining, and thus has become a critical part of the circular economy by mitigating environmental impacts.

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 are 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, alloy steel is a non-renewable raw material, whereas scrap steel is a renewable raw material. In 2022, renewable raw materials accounted for 91% of total raw materials, and the Company produced alloy steel ingots of 123,375mt by the input of scrap steel and alloy steel, which totaled 105,340mt.



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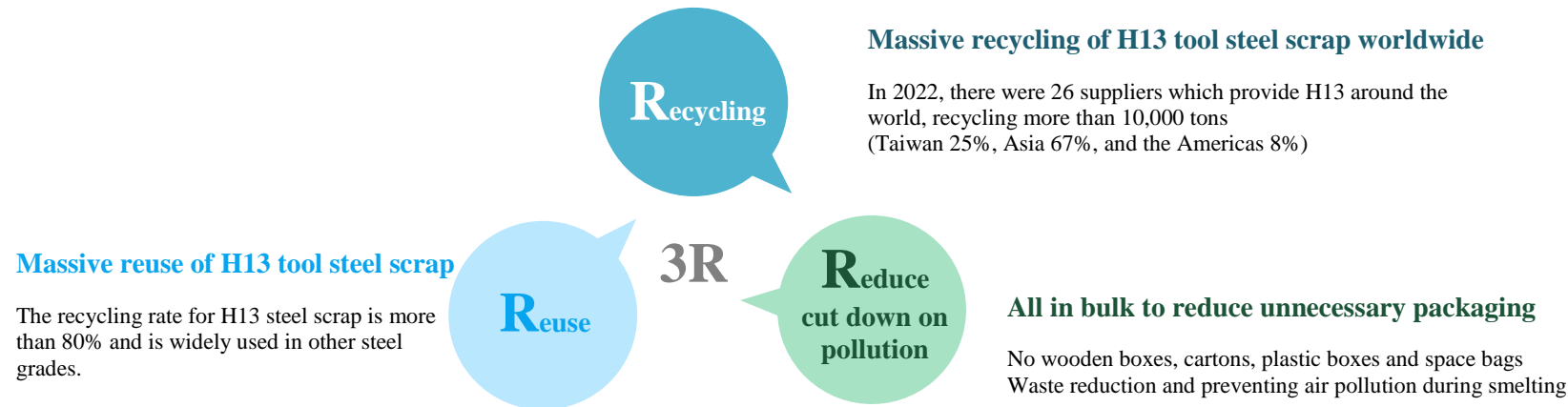
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3.4 Responsible Supply Chain

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, but informs the employees of relevant regulations and the 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 the concept of corporate social responsibility, and require 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 dedicated efforts to developing a positive cycle in the industry and supply chains. It 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 large volumes of H13 tool steel scrap worldwide. The recycling volume exceeded 10,000 tons in 2022. Large amount of tool steel scrap is reused in the smelting of H13 steel grades, and is 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.





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Environmental protection

To meet environmental protection requirements, reduce the risk of environmental impact and human health hazards, and comply with the goal of responsible consumption and production stipulated in the UN Sustainable Development Goals (SDGs), GMTC abides by the restriction of hazardous substances, and manages 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 alloy industry with the upstream supply chain.

Non-Conflict Minerals

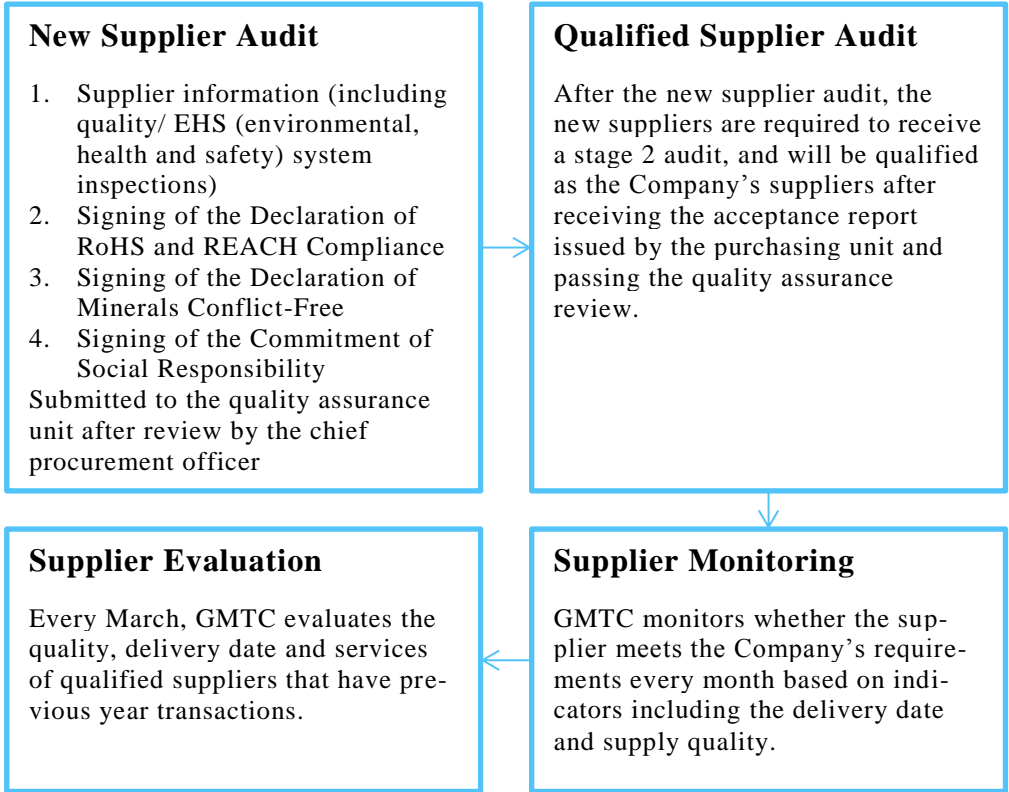
GMTC is a special steel manufacturer that uses bulk alloys and iron ores as raw materials. Since 2012, it has been committed to protecting *universal* human rights, and has performed inventory count to keep track of the status of raw material supply. GMTC refuses to trade with suppliers related to terrorist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

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.

GMTC supplier procurement management process



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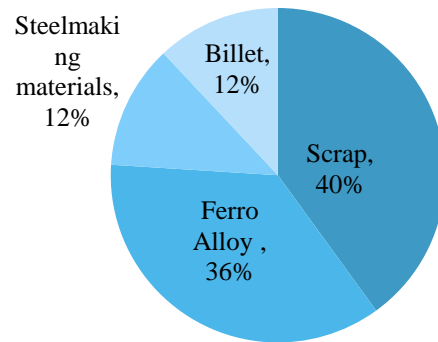
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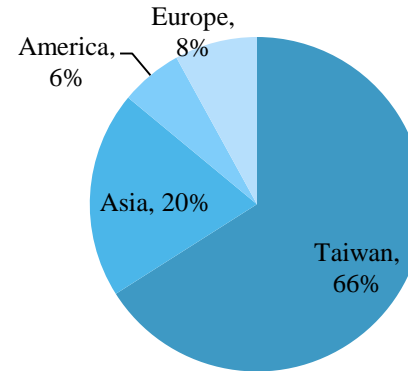
Supplier evaluation

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 2022, GMTC purchased more than 6,000 items (including raw materials, materials, spare parts, semi-finished products, and finished products), trading with over 700 suppliers. Among them, there are 119 key raw material suppliers, of which 76% are related to steelmaking (Ferro alloy, scrap), and 66% are in Taiwan. The Company has completed an evaluation of all suppliers, of which level A, level B and level C suppliers account for 86%, 11%, and 5%, respectively of total suppliers. Meanwhile, GMTC will moderately adjust the transaction volume and strengthen communication to achieve better supply quality.

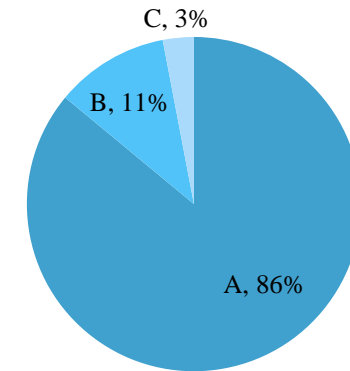
Supply categories of the supplier evaluation in 2022



Percentage of Suppliers by Region in the 2022 Supplier Valuation



Percentage of Different Level Suppliers in the 2022 Supplier Evaluation



Judgment of Evaluation Levels and Relevant Handling

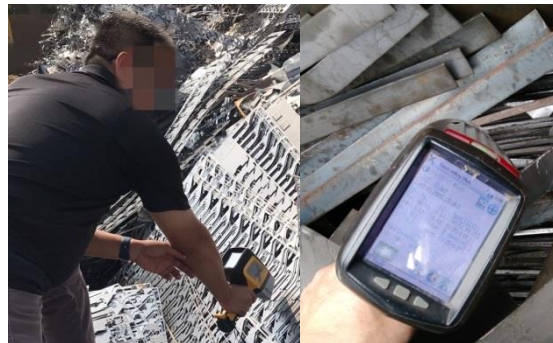
| Score | Level | Handling principle | Response measures |
|---------|-------|---|--|
| > 80 | A | Targets with priority in general procurement | Increase transaction volume or prioritize procurements |
| 70 - 80 | B | If the general procurement company failed to cooperate, it shall be replaced by another company of the same level | Normal transactions |
| < 70 | C | Supplier risk assessment and proposal of improvement measures when necessary Depending on the current status, the transaction volume may be adjusted or the supplier shall be disqualified | 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 three years

| Year | 2020 | | | | | 2021 | | | | | 2022 | | | | |
|------|-------------|-------------|--------------------------|-------|------------|-------------|-------------|--------------------------|-----------|------------|-------------|-------------|--------------------------|-----------|------------|
| Item | Alloy steel | Scrap steel | (Semi) Finished Products | Other | Total | Alloy steel | Scrap steel | (Semi) Finished Products | Other | Total | Alloy steel | Scrap steel | (Semi) Finished Products | Other | Total |
| A | 45 | 48 | 13 | 13 | 119 | 46 | 45 | 12 | 14 | 117 | 39 | 36 | 13 | 14 | 102 |
| B | 2 | 5 | 0 | 1 | 8 | 1 | 4 | 2 | 0 | 7 | 4 | 8 | 1 | 0 | 13 |
| C | 1 | 5 | 1 | 0 | 7 | 0 | 2 | 1 | 0 | 3 | 0 | 3 | 0 | 1 | 4 |

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 requests suppliers that store scrap steel directly on the ground to improve the on-site environment, and lay cement or iron 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 the joint cooperation of upstream and downstream companies.



Guide suppliers to develop self-inspection skills



Require suppliers to improve their operating environment



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| Major Issue Management Principles - Emissions and Energy Management | |
|---|--|
| Impact | GMTC's operations in Taiwan mainly focus on the manufacturing of special steel, which may lead to negative impacts on the environment and relevant stakeholders. The Company strictly abides by environmental laws and regulations in the implementation of corporate social responsibility, and established a sound management system, seeking energy-saving opportunities. In addition, we also continue to invest in environmental protection and minimize potential impacts. |
| Policy/Commitment | Meet the environmental obligations, with the participation of all employees; promote green businesses to achieve corporate sustainability. Continual improvement to mitigate environmental impacts |
| Goals | Cooperate with government policies to save 1% of electricity per year Annual greenhouse gas emission intensity decreased by 1% compared to the previous year |
| Action plans | <p>Management System</p> <ol style="list-style-type: none"> 1. Introduce ISO 50001 energy management system to improve energy performance 2. Set up a GHG inventory team to conduct GHG inventory every year <p>Action plans</p> <ol style="list-style-type: none"> 1. Implement the annual energy saving plan to improve energy efficiency, energy saving and carbon reduction 2. Fuel substitution: The Company continued to replace low-carbon fuels, renovated stoves in 2022, and replaced heavy oil with natural gas in order to reduce carbon emissions 3. Build rooftop solar power generation devices for the production of green energy 4. Simplified manufacturing process to reduce energy waste |
| Evaluation system | <ol style="list-style-type: none"> 1. Annual internal and external audits for the ISO 50001 system 2. Conduct GHG inventory on an annual basis and obtain relevant certification 3. Management review meeting 4. Review of Corporate Sustainability Committee performance |
| 2022 Evaluation results | <ol style="list-style-type: none"> 1. Passed the annual external audits for the ISO 50001 system 2. Completed GHG inventories 3. Energy savings performance: Xinying plant 0.26%, Liuying plant 2.72% 4. Annual greenhouse gas emission intensity of the manufacturing processes decreased by 1.39% compared to the previous year |



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| Major Issues Management Principles Covering Air Pollutant Control, Waste Management, Water Resource Management | |
|--|---|
| Impact | GMTC's operations in Taiwan mainly focus on the manufacturing of special steel, which may lead to negative impacts on the environment and relevant stakeholders. The Company strictly abides by environmental laws and regulations in the implementation of corporate social responsibility, and established a sound management system, seeking energy-saving opportunities. In addition, we also continue to invest in environmental protection and minimize potential impacts. |
| Policy/ Commitment | Meet the environmental obligations, with the participation of all employees; promote green businesses to achieve corporate sustainability. Continual improvement to mitigate environmental impacts |
| Goals | 1. To comply with air pollution regulations and emission standards 2. Comply with wastewater discharge standards in the industrial area 3. Share of reusable steel scrap increased by 1% compared to the previous year 4. Using 2014 as the base period, the short-term water intensity will drop by 5%, while the medium and long-term water intensity will decline by 10%. |
| Action plans | Management System 1. Introduce the ISO 14001 Environmental Management System to systematically control the environmental impact 2. Routine maintenance of air pollution and water pollution control equipment 3. Monitoring of irregular water consumption through the energy management system 4. Disposal of waste is entrusted to qualified waste disposal companies 5. Increase the recycling rate of waste bricks |
| Evaluation system | 1. Annual internal and external audits for the ISO 14001 system 2. Air Quality Test Report 3. Water Quality Test Report 4. Management review meeting 5. Review of Corporate Sustainability Committee performance |
| 2022 Evaluation results | 1. Passed the annual external audits for the ISO 14001 system 2. Air quality testing was in compliance with relevant laws and regulations in 2022 3. Wastewater discharge was in compliance with relevant laws and regulations in 2022 4. In 2022, the recycling rate of waste bricks was 83%, which increased by 102% compared with 41% in 2021, while the overall waste recycling rate reached 90% 5. In 2022, the water intensity was 0.00367 million liters per ton, which was 20% lower than the water intensity level in 2014, and dropped by 1.45% compared with that in 2021. |



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4.1 Environmental, Safety and Health (ESH) Management System

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 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 ISO 14001:2015 | Xinying plant | 1999 | Afnor / 2019.07.19 / 2025.06.07 |
| | Liuying plant | 2013 | |
| Power Management System ISO 50001:2018 | Xinying plant | 2013 | IMQ / 2022.12.13 / 2025.12.15 |
| | Liuying plant | 2014 | |
| Organization-level GHG Inventories ISO 14064-1:2006 | Xinying plant | 2013 | Afnor / 2023.04.24 |
| | Liuying plant | 2014 | Afnor / 2023.04.24 |
| Occupational health and safety man- agement system ISO 45001:2018 | Xinying plant | 1999 | Afnor / 2019.07.19/2025.06.07 |
| | Liuying plant | 2013 | |
| Taiwan occupational health and safety management system CNS 45001:2018 | Xinying plant | 2013 | Afnor / 2019.07.19/2025.06.07 |
| | 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 achieve environmental goals;

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;

More energy information to build a culture of corporate sustainability.

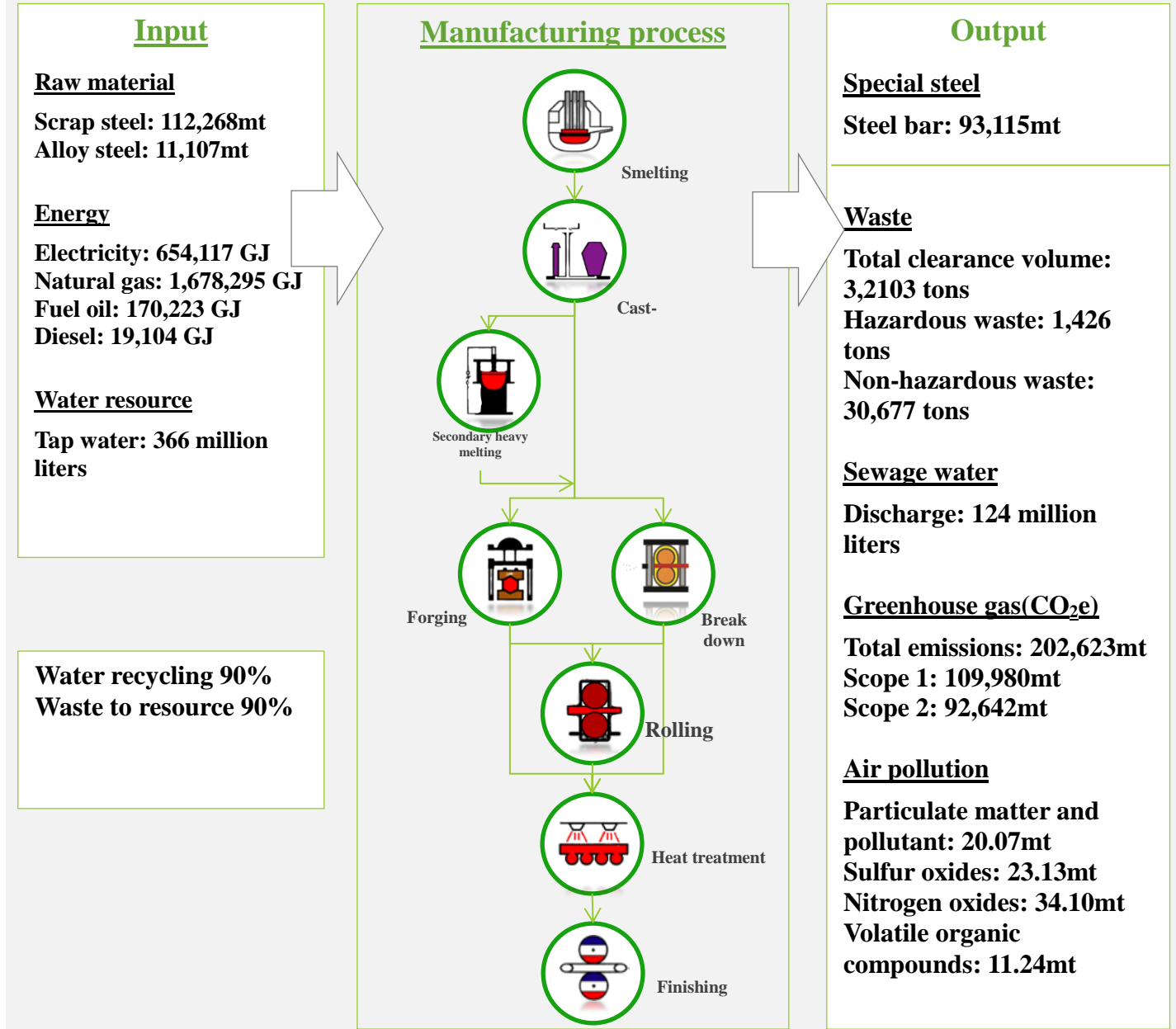
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Manufacturing process

GMTC's construction, facilities, and 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 to 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, secondary heavy melting, forging, rolling, heat treatment, and finishing. The raw materials for smelting mainly include scrap steel and alloy steel, 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 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 covers all of GMTC's plants in Taiwan.

2022 resource utilization



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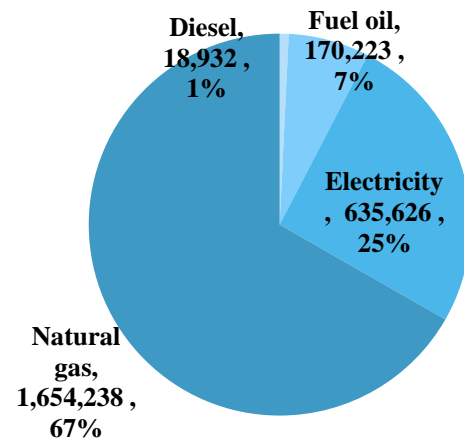
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4.2 Energy Management

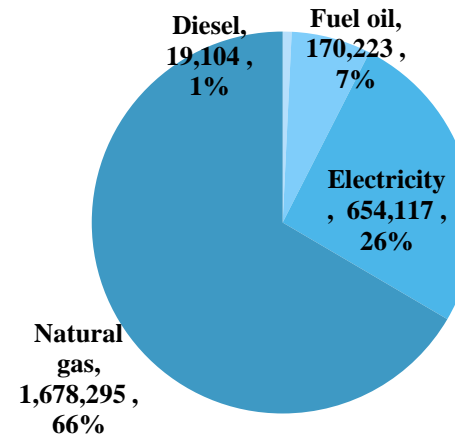
Calorific value and energy intensity

GMTC mainly uses natural gas, heavy oil and diesel, of which natural gas and heavy oil are used in boilers and heat treatment furnaces. Meanwhile, GMTC also uses purchased electricity as its indirect energy source. Usage of various energy sources in the key manufacturing process in 2022: electricity 176,818 MWh, natural gas 43,972m³, fuel oil 4,242 kiloliters, and diesel 539 kiloliters. The calorific value is shown in the figure, of which natural gas, electricity, fuel oil and diesel accounted for 67%, 25%, 7% and 1%, respectively. The energy intensity of key manufacturing processes was 26.62GJ/mt, which declined by 0.02% compared to the previous year. In the second quarter of 2022, renovation of the furnace renovation was conducted to replace heavy oil with natural gas, which lead to a decrease in the percent-age of fuel calorific value to 7% from 10% in the previous year.

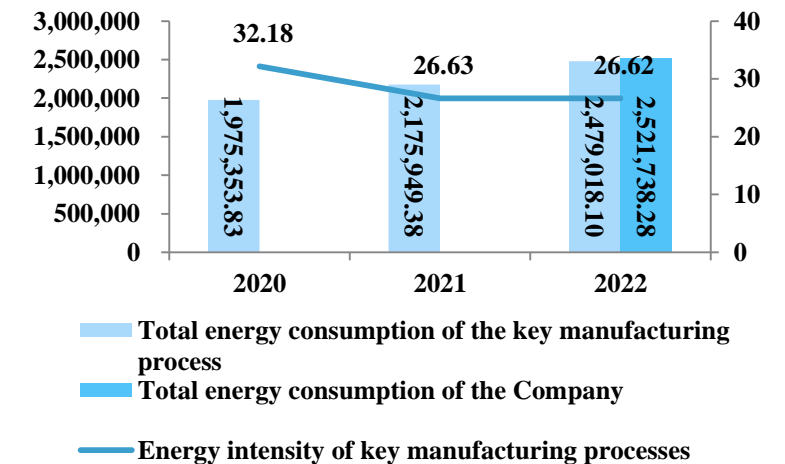
Ratio of heating value during the key
manufacturing process in 2022



Ratio of heating value of the entire
company in 2022



Total energy consumption and energy
intensity in the past three years



Note 1: Key manufacturing process energy consumption (GJ): Xinying Plant, Liuying Plant

Note 2: Energy intensity of key manufacturing processes: Key manufacturing process energy consumption (GJ)/2022 GMTC output volume (mt)

Note 3: The calorific value is calculated based on the calorific value table of energy products announced by 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=0.00418GJ**

Energy saving performance

GMTC established the ISO 50001 energy management system, while its Xinying plant and Liuying plant each set up energy audit and management teams to continuously monitor energy consumption, and formulate energy-saving plans to promote various measures with the aim to reduce energy consumption in each unit and mitigate the negative environmental impact. The annual electricity conservation target of the two plants totaled 1%; the energy saving performance of Xinying plant was 0.26% in 2022, with an average electricity conservation rate of 1.72% from 2015 to 2022; the energy saving performance of Liuying plant in 2022 was 2.72%, with an average electricity conservation rate of 1.19% from 2015 to 2022.

Solar power

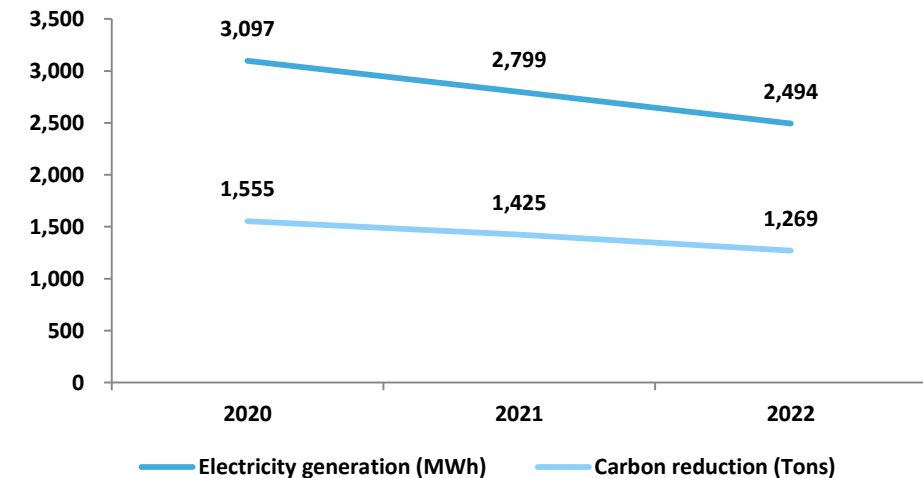
GMTC actively cooperated with the Tainan City Government on the project of building a "Solar City of Tainan", with green energy schemes for the low-carbon city. Since 2012, we jointly installed rooftop solar power in Xinying and Liuying factories to improve space utilization and increase the thermal insulation of factory buildings. In addition, we will carry out repurchase and expansion projects in 2022 to comply with the demands for large power user installation capacity in future regulations, with an additional installed capacity of 393.72kw in 2022.

In 2022, the Company's accumulated electricity generation reached 2,494 MWh, with a carbon reduction of 1,269mt (estimated based on the electricity carbon emission factor of 0.509/kWh announced by the Bureau of Energy in 2021).

2022 Energy Conservation Items

| Factory | 2022 Energy conservation items | Amount of energy saved | | | Invested funds (NT\$thousand) |
|---------------|---|------------------------|-------------------------------|-----------------------------|-------------------------------|
| | | Power (MWh) | Natural gas (m ³) | Amount of energy saved (GJ) | |
| Xinying plant | Improvement of Automatic Start-Stop System of P3500 Forging Machine Water-Cooled Electric Motor | 8 | | 28 | 37 |
| | Reduce LNG consumption per unit in the Q32 furnace | | 45,785 | 1,722 | 20 |
| | Improvement of 40-ton industrial air-cooled chiller for energy saving in Finishing Department I | 42 | | 151 | 3 |
| | Replacement of ice water hosts in the basement of office buildings | 1 | | 4 | 300 |
| | Improvement of 9310 Steel grade stress relief | | 1,697 | 64 | 0.1 |
| Liuying plant | Shutdown mechanism of the blast furnace when the No. 1-4 heating furnace stopped working | 42 | | 151 | 50 |

Power generation and carbon reduction from rooftop solar power system installations in the past three years

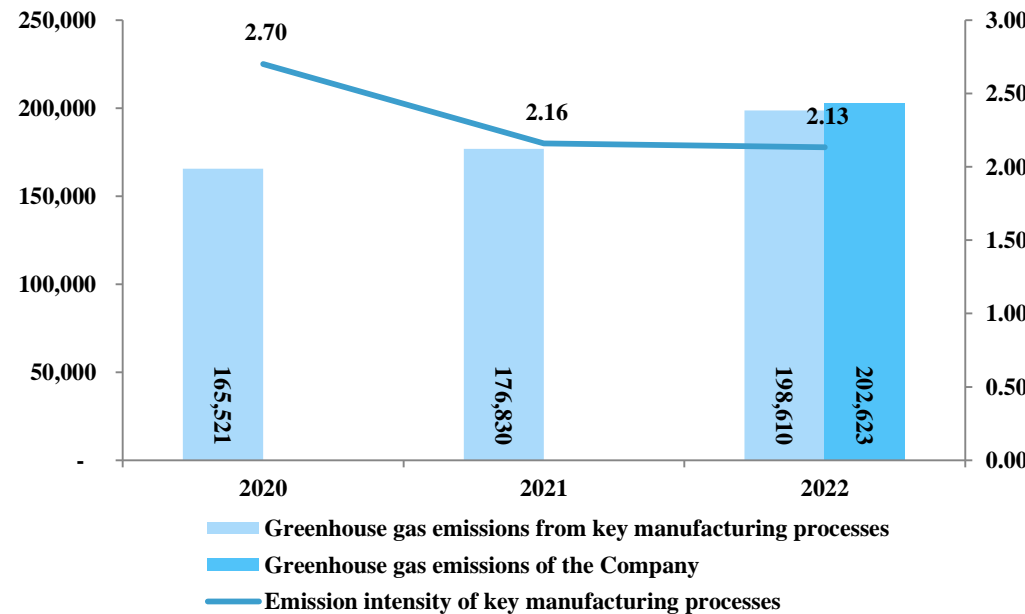


4.3 Greenhouse gas management

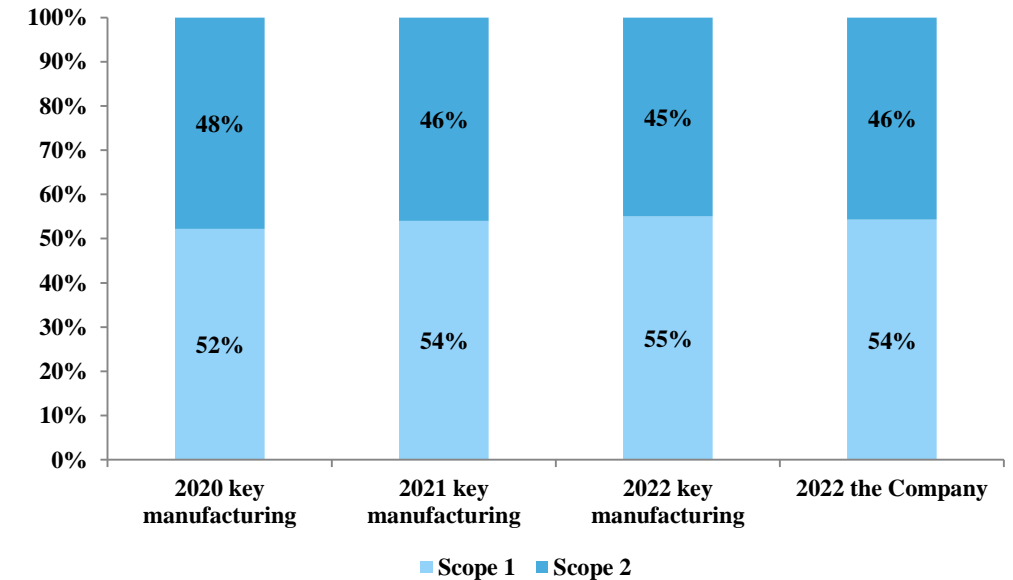
Since 2013, based on the ISO 14064-1 principles and requirements at the organization level for quantification and reporting of greenhouse gas (GHG) emissions, GMTC's Xinying Plant has set the boundary for greenhouse gas inventory, with quantitative greenhouse gas emissions. In 2023, according to the announcement of the Environmental Protection Administration, the 2nd batch of GHG emissions inventory shall record the amount of emissions, and verify the emission sources of Liuying Plant. The 2022 greenhouse gas emissions in Xinying Plant and Liuying Plant were certified by Afnor International for ISO 14064-1 GHG emissions inventory in 2023. The other factory areas will conduct self-inspection according to the sustainable development road map of TWSE/TPEX listed companies.

In 2022, the GHG emissions of key manufacturing processes totaled 198,610mt CO₂e, of which Scope 1 (direct emissions) accounted for 55% of total GHG emissions; Scope 2 (indirect emissions) accounted for 45% of total GHG emissions; while GHG emissions intensity was 2.13mtCO₂e per output volume (mt), which decreased by 1.44% compared to the previous year. In the second quarter of 2022, the furnace will be replaced, with the energy source switched from heavy oil to natural gas. Based on the energy consumption in 2021, we estimate that the carbon reduction potential will be around 2,000mtCO₂e/year. However, given that the Company's overall output grew by 14% in 2022, the carbon emissions from the key manufacturing process increased by 12% compared to the previous year.

Total GHG emissions and emission intensity in the past three years



The ratio of GHG emission of key manufacturing processes in the past three years



Note 1: Greenhouse gas emissions from key manufacturing processes (mtCO₂e): Xinying Plant and Liuying Plant (self-inventory in 2020 and 2021)

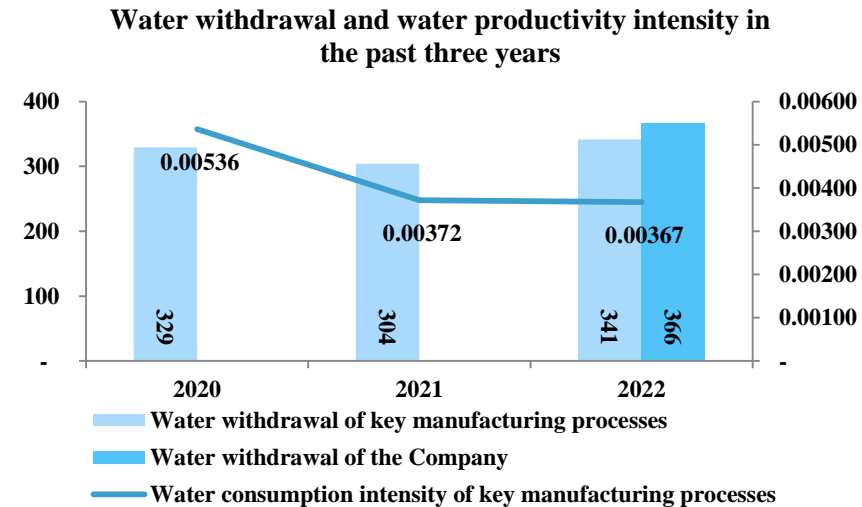
Note 2: Emission intensity of key manufacturing processes: GHG emissions (mtCO₂e)/2022 GMTC output volume (mt)

4.4 Water resource management

| Item | | Xinying plant | Liuying plant |
|---------------------------|-----------|--|--|
| Water stress indicator | | Low- to medium-level | Low- to medium-level |
| Water source | | Wushantou Reservoir | Wushantou 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 |

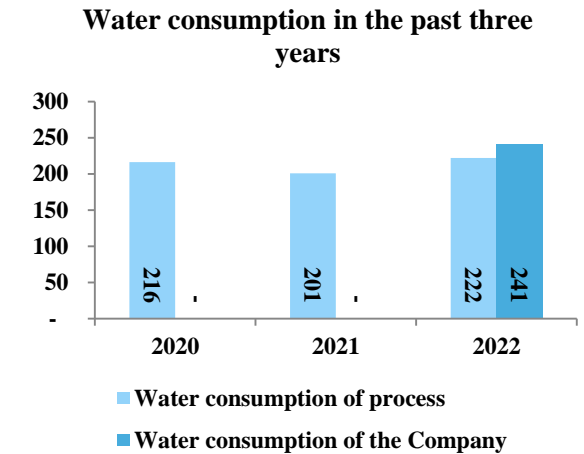
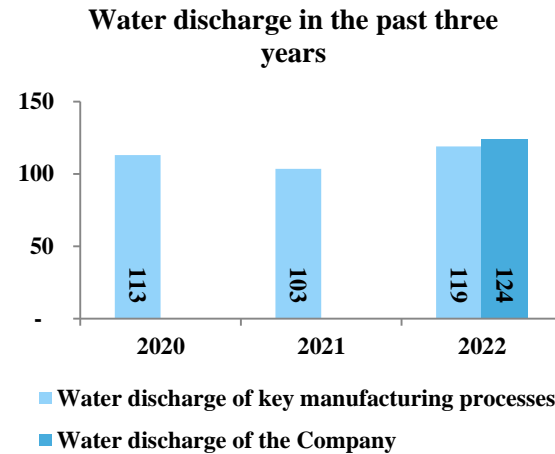
GMTC has set up plants in Xinying Industrial Zone and Liuying Science and Technology Industrial Zone in Tainan City. Based on the “Water Resources Risk Assessment Tool” of the World Resources Institute, the water stress in the area where GMTC is located is Low Medium risk (1-2). GMTC uses tap water mainly for cooling and recycling during the manufacturing process and employee domestic water consumption, with no direct water intake from the environment. The rainwater recovery system and process water recycling system are established based on the management concept of multiple water resource recycling and utilization, so as to improve the water usage effectiveness of water consumption. In 2022, the water consumption for the manufacturing process totaled 341 million liters, with a water consumption density per ton of steel production of 0.00367 million liters/mt, which is 1.45% lower compared to that in 2021. In 2022, the water recycling rate of key manufacturing processes and the entire company were 99.3% and 99.2%, respectively.

In terms of GMTC’s 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 November 2022, due to abnormal equipment, the wastewater discharge exceeded the industrial zone management standards, which led to additional treatment costs. Operations returned to normal after the Company ruled out equipment anomalies. In 2022, the wastewater discharge from the GMTC’s key manufacturing processes totaled 123 million liters, and the wastewater processing costs will be paid and reported to the competent authority on a regular basis.



Note 1: Water consumption and discharge of key manufacturing processes (million liters): Xinying Plant, Liuying Plant
 Note 2: Water consumption intensity of key manufacturing processes = water consumption of key manufacturing processes (million liters)/2022 GMTC output volume (mt)

Note 3: Water consumption = Amount of water withdrawal - amount of water discharge



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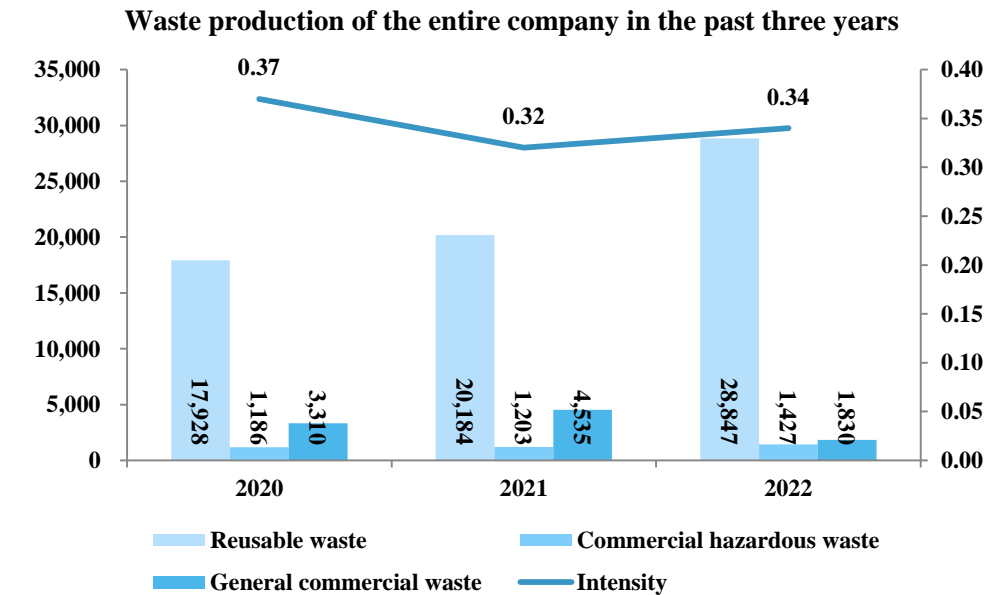
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4.5 Waste management

Waste

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, while the Company has signed contracts with waste disposal companies. In addition, both parties have fulfilled contract specifications. In 2022, GMTC's waste disposal volume totaled 32,103mt (general waste 6%, hazardous waste 4%, and recyclable waste 90%). Business waste is classified into three categories according to the disposal method, including 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 83% in 2022, which increased by 102% compared with 41% in the previous year. In addition, the waste intensity in 2022 was 0.34, which increased by 2.50% compared with 0.32 in 2021. GMTC formulated resource recycling procedures, 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.



Note: Intensity = Waste production (tons)/2022 GMTC output volume (mt)

| Item | | | Transfer | Direct disposal | Quantity (mt) |
|---------------------|--------------------------------|---|-------------------------------------|-----------------|---------------|
| Hazardous waste | Commercial hazardous waste | Pollution control of metallurgical dust or sludge in the electric furnace steelmaking process | Heat treatment | | 625 |
| | | Chromium and chromium compounds | Buried | | 801 |
| Non-hazardous waste | General commercial waste | Mixed plastic waste, cloth, municipal waste, non-hazardous organic liquid waste or waste solvents, etc. | Incineration | | 231 |
| | | Waste lubricating oil, mixture of waste oil, refractory waste, etc. | Physical treatment / Heat treatment | | 1,540 |
| | | Used grinding wheels, waste insulation materials, etc. | Buried | | 59 |
| | Announcement of reusable waste | Waste wood, waste brick, electric arc furnace oxidation ballast, electric arc furnace ballast, scrap iron, etc. | | Reused | 28,847 |
| | | | | | 32,103 |

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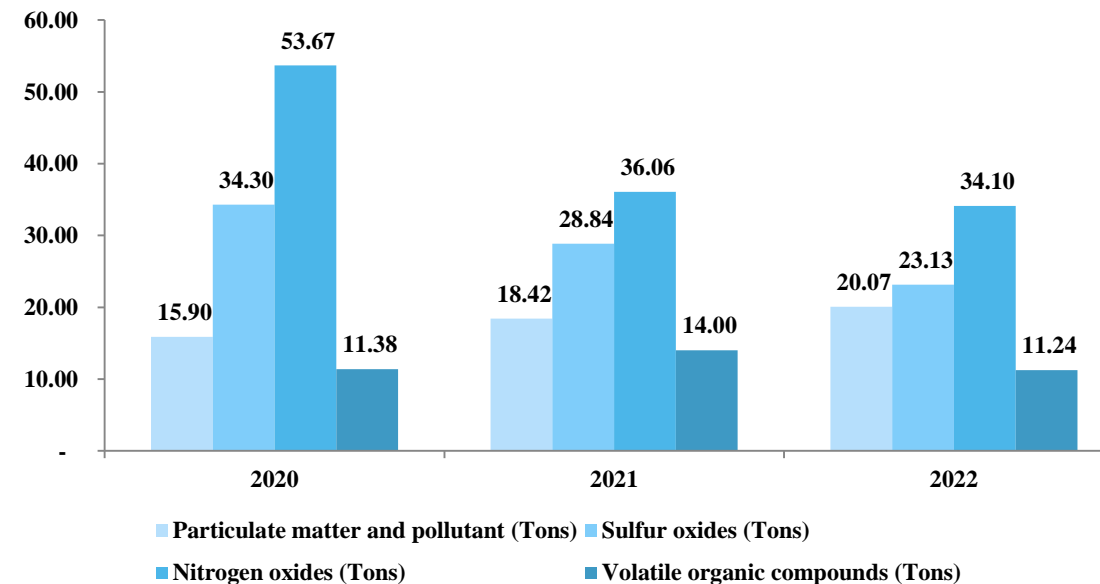
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Air Pollutant

The air pollutants that may be emitted during GMTC's production process, which include particulate matter, sulfur oxides, nitrogen oxides and volatile organic compounds, shall be tested and reported according to the 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 an 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 2022, 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 of the entire company in the past three years





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4.6 Environmental Protection Expenditure and Environmental Regulations

There was one case of violation of environmental laws and regulations in 2022. The relevant descriptions and improvement measures are as follows:

| Description | Improvement measures | Amount |
|--|--|--------------|
| 1. Dustproof screen or partition walls did not fully enclose the piling area. 2. The routes paved with concrete have a color difference from the road. 3. The automated car wash platform has been repaired, yet the vehicle body has not been properly washed, and fugitive particulate pollutants on the surface of the vehicle have been brought out to the public or private premises. | 1. Renovate the fences and barriers around the material storage area. 2. Strengthen road sweeper cleaning and repair potholes in the road. 3. Improve the rinsing function in the automated car wash platform, and strengthen road sweeper cleaning. | NT\$ 150,000 |

On the other hand, GMTC’s environmental expenditures in 2022 totaled NT\$99,267 thousand. 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\$thousand) |
|------|--|----------------------|-----------------------------|----------------|----------------------|
| 2020 | 761 | 2,454 | 627 | 73,374 | 77,216 |
| 2021 | 813 | 2,433 | 822 | 84,644 | 88,735 |
| 2022 | 935 | 3,870 | 691 | 93,775 | 99,271 |

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 takes 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 arises from development activities, so as to achieve the purpose of environmental protection.



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| Major Issues and Management Principles - Employment | |
|---|---|
| Impact | By providing comprehensive salary, promotion and employee welfare systems, GMTC protects employee rights and interests in accordance with relevant laws and regulations, and fosters a good working environment, so that employees can give full play to their strengths and achieve mutual growth. GMTC also provides local employment opportunities and contributes to economic growth. |
| Policy / Commitment | <p>Policy: Uphold the principle that employees are the Company's most important asset, and commit to making sure employees feel secure in the workplace</p> <p>Commitment:</p> <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 | Short term (2023): Retention rate of 70%; resignation rate of 11% Medium- to long-term: Retention rate of 75%; resignation rate of 9% |
| Action plans | <ol style="list-style-type: none"> 1. Improvement measures for recruitment of technical talents and talent retention. 2. Improvement measures for recruitment of talents and talent retention of non-managerial positions. 3. Improve the promotion system for non-managerial employees. 4. Adjustment of remuneration and employee benefits 5. Promote industry-academia collaboration |
| Complaints Mechanism | Employee complaints handling procedure Labor-management meeting |
| 2022 Evaluation results | Retention rate of 68%; resignation rate of 14% |

| Major Issues and Management Principles - Occupational Safety and Health | |
|---|--|
| Impact | GMTC is committed to providing a friendly working environment, and mitigating the occurrence of potentially dangerous situations by implementing hazard identification and risk assessment. We also actively promote a series of health check-ups and health activities to provide care for the physical and mental health of employees, and develop products with the best quality for customers in a safe and healthy working environment. |
| Policy / Commitment | Create a safe and healthy environment and promote health protection. Cherish life and create corporate value. |
| Goals | <p>Short term (2023)</p> <p>1FR \leq 3.34; SR \leq 30</p> <p>Medium- to long-term</p> <ol style="list-style-type: none"> 1. Achieve zero injuries in the workplace and create an excellent working environment 2. FR \leq 0; SR \leq 0 |
| Action plans | <ol style="list-style-type: none"> 1. Introduce a penalty system for occupational safety violations. 2. Maintain the effectiveness of the management system 3. Implement an independent inspection system 4. Improve the on-site environment 5. Improve on-site education and training 6. Due diligence investigation and punishments. |
| Evaluation system | <ol style="list-style-type: none"> 1. Annual internal and external audits for the ISO 45001 and CNS 45001 systems 2. Management review meeting 3. Quarterly Review of the Implementation Status of Occupational Safety and Health Committee 4. Monthly Statistics |
| 2022 Evaluation results | <ol style="list-style-type: none"> 1. Passed the annual internal and external audits for the ISO 45001 and CNS 45001 systems 2. FR: 3.21, SR: 28 <p>*FR Disabling Frequency Rate: Total number of disabling injuries for every million work hours</p> <p>*SR Disabling Severity Rate: Total number of lost work days of disabling injuries for every million work hours</p> |

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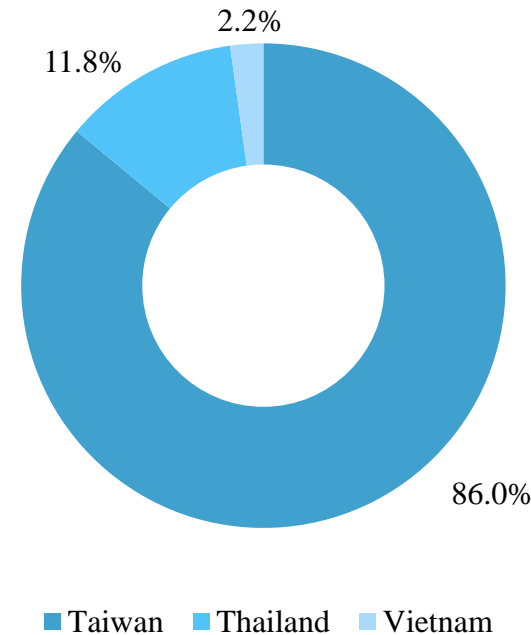
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5.1 Diverse talent pipeline and equality

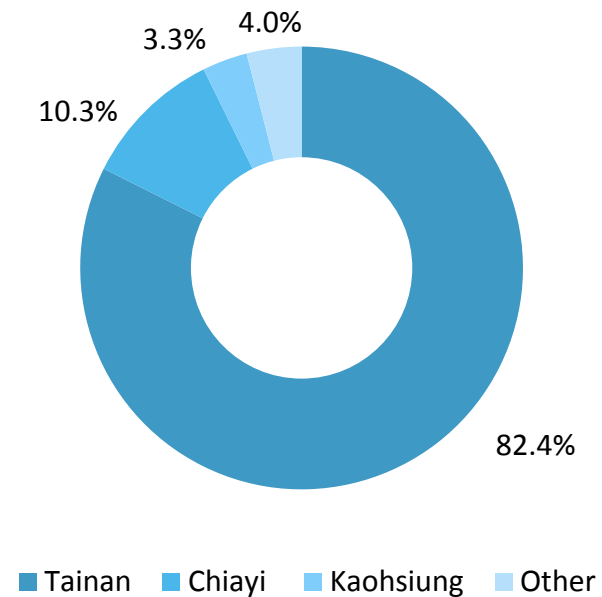
Employee status

As of the end of 2022, GMTC has a total of 957 employees, which increased by 6% compared to the previous year, all of them are full-time employees, and there were no dispatched workers or part-time employees. Among them, Taiwanese employees account for 86%, of which 82% are from Tainan City. GMTC'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.

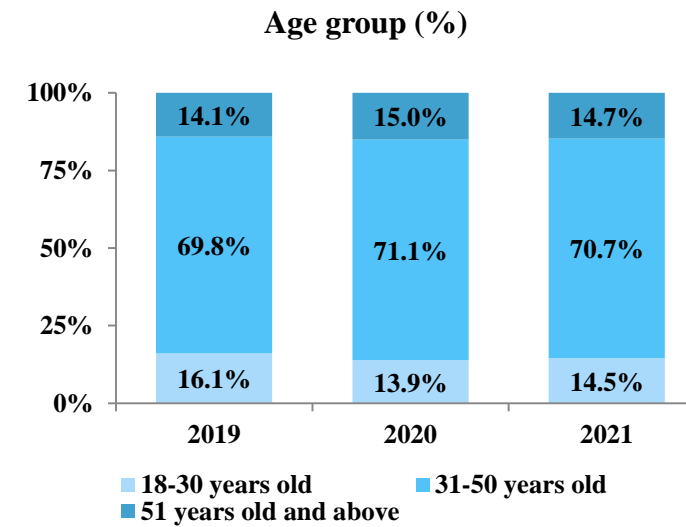
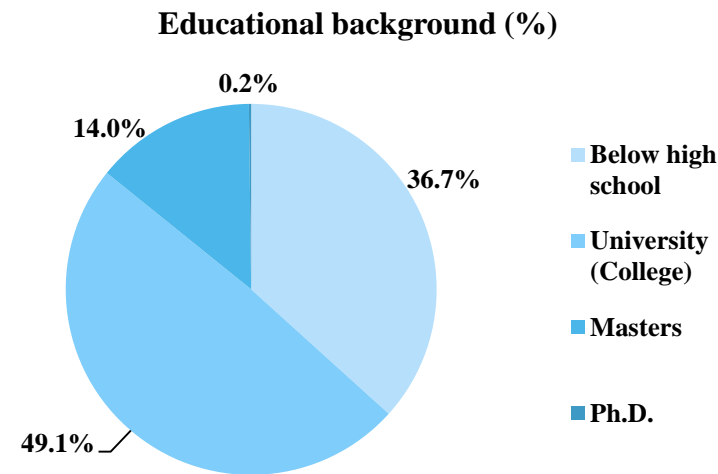
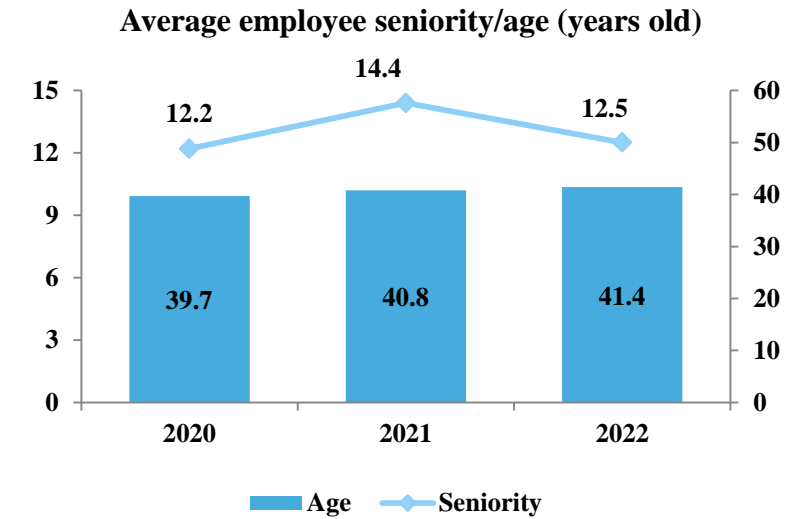
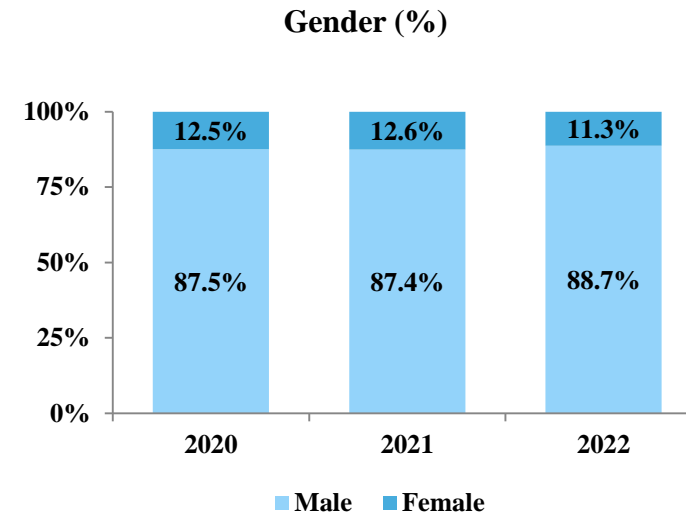
Employee nationality and percentage



**Percentage of Taiwanese employees by
region**



Due to the high-temperature, high-heat, and heavy-duty working environment in the metal products manufacturing industry, GMTC has 849 male employees, which accounts for 88.7% of GMTC's total number of employees. In 2022, 64.2% of the local employees earned a bachelor's degree or higher, with an average age of 41.4 years old, and average seniority of 12.5 years, indicating that GMTC has a stable workforce allocation with potential for development.





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The employee positions in GMTC are 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 2022, management, professionals, technical personnel and clerks accounted for 6.8%, 20.7%, 68.0%, and 4.5% of the total number of employees.

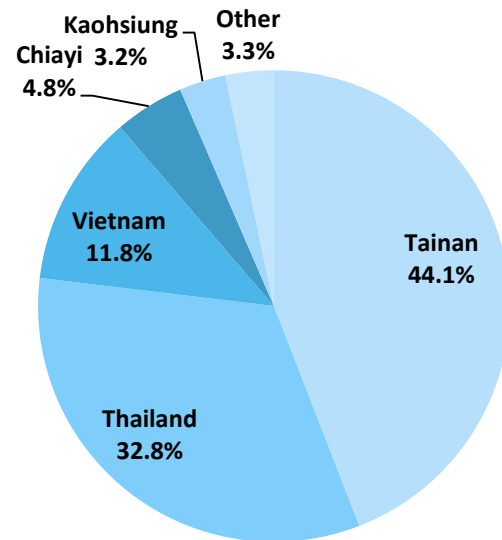
| Year | | 2020 | 2021 | 2022 |
|--------------|--------|-------|-------|-------|
| Type | | | | |
| Management | Male | 4.9% | 5.3% | 6.0% |
| | Female | 0.8% | 1.0% | 0.8% |
| Professional | Male | 16.2% | 14.9% | 15.3% |
| | Female | 6.2% | 5.8% | 5.4% |
| Technical | Male | 66.4% | 67.2% | 67.5% |
| | Female | 0.7% | 0.9% | 0.5% |
| Officer | Male | 0% | 0% | 0% |
| | Female | 4.8% | 5.0% | 4.5% |

Talent flow

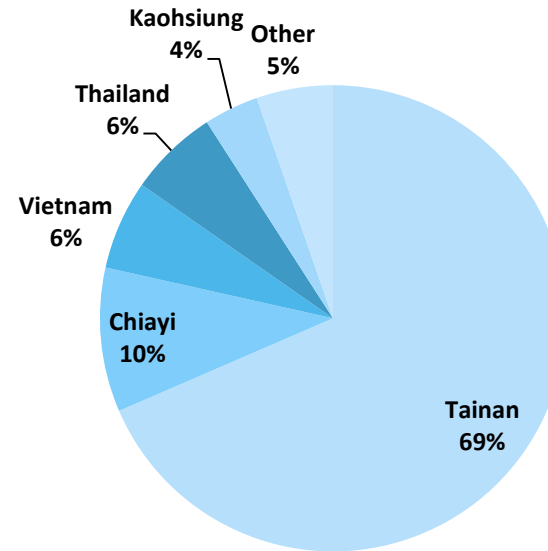
GMTC supports gender equality and work force diversity. GMTC's personnel recruitment and selection is solely based on skills and experience instead of race, class, politics, ideology, religious beliefs, place of origin, place of birth, gender, sexual orientation, age, family status, genetic features, 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 2022. In 2022, there were a total of 186 new employees, of which 44.1% are from Tainan City, and 4.8% are from Chiayi County. To increase the sources of recruitment and meet the Company's business needs, the employees are provided with incentives 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 demonstrate their skills and competencies. In the past years, GMTC's disability inclusion has exceeded legal requirements (1%). In 2022, GMTC hired 12 disabled people, accounting for 1.3% of the total number of employees.

The employee turnover rate was 14% in 2022. Among them, 20 employees are 51 years old or above, which are all at retirement age, or due to job rotation to affiliated companies under the Group. For better talent recruitment, GMTC has improved the employees' work efficiency and reduced their workload by improving the overall business process and operating efficiency.

Percentage of newcomers by region (%)



Percentage of resigned employees by region (%)



| Attribute | Gender | Age group | Number of participants |
|--|--------|------------------------|------------------------|
| New employees (Total: 186 employees) | Male | 18-30 years old | 60 |
| | | 31-50 years old | 110 |
| | | 51 years old and above | 7 |
| | Female | 18-30 years old | 5 |
| | | 31-50 years old | 4 |
| | | 51 years old and above | 0 |
| Resigned employees (Total number of resigned employees: 130; resignation rate: 14.0%) | Male | 18-30 years old | 25 |
| | | 31-50 years old | 73 |
| | | 51 years old and above | 19 |
| | Female | 18-30 years old | 6 |
| | | 31-50 years old | 6 |
| | | 51 years old and above | 1 |



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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 training 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 the arrangement of leadership and 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, thereby strengthening 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. The above-mentioned courses are matched with job promotion, and the courses and qualifications of professional and technical talents were classified in 2022. The non-managerial promotion system will be adjusted to meet the needs of company operations and market competition.

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 2022 are summarized in the table on the right.

| Training type | Item | Class/ ses- sion | Total training hours | Number of trainees |
|-------------------|-------------------------|---------------------|----------------------|-----------------------|
| Internal training | Professional technology | 179 | 703 | 929 |
| | Core technology | 61 | 99 | 489 |
| External training | Professional technology | 22 | 192 | 36 |
| | License | 21 | 518 | 290 |
| Total | | 283 | 1512 | 1744 |



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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 internships, and industry-academia cooperation, we also encourage employees to introduce new talents by providing referral bonuses, and recruiting new talents for future corporate development.

We recruit cross-industry talents to activate organizational vitality, with a flexible salary system, which takes into account the academic background, location, and transportation distance in order to attract outstanding talents. New employees who have passed the performance evaluation can apply for salary adjustment. We provide a maximum of 200% retention subsidy. As one of the objectives for employee promotion, the Company conducted an 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.

At the beginning of 2022, employees received bonuses for their efforts to generate company profits despite tepid demand during the epidemic. The Company raised the basic salary of all employees by 5%, and raised the fixed monthly disposable salary, adjusting the Company's salary structure will be adjusted in consideration of the market-based pay structures. 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 the 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 the share purchase, so as to encourage employees in long-term retirement savings and participate in corporate development, attracting and retain talents by providing better salary and employee benefits.

Multiple communication channels

GMTC has always attached importance to 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 2022, there were no employee complaints or labor disputes in the Company.

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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.



Swimming club



Cycling club



Golf club



Mountain climbing club



Runners club



Basketball club



Softball club



Badminton club

Employee Welfare

With the aim to care for employees and their family members, GMTC provides comprehensive employee benefits, an incentive compensation bonus system, considerate care, and preferential benefits to enable employees to work with 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 107% of the minimum wage in Taiwan. If an employee needs to work overtime due to business requirements, the Company will pay colleagues overtime wages based on their salary in accordance with the Labor Standards Act. In 2022, the average pay of non-managerial officers was NT\$991,000, with a median of NT\$965,000. The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) was 2.34. The ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) was 1.21.

GMTC provides employees with labor and health insurance, retirement pensions, 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 cares about the health of employees. For example, for hot working conditions in the factory during the manufacturing process, we investigated the needs of employees in 2022, replaced the original uniforms with new uniforms that absorb moisture and sweat, and provide free health check-ups for all age groups, which is better compared to labor-related laws and 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 for 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

| Employee welfare measures | |
|---|--|
| Incentive compensation | <ol style="list-style-type: none"> 1. Year-end bonus/ annual bonus 2. Holiday bonus 3. Business allowance/ production bonus/earnings bonus 4. Increase bonuses and allowances for migrant workers 5. Employee stock option grant (25%) 6. Retention employee stock ownership trust 7. Project completion bonus 8. Special Contribution |
| Comprehensive worker protection | <ol style="list-style-type: none"> 1. Compliant with the Labor Standards 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 |
| Employee care | <ol style="list-style-type: none"> 1. Free health check-ups every year 2. Advanced health check-up subsidy for senior employees 3. Travel allowance (NT\$3,000 per employee) 4. Marriage subsidy (NT\$32,000 per employee) 5. Funeral allowance (NT\$50,000 per employee) |
| Free and preferential employee benefits | <ol style="list-style-type: none"> 1. The budget for meal allowances increased to NT\$80 2. Club grants 3. Special store offers |



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to as the Welfare Committee), which not only provides employee travel incentives, festival gifts (Lunar New Year, Labor Day, and Moon Festival), birthday gifts, wedding gifts and funeral condolences.

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 2022, a total of 71 employees were eligible for parental leave, and 11 employees applied for parental leave. In 2022, it is expected that there will be a total of 9 reinstatements after parental leave, and the actual number of employees reinstated after parental leave is 6, with an achievement rate of 67%. Retention rate of 50% after reinstatement.

| Statistics on the Application for Parental Leave | Male | Female | Total |
|--|------|--------|-------|
| Number of employees eligible for parental leave | 63 | 8 | 71 |
| Number of applications for parental leave in the current year | 9 | 2 | 11 |
| Actual number of employee reinstatements after parental leave (A) | 4 | 2 | 6 |
| Number of employee reinstatements after parental leave (B) | 6 | 3 | 9 |
| Reinstatement rate ($A \div B \times 100\%$) | 67% | 67% | 67% |
| Total number of employee reinstatements after parental leave in the previous year (C) | 3 | 1 | 4 |
| The number of people who have served for one year after being reinstated following a parental leave in the previous year (D) | 1 | 1 | 2 |
| Retention rate after reinstatement from parental leave ($D \div C \times 100\%$) | 33% | 100% | 50% |

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5.3 Human Rights and Equality

GMTC Human Rights Policy

The "GMTC Human Rights Policy" abide by the laws and regulations in each of its global bases, and complies 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 documentation 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 a Safe and Healthy Working Environment | Prevention of Unlawful Discrimination and Ensure Equality in Work Opportunities | Prohibit Child Labor | Prohibit Forced Labor | Support employees in maintaining good physical and mental health and improve 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 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 |



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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 2022, 102 people were trained, with a total of 408 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 |



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Occupational health and safety management system

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. The number of employees in the internal audit system was 768 (company employees and permanent contractors), with a coverage ratio of 81.01%. The ISO 45001:2018 and CNS 45001 certifications will be completed in June 2022. The current validity period is June 7, 2025. According to the external verification agency, the safety and health management system covers Xinying Plant and Liuying Plant, and the number of employees totaled 768 (company employees and permanent contractors) in 2022, with a coverage ratio of 81.01%.

| Region | Incorporated in the scope of management system validation | Number of employees | Long-term contractor | After internal audit | | After external audit | |
|---------------|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | Employee | Long-term contractor | Employee | Long-term contractor |
| Xinying plant | ○ | 659 | 11 | 659 | 11 | 659 | 11 |
| Liuying plant | ○ | 92 | 6 | 92 | 6 | 92 | 6 |
| Headquarters | X | 173 | 7 | 173 | 7 | 173 | 7 |

***The number of employees during the month of external verification (June 2022)**

Non-employee workers

GMTC's non-employee workers are mainly fixed-term contractors such as security guards and cleaners. In 2022, there were a total of 24 non-employee workers.

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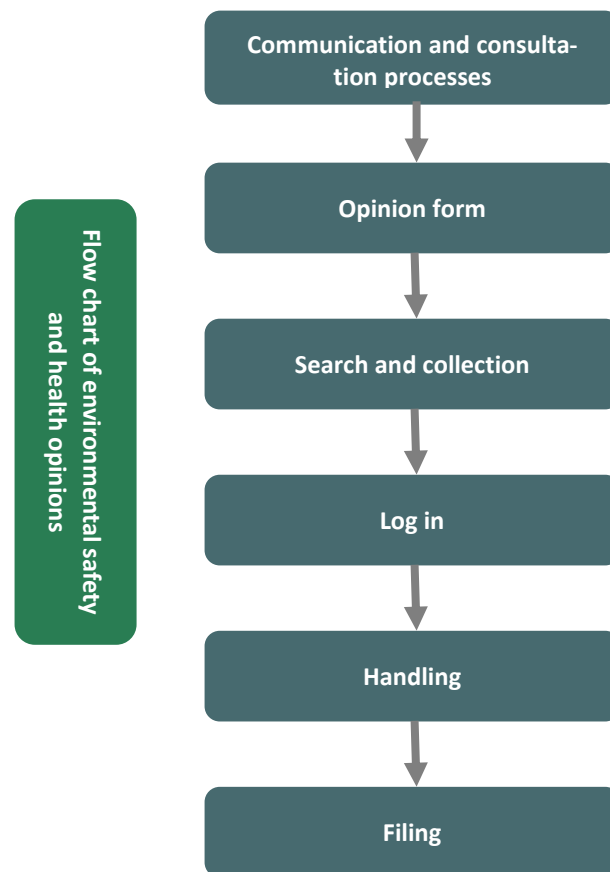
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Environmental Protection and Occupational Safety and Health Committee

GMTC holds safety and health committee meetings on a quarterly basis. The committee consists of 48 members, including General Manager, labor safety personnel, department chiefs, medical staff, and labor union representatives. Among them, there were a total of 17 representatives of the labor union, accounting for 36.42% 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 2022, were a total of 8 proposals related to safety and health improvement, and all 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, participation 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 bonuses by General Manager or senior manager. In addition, to ensure the 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.



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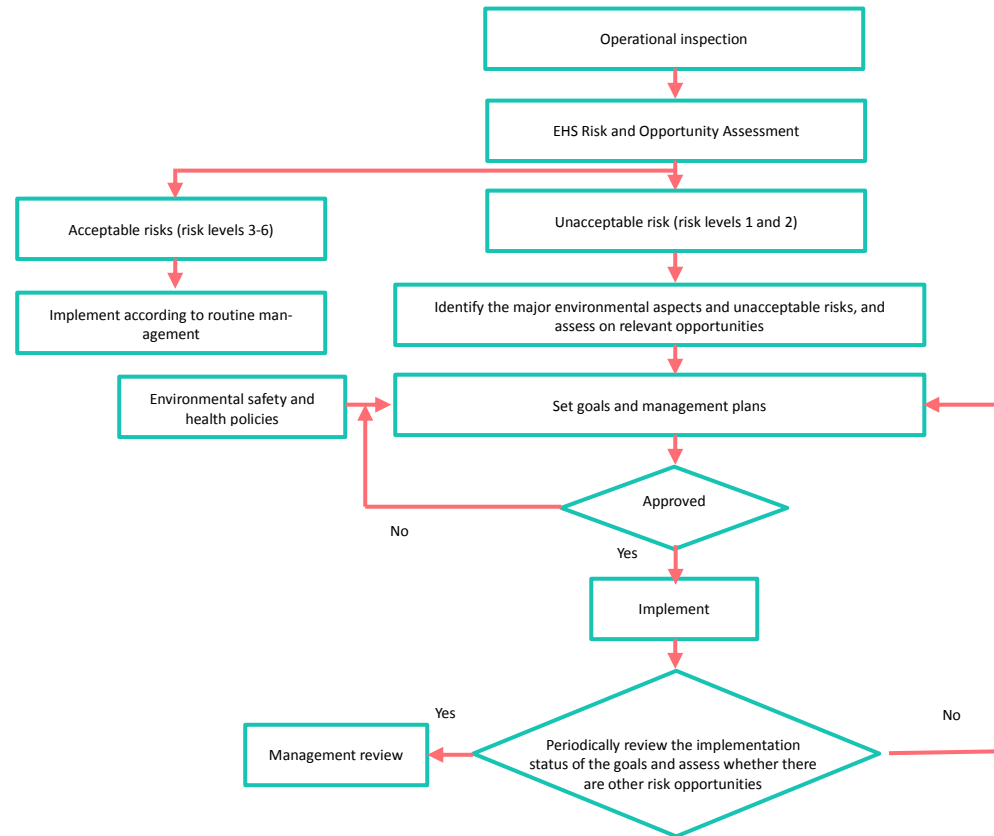
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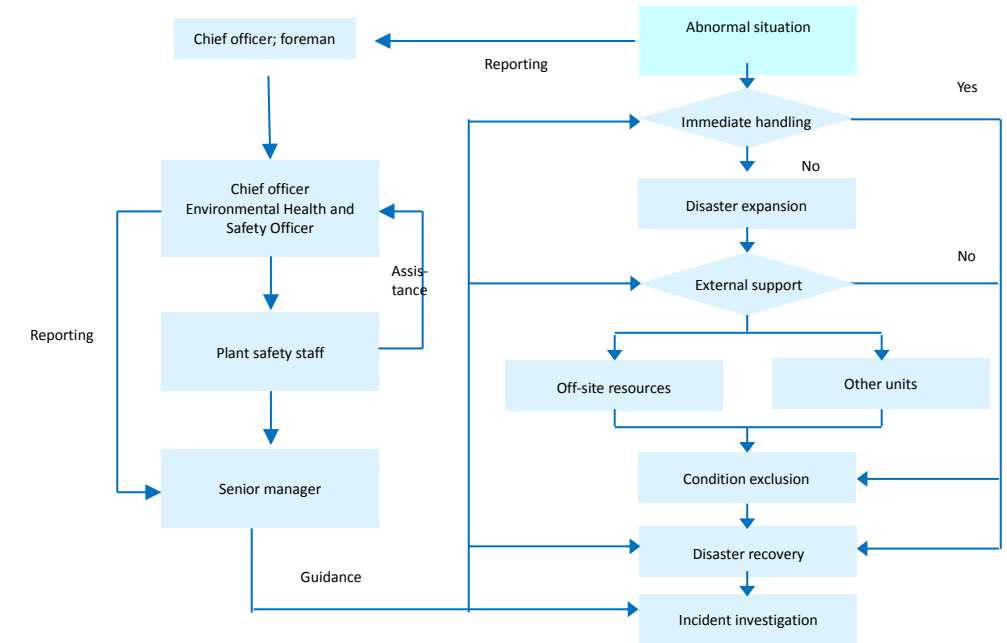
Hazard Identification and Risk Assessment

In 2022, the Company identified a total of 1,799 occupational safety risks and 743 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, and avoiding risks through daily management.



Incident Management

GMTC attaches great importance to injury accidents and false alarms. In addition to investigations, the Company also made parallel improvements for units with similar environments or machinery. When there is an accident, the employee shall conduct notification and incident management in accordance with the reporting procedures as follows.





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Chemicals management

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 Regulations for the Labeling and Hazard Communication of 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.

Self-health management

GMTC adheres to the concept of “creating a safe and healthy workplace and promotes healthcare”, and has dedicated efforts to 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 to 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 of healthcare, and establish a supportive environment to help employees achieve 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 work, health and life. Therefore, the Company has performed on-site health check-up services for employees working in general and hazardous workplaces to detect health hazards and potential pathogenic factors at an 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 2022. The implementation results of the four main occupational hygiene plans in 2022 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 an 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 physicians to help patients understand the cause of their symptoms, with improvement suggestions, and conduct 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 2022, the Company provided maternal health protection for six 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.

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- 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 on employees. In addition, the representatives of labor and management have set up the "Unlawful Infringement Reporting and Complaints Investigation Team" to investigate 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 health check-ups are related to cardiovascular diseases, we actively encourage employees to better manage various abnormal findings by participating in the Company's club activities.

GMTC also pays great attention to 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 for on-site physicians and occupational medicine specialists to provide suggestions 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 2022.

Self-health management activity

In 2022, there were a total of 2 health lectures, with 48 participants.



Topic: How to overcome back pain



Topic: How to solve the problem of 3-highs



COVID-19 response measures

In 2022, we adjust response measures according to the Central Epidemic Command Center, with work diversion during the severe impact of the pandemic, in order to minimize the risk of collective infection.

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 |

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Safety and health education and training

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: 48 sessions were held, participated by a total of 102 new employees.
2. On-the-job training: Each unit organizes on-the-job training courses once a month, which were participated by a total of 2,627 employees.
3. Training for cooperative suppliers: Remind suppliers of safety awareness and comply with regulations. 173 sessions were held, with a total of 2,394 participants.
4. Fire safety drills: For employees to be familiar with the notification process and operation of emergency equipment to enhance the employees' skills in emergency response. Six sessions were held in GMTC's three plants, which were participated by a total of 118 employees.

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 an emergency or abnormal situation, ensuring the safety of workers and surrounding residents, and preventing 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 2022, each factory conducted 6 disaster prevention drills, participated by a total of 118 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 wastewater or chemicals enable employees to 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, 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.





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Contractor management

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 a 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 for occupational safety and health, with explanations for management matters, in order to prevent the occurrence of occupational accidents involving contractors.

Occupational safety and health regulatory compliance

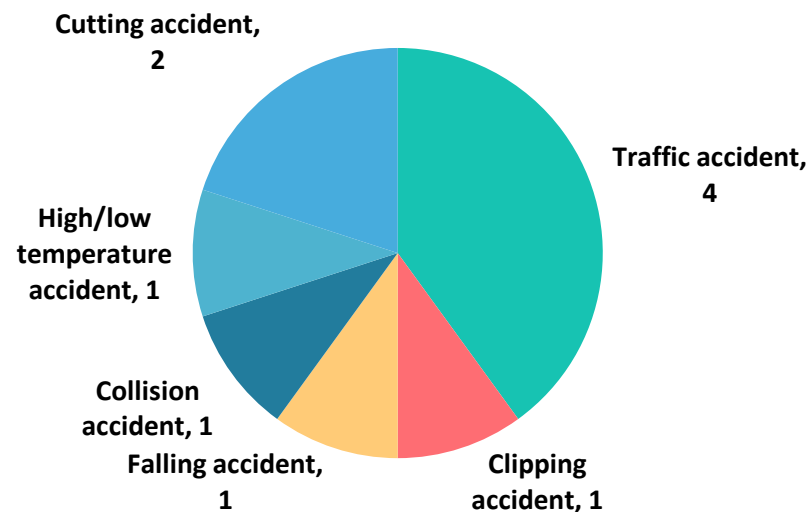
There was one case of violation of occupational safety laws and regulations in 2022. The relevant descriptions and improvement measures are as follows:

| Description | Improvement measures | Amount |
|--|--|--------------|
| 1. The driver did not fasten the seat belt at the driver’s seat of the sit-down counterbalance forklift. 2. Workers who operate dangerous mechanical equipment of fixed cranes did not obtain technical qualifications. | 1. To strengthen employees’ concept of occupational safety, we advocate safety precautions to relevant units every month, while the industrial safety unit strengthens inspection-related regulations for compliance by on-site operators. Furthermore, we provide counseling and improvement suggestions for deficiency units and on-site operators to prevent it from happening again. 2. The Company provides external certification training courses for employees every year, with relevant personnel arranged to receive training, and obtain relevant qualifications before operating dangerous machinery and equipment. | NT\$ 120,000 |

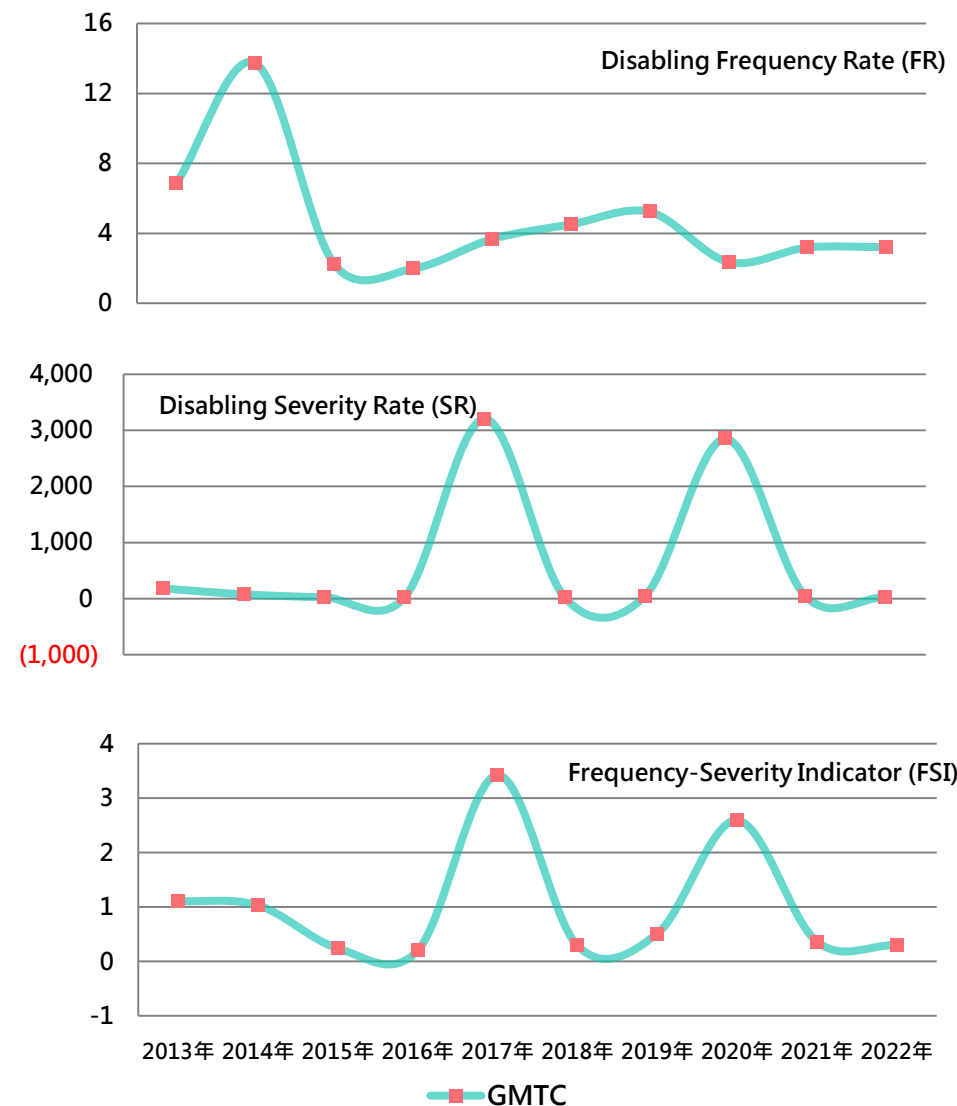
Safety and Health Management

Since 2016, GMTC conducted active inspections every month. As of 2022, improvements have been made for a total of 326 deficiencies reported by company units. In 2022, the Disabling Frequency Rate (FR) and Disabling Severity Rate (SR) met the standards, and GMTC's safety and health management activities will help reduce workplace injuries. In 2022, GMTC's total working hours were 1,867,544 hours, with a total of 10 disability accidents, and a total of work days-lost was 62 days. The disability accidents include 4 traffic accidents, 1 clipping accident, 1 falling accident, 1 collision accident, 1 high/low-temperature accident, and 2 cutting accidents. For accident injuries, 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, strengthening on-site inspections, and performing thematic inspections every month, in order to reduce the occurrence of work-related accidents. After the occurrence of various accident injuries, the responsible units shall immediately make improvements, 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 2022



GMTC FR, SR, FSI





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6.1 Industry-academia collaboration

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1. Digital Manufacturing Value-added Program - Cultivating Digital Manufacturing Leaders Sub-project

In 2022, 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 67% 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. The Company provides summer internships, which not only enable students to understand plant operations but also allow the Company to know about the research topics and available resources allocated to various departments at the universities.



Execution period: 2022; hours of training: 36 hours; number of trained students: 9; GMTC's student-teacher ratio: 67%; number of practical topics: 4 topics

3. 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 2022, 4 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

2. Industry-Academia Cooperation with National Taipei University of Technology

The new high-grade hot work steel development project from industry-academia cooperation between GMTC and National Taipei University of Technology: "Study of the Synergistic Effect of Nitrogen Content and Austenitizing Temperature on the Phase Change Reaction of Chromium-Molybdenum-Vanadium Alloyed Hot Work Tool Steel and Mechanical Properties" has won the Best Paper Award of Taiwan Society for Metal Heat Treatment.

Execution Period: April 2022-March 2023

6.2 Charitable activities

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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 2022, there were 217 employees who participated in the blood donation activities, which increased by 75% compared to the 124 employees in 2021. The total amount blood donation was 87,500cc in 2022, which increased by 73% compared to 50,500cc in 2021.



Execution period: annually; number of blood donors: 217; amount of donated blood: 87,500cc

2. Sponsor sports events; promote the development of professional basketball team in Taiwan

To create a premier sporting atmosphere in Taiwan, GMTC will subsidized NT\$10 million to the special account of one of Taiwan's professional basketball team TSG GhostHawks under the Ministry of Education in 2022, so as to assist the team's operations, and promote sports activities and development of Taiwan's professional basketball league.



Execution period: 2022; Sponsor NT\$10 million for the professional basketball team TSG GhostHawks

3. Other matters related to charitable donations/sponsorships

- (1) Donation of NT\$300,000 to Ukraine through the Taiwan Foundation for Disaster Relief under the Ministry of Health and Welfare.
- (2) Subsidized NT\$300,000 for Canada Indigenous Art Exhibition in Tainan Art Museum.
- (3) Donation of NT\$600,000 to support Kaohsiung City Little League baseball team to participate in the 2022 Colt League World Series in the U.S.
- (4) Subsidized NT\$200,000 for the 2022 Golf Tournament in Kaohsiung.

6.3 Neighborhood activities

1. Adopt a green space: Adopt a green space in the Liuying plant industrial area and its surrounding area

GMTC's greening and beautification policies mainly focus on adopting the green spaces surrounding Liuying industrial area. Since May 2017, the Company has signed a land adoption contract for a total of 21,688 sqm land with the Economic Development Bureau of Tainan City Government, with green space maintenance to develop towards a new green life.

Execution period: 2012 to date; total area of green space adopted: 21,688sqm

2. Offer pineapples and custard apples to employees to support local mango farmers



In response to government measures, GMTC has procured 890 boxes of pineapple shakyas from the farmers, in order to help the farmers overcome headwinds, and at the same time, contribute to social responsibility. GMTC offered the pineapple shakyas to its employees to share the local high-quality agricultural products.

Execution period: 2022; total procurement amount: NT\$605,000

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

Corresponding to government policies, Tai zi Community Development Association, Xinying District, Tainan City has been providing meals for the people aged 65 years old and over living alone, as well as low-income families, single-parent families and socially disadvantaged groups within the community. GMTC maintained good relationships in the local community. Meanwhile, the Company has been building a socially responsible corporate image, provided subsidies of NT\$50,000 every six months or NT\$100,000 every year to supply the meals to Tai zi Community Development Association in order to improve neighborhoods.



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

6.4 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, GMTC was entrusted by the Tainan City Government Bureau of Labor Affairs to establish the “Safety and Health Family” to provide assistance and consultancy for small and medium-sized businesses with comparatively dangerous work sites, in order to improve the working environment. GMTC aims to improve occupational safety and health and self-management capabilities through the professional assistance of provincial and municipal government consultants. There were 26 companies in GMTC’s Safety and Health Family. In 2022, GMTC organized 1 safety and health family activity, and participated in 4 relevant activities.



Execution period: 2015 to date; GMTC organized 1 activity, and participated in 4 activities in 2022

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

GMTC participated in the Southern Occupational Safety and Health Center organized by the Taiwan Occupational Safety and Health Management System (TOSHMS), and incorporated the workplace safety and health risk assessment and improvement cases into promotional documents and posters for the members of the Safety and Health Technology Center. In addition, GMTC was also invited by TOSHMS’ Southern Occupational Safety and Health Center to share the experience in implementing the occupational safety and health management system in practices and drills.



Execution period: every year; GMTC participated in 4 activities in 2022



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Appendix I GRI Index Comparison Table

| | |
|---------------------------------|---|
| Usage Statement | Gloria Material Technology Corp.'s report content from January 1, 2022 - December 31, 2022 complies with the GRI standards. |
| GRI 1 | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standards | None |

| GRI Standards | Disclosed items | Disclosed chapters | Page | Remarks/omitted |
|--|--|--|---------|--------------------------------|
| GRI 2: General Disclosures 2021 | | | | |
| 1. Organization and reporting requirements | 2-1 Organizational details | About this Report 2.1 Company Profile | 2 27 | |
| | 2-2 Entities included in the organization's sustainability reporting | About this Report | 2 | |
| | 2-3 Reporting period, frequency and contact point | About this Report | 2 | |
| | 2-4 Restatements of information | | | No restatements of information |
| | 2-5 External assurance | About this Report | 2 | |
| 2. Activities and workers | 2-6 Activities, value chain and other business relationships | 2.1 Company Profile | 27 | |
| | 2-7 Employees | 5.1 Diverse talent pipeline and equality | 73 | |
| | 2-8 Workers who are not employees | 5.4 Safety and Health at the Workplace | 84 | |
| 3. Governance | 2-9 Governance structure and composition | 1.1 Corporate Philosophy and Sustainability Vision 2.3 Corporate Governance Structure | 8 29 | |



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| GRI Standards | Disclosed items | Disclosed chapters | Page | Remarks/omitted |
|-------------------------------------|--|--|-------|---------------------------------|
| | 2-10 Nominating and selecting the highest governance body | 2.3 Corporate Governance Structure | 29 | |
| | 2-11 Chair of the highest governance body | 2.3 Corporate Governance Structure | 29 | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 1.1 Corporate Philosophy and Sustainability Vision 1.2 Materiality Analysis | 8, 18 | |
| | 2-13 Delegation of responsibility for managing impacts | 1.1 Corporate Philosophy and Sustainability Vision 1.2 Materiality Analysis | 8, 18 | |
| | 2-14 Role of the highest governance body in sustainability reporting | 1.2 Materiality Analysis | 18 | |
| | 2-15 Conflicts of interest | 2.3 Corporate Governance Structure | 32 | |
| | 2-16 Communication of critical concerns | | | There were no critical concerns |
| | 2-17 Collective knowledge of the highest governance body | 2.3 Corporate Governance Structure | 32 | |
| | 2-18 Evaluation of the performance of the highest governance body | 2.3 Corporate Governance Structure | 32 | |
| | 2-19 Remuneration policies | 2.3 Corporate Governance Structure | 32 | |
| | 2-20 Process to determine the remuneration | 2.3 Corporate Governance Structure | 32 | |
| | 2-21 Annual total compensation ratio | 5.2 Talent attraction and employee care | 80 | |
| 4. Strategy, policies and practices | 2-22 Statement on sustainable development strategy | Letter from the Chairman | 4 | |



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|---------------------------|---|---|----------------------|---|
| es | | 1.1 Corporate Philosophy and Sustainability Vision | 8 | |
| | 2-23 Policy commitments | 1.3 Stakeholder Engagement 2.4 Integrity Management 5.3 Human Rights and Equality 5.4 Safety and Health at the Workplace | 21 34 82 84 | |
| | 2-24 Embedding policy commitments | 2.4 Integrity Management 5.3 Human Rights and Equality 5.4 Safety and Health at the Workplace | 34 82 84 | |
| | 2-25 Processes to remediate negative impacts | 2.4 Integrity Management 5. Happy workplace | 34 72 | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 2.4 Integrity Management 5. Happy Workplace | 34 72 | |
| | 2-27 Compliance with laws and regulations | 2.4 Integrity Management 4.6 Environmental Protection Expenditure and Environmental Regulations 5.2 Talent attraction and employee care 5.4 Safety and Health at the Workplace | 34 70 78 91 | |
| | 2-28 Membership of associations | Appendix IV Participation in Industry Associations | 112 | |
| 5. Stakeholder Engagement | 2-29 Approach to stakeholder engagement | 1.2 Materiality Analysis 1.3 Stakeholder Engagement | 16 21 | |
| | 2-30 Collective bargaining agreements | | | Not applicable as there were no collective bar- |



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| | | | | gaining agreements signed |
| Major issues | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 1.2 Materiality Analysis | 16 | |
| | 3-2 List of material topics | 1.2 Materiality Analysis | 16 | |
| Economic Performance | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 2. Company Operations | 26 | |
| GRI 201 Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 2.2 Financial Performance | 28 | |
| | 201-2 Financial implications and other risks and opportunities due | 2.6 Climate-related Information | 39 | |
| | 201-3 Defined benefit plan obligations and other retirement plans | | | Please refer to GMTC's 2022 Annual Report on p.116 |
| | 201-4 Financial assistance received from government | 2.2 Financial Performance | 28 | |
| Circular Economy | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 3. Sustainable Value Chain | 47 | |
| Energy | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 4. Environmental protection | 60 | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 4.2 Energy Management | 64 | |
| | 302-2 Energy consumption outside of the organization | | | Unavailable/incomplete information: Emissions data not collected |
| | 302-3 Energy intensity | 4.2 Energy Management | 64 | |
| | 302-4 Reduction of energy consumption | 4.2 Energy Management | 64 | |
| | 302-5 Reductions in energy requirements of products and | 4.2 Energy Management | 64 | |



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| | services | | | |
| Water resource management | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 4. Environmental protection | 61 | |
| GRI 303: Water and effluents 2018 | 303-1 Interactions with water as a shared resource | 4.4 Water resource management | 67 | |
| | 303-2 Management of water discharge-related impacts | 4.4 Water resource management | 67 | |
| | 303-3 Water withdrawal | 4.4 Water resource management | 67 | |
| | 303-4 Water discharge | 4.4 Water resource management | 67 | |
| | 303-5 Water consumption | 4.4 Water resource management | 67 | |
| Emissions | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 4. Environmental protection | 60 | |
| GRI 305 | 305-1 Direct (Scope 1) GHG emissions | 4.3 Greenhouse gas management | 66 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 4.3 Greenhouse gas management | 66 | |
| | 305-3 Other indirect (Scope 3) GHG emissions | | | Unavailable/incomplete information: Emissions data not collected |
| | 305-4 GHG emissions intensity | 4.3 Greenhouse gas management | 66 | |
| | 305-5 Reduction of GHG emissions | 4.3 Greenhouse gas management | 66 | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | | | Not applicable as there were no relevant manufacturing processes |
| Air pollutant emissions | | | | |



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| GRI Standards | Disclosed items | Disclosed chapters | Page | Remarks/omitted |
|--|---|--|------|-----------------|
| GRI 3: Material Topics | 3-3 Management of material topics | 4. Environmental protection | 61 | |
| GRI 305: Emissions 2016 | 305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions | 4.5 Waste management | 68 | |
| Waste management | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 4. Environmental protection | 61 | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 4.5 Waste management | 68 | |
| | 306-2 Management of significant waste-related impacts | 4.5 Waste management | 68 | |
| | 306-3 Waste generated | 4.5 Waste management | 68 | |
| | 306-4 Waste diverted from disposal | 4.5 Waste management | 68 | |
| | 306-5 Waste directed to a disposal | 4.5 Waste management | 68 | |
| Employment | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 5. Happy workplace | 72 | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 5.1 Diverse talent pipeline and equality | 76 | |
| | 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 | 80 | |
| | 401-3 Parental leave | 5.2 Talent attraction and employee care | 80 | |
| Occupational safety and health | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 5. Happy workplace | 72 | |
| GRI 403: Occupational safety and health 2018 | 403-1 Occupational health and safety management system | 5.4 Safety and Health at the Workplace | 84 | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 5.4 Safety and Health at the Workplace | 84 | |



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| GRI Standards | Disclosed items | Disclosed chapters | Page | Remarks/omitted |
|------------------------|---|--|------|-----------------|
| | 403-3 Occupational health services | 5.4 Safety and Health at the Workplace | 84 | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 5.4 Safety and Health at the Workplace | 84 | |
| | 403-5 Worker training on occupational health and safety | 5.4 Safety and Health at the Workplace | 84 | |
| | 403-6 Promotion of worker health | 5.4 Safety and Health at the Workplace | 84 | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 5.4 Safety and Health at the Workplace | 84 | |
| | 403-8 Workers covered by an occupational health and safety management system | 5.4 Safety and Health at the Workplace | 84 | |
| | 403-9 Work-related injuries | 5.4 Safety and Health at the Workplace | 84 | |
| | 403-10 Work-related ill health | 5.4 Safety and Health at the Workplace | 84 | |
| Information security | | | | |
| GRI 3: Material Topics | 3-3 Management of material topics | 2. Company Operations | 26 | |



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Steel Industry

Scope of disclosure: Xinying Plant, Liuying Plant, Liuying Plant I, Liuying Plant II, Precision Forging Factory II, Tong Yah Plant, Photovoltaic Plant, Liuying Headquarters

Disclosure topics and accounting indicators

| Topic | Indicator code | Nature | Accounting Indicators | 2022 Data | Corresponding Chapter | Page |
|--------------------------|----------------|--------------|---|--|-------------------------------|------|
| Greenhouse gas emissions | EM-IS-110a.1 | Quantitative | Scope 1 Greenhouse gas emissions and their percentage under emission limitation provisions. | 109,980 mtCO ₂ e | 4.3 Greenhouse gas management | 66 |
| | | | | 0% | | |
| | EM-IS-110a.2 | Qualitative | Discussion on long-term and short-term strategies or plans for Scope 1 emission management and reduction targets and performance analysis | GMTC gradually replaced heavy oil with low-carbon natural gas, and simplifies the manufacturing process to reduce energy waste. We expect to achieve the goal of reducing GHG emissions intensity by 1%. The GHG emissions intensity during the process in 2022 reduced by 1.39% compared with 2021. | 4. Environmental protection | 60 |
| Air Pollutant Emissions | EM-IS-120a.1 | Quantitative | (1) Carbon monoxide | There is currently no need for monitoring in Taiwan | 4.5 Waste management | 68 |
| | | | (2) Nitrogen oxides (excluding N ₂ O) | 32.10 mt | | |
| | | | (3) Sulfur oxides | 23.13 mt | | |
| | | | (4) Suspended particulates (PM10) | 20.07 mt | | |
| | | | (5) Manganese (manganese oxide) | There is currently no need for monitoring in Taiwan | | |
| | | | (6) Lead | There is currently no need for monitoring in Taiwan | | |



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| Topic | Indicator code | Nature | Accounting Indicators | 2022 Data | Corresponding Chapter | Page |
|----------------------------|----------------|--------------|--|--|--|------|
| | | | | toring in Taiwan | | |
| | | | (7) Volatile organic compounds | 11.24 mt | | |
| | | | (8) Polycyclic aromatic hydrocarbons | There is currently no need for monitoring in Taiwan | | |
| Power Management | M-IS-130a.1 | Quantitative | (1) Total energy consumption | 654,164 GJ | 4.2 Energy Management | 64 |
| | | | (2) Grid electricity % | 100% | | |
| | | | (3) Renewable energy % | 0% | | |
| | EM-IS-130a.2 | Quantitative | (1) Total fuel consumption | 1,867,621 Gigajoules(GJ) | | |
| | | | (2) Coal-fired electricity % | 0% | | |
| | | | (3) Natural gas % | 90% | | |
| | | | (4) Renewable energy % | 0% | | |
| Water management | EM-IS-140a.1 | Quantitative | Total freshwater withdrawal | 366 thousand m ³ | 4.4 Water resource management | 67 |
| | | | Recycling % | 99.2% | | |
| | | | Percentage of areas that face “extremely high” levels of baseline water stress regions % | 0% | | |
| Waste management | EM-IS-150a.1 | Quantitative | Waste generated | 32,103 tons | 4.5 Waste management | 68 |
| | | | Hazardous waste % | 4% | | |
| | | | Waste recycling % | 90% | | |
| Employee health and safety | EM-IS-320a.1 | Quantitative | Total recordable incident rate for full-time employees | 4.78 Note: (number of work-related fatalities + number of work-related injuries + number of minor injuries) × 200,000 ÷ total working hours | 5.4 Safety and Health at the Workplace | 84 |



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| Topic | Indicator code | Nature | Accounting Indicators | 2022 Data | Corresponding Chapter | Page |
|-------------------------|----------------|-------------|---|---|-----------------------|------|
| | | | Total recordable incident rate for contract workers | No relevant records | | |
| | | | Mortality rate of full-time employees | 0 Note: (number of fatalities x 200,000) ÷ total working hours | | |
| | | | Mortality rate of contract workers | 0 | | |
| | | | False alarm rate of full-time employees | 84.16 Note: (Number of deficiencies after self-auditing by each unit + Number of deficiencies after inspections by the occupational safety department) × 200,000 ÷ total working hours | | |
| | | | False alarm rate of part-time employees | No relevant records | | |
| Supply chain management | EM-IS-430a.1 | Qualitative | Issues related to the management of iron ore and the social and environmental risks associated with the source of metallurgical coal. | N/A | | |

Activity Indicator

| Indicator code | Nature | Activity Indicator | 2022 Data | Corresponding Chapter | Page |
|----------------|--------------|---|------------|--------------------------|------|
| EM-IS-000.A | Quantitative | (1) Basic oxygen furnace crude steel output | N/A | 3.3 Use of Raw Materials | 54 |
| | | (1) Percentage of basic oxygen furnace crude steel output % | N/A | | |
| | | (2) Electric arc furnace crude steel output | 105,340 mt | | |
| | | (2) Percentage of electric arc furnace crude steel output % | 100% | | |



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| Indicator code | Nature | Activity Indicator | 2022 Data | Corresponding Chapter | Page |
|----------------|--------------|---------------------------------|-----------|-----------------------|------|
| EM-IS-000.B | Quantitative | Total iron ore output | N/A | | |
| EM-IS-000.C | Quantitative | Total metallurgical coal output | N/A | | |



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1. Climate-related Information and Implementation Status

| Item | Implementation Status | Page |
|---|---|---------------------------|
| 1. Describe board and management level supervision and governance on climate-related risks and opportunities. | 1. GMTC's Corporate Sustainability Committee is responsible for discussions and management of climate-related risks and opportunities. The Chairman shall act as directorate of the Corporate Sustainability Committee, while General Manager shall act as chairperson. The discussion results shall be reported to the Board of Directors. 2. The "Environmental Sustainability Team" will work with relevant internal units to summarize a report on measures, including green energy, energy management, and GHG inventory. Additionally, the Company established the Energy Saving and Carbon Reduction Team to be responsible for the review of feasible carbon reduction measures in the manufacturing process and equipment, and planning of carbon reduction pathways in the future. | 8 39 |
| 2. Describe the climate-related risks and opportunities the organization has identified and their impact on businesses, strategies, and financial planning over the short, medium, and long term. | 1. Identify climate-related transitional and physical risks and opportunities in the short, medium and long-term based on the TCFD framework, and develop corresponding strategies. | 40 |
| 3. Describe the impact of extreme weather events and transition activities on financial planning. | | |
| 4. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | We systematically analyze the impact of policies and regulations, technology, market conditions, corporate image, as well as short-term and long-term climate risks through the TCFD framework. We discuss the impact of risks and opportunities, and periodically identify climate-related risks and opportunities to ensure that the identification results comply with the current situation, while we developed response plans based on the identification results of climate-related risks/opportunities. | 39 |
| 5. If scenario analysis is used in the assessment of resilience to climate change risks, please explain the scenarios, parameters, assumptions, analysis factors and main financial impacts. | - | - |
| 6. If transition planning is used as a means of managing climate-related risks, please explain the content of the plan and the indicators and goals used in the verification and management of physical risks and transition risks. | Relevant energy conservation, greenhouse gas reduction, water resource management, green energy construction, scrap steel usage and market response strategies are described in relevant chapters and management guidelines. | 39, 47, 48, 60, 61, |
| 7. If internal carbon pricing is used as a planning tool, please describe the bases | - | - |



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| | | |
|--|---|---|
| for setting prices. | | |
| 8. If the climate-related targets or goals have been set, please describe the information about the scope of activities and emissions included in the target, the defined time horizon by which the target is intended to be achieved. If carbon offsets or renewable energy certificates (“RECs”) have been used to achieve climate-related targets or goals, please describe certain information about the amount of carbon reduction represented by the offsets or the amount of generated renewable energy represented by the RECs. | - | - |
| 9. The greenhouse gas inventory and assurance status are described in (1-1) | | |

1-1 Greenhouse gas inventory and assurance status

| | |
|--|---|
| Basic information <input checked="" type="checkbox"/> Companies with a capital of more than NT\$10 billion; the steel industry and cement industry <input type="checkbox"/> Companies with a capital of more than NT\$5 billion but less than NT\$10 billion <input type="checkbox"/> Companies with a capital of less than NT\$5 billion | In accordance with the sustainable development road map of TWSE/TPEX listed companies, the following shall at least be disclosed <input checked="" type="checkbox"/> Standalone financial report inventory of the parent company <input type="checkbox"/> Consolidated financial report inventory of subsidiaries <input type="checkbox"/> Standalone financial report assurance of the parent company <input type="checkbox"/> Consolidated financial report assurance of subsidiaries |
|--|---|

| Scope 1 | Total emissions (mtCO ₂ e) | Intensity (mtCO ₂ e/NT\$million) | Institute of Assurance | Assurance statement |
|----------------|---------------------------------------|---|---|---|
| Parent Company | 109,980 | 8.9 | Afnor (Xinying Plant/Liuying Plant), while the remaining operating bases conduct self-inventory | Xinying Plant and Liuying Plant The inspection was carried out in accordance with ISO 14064-3:2006 and the current regulations of the Environmental Protection Administration of the Executive Yuan. The results found that there were no violations of substantive rules, as they met the reasonable level of assurance set by the Environmental Protection Administration of the Executive Yuan. For details of the statement, please refer to Appendix V. |
| Total | 109,980 | 8.9 | | |
| Scope 2 | Total emissions (mtCO ₂ e) | Intensity (mtCO ₂ e/NT\$million) | | |
| Parent Company | 92,642 | 7.5 | | |
| Total | 92,642 | 7.5 | | |



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Appendix IV Participation in Industry Associations

GMTC 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 | ✓ | ✓ |
| Taiwan Mold and Die Industry Association | | ✓ |
| The Taiwan Society for Metal Heat Treatment | | ✓ |
| Powders and Powder Metallurgy Association of the Republic of China | | ✓ |
| Tainan City Xinying Industrial Area Manufacturers Association | ✓ | ✓ |
| Liuying Environmental Science and Technology Park Manufacturers Association | ✓ | ✓ |
| Chinese Excellent Management Association | | ✓ |

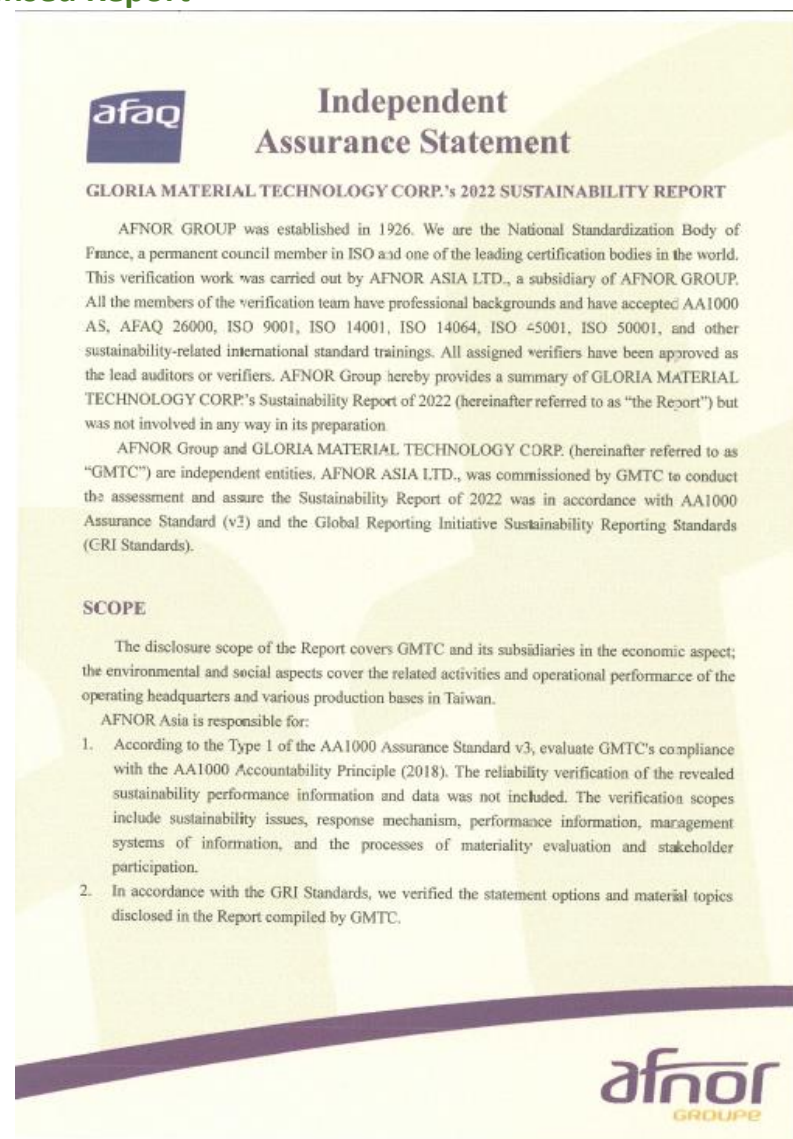
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CONCLUSION

◆ **AA1000 Accountability Principles**

Inclusivity

GMTC has continued to implement a wide range of stakeholder engagement programs to identify and understand the important information generated by issues of concern to stakeholders. The report has fairly reported and disclosed economic, environmental and social information, which is sufficient to support appropriate plans and goals. In the future, the organization can continue to strengthen the stakeholder identification process to cope with continuous internal and external environmental changes, and stakeholders related to sustainable development can be regularly identified and evaluated.


Materiality

GMTC has released relevant information on sustainable management to enable stakeholders to judge the company's management and performance, and develop and implement a decision-making mechanism for material issues to accommodate issues from all parties. In the future, the organization can strengthen the decision-making process of material themes and incorporate them into the company's management operations, so that material issues can be updated in a timely manner and develop corresponding strategies, and spread to various departments for performance monitoring and response.

Responsiveness

GMTC has developed and implemented a stakeholder response mechanism, clearly declaring relevant policies and communicating with stakeholders, and responding to expectations and opinions from stakeholders. In the future, organizations can continue to collect information related to sustainable management to strengthen the depth, breadth, and context of disclosed information to respond to stakeholders.





Impact

GMTC has developed and implemented a process for understanding, measuring, evaluating and managing the impact of the organization, and provided the necessary capabilities and resources, and committed to making a comprehensive and balanced disclosure of the measurement and evaluation of the organization's impact on stakeholders and itself. In the future, the organization can continue to strengthen the risk and opportunity monitoring and measurement mechanisms of materiality sustainable actions and related impacts, and implement them into the operating procedures of various departments.


◆ **Global Reporting Initiative Sustainability Reporting Standards**


Based on the results of the review, we confirm that the Report complies with GRI reporting requirements in terms of general disclosure items and specific topic disclosures, including material topic management and disclosure items. By continuously introducing and combining other international disclosure requirements, organizations can demonstrate active responses and disclosures on issues that are crucial to sustainable development.

ASSURANCE OPINION

In our opinion, the information and data presented in the Report by GMTC provides a fair and balanced representation. We believe the focuses on economic, environmental, and social aspects of GMTC in 2022 are well represented.

Afnor Group has developed a set of process for the Assurance of Sustainability Reports based on current practice guidance provided in the AA1000 Assurance Standard (v3) and GRI Standards. We believe that the evidence collected by onsite assessment has exhibited that GMTC did follow the guidance of AA1000 Assurance Standard (v3) and GRI Standards, and their self-declaration in response to the Global Reporting Initiative.





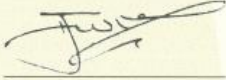
ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

LIABILITY


This assurance statement is intended for the use of GLORIA MATERIAL TECHNOLOGY CORP. only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR :




Trevor Wilmer
The Director for Certification and Assessment
May.11.2023

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AA1000
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000-84/V3-TUFWE



Greenhouse Gas Verification Statement

Xinying Plant

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Appendix

- Appendix I GRI Index Comparison Table
- Appendix II SASB Index
- Appendix III Climate-Related Information of TWSE/TPEX Listed Companies
- Appendix IV Participation in Industry Associations
- Appendix V Third Party Verification Certificate

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Validation and Verification
V8004

Certificate

Certificat

溫室氣體排放量查驗聲明

聲明書編號 TEGHG06051-00

事業聯絡資訊
公司名稱：亞細亞材料科技股份有限公司新營廠
聯絡電話：06-6520031
通訊地址：台南市新營區新中路 35 號

查驗機構聯絡資訊
公司名稱：艾法諾國際股份有限公司
聯絡電話：03-2200086
通訊地址：桃園市桃園區中平路 102 號 20 樓

查驗結果摘要

茲證明本查驗機構 ISO14064-3:2006 及行政院環境保護署現行規定執行查驗，查驗結果發現未違反實質性限制，符合行政院環境保護署認可之合理保證等級。

查驗準則：ISO/CNS 14064-1:2006、溫室氣體查驗指引(99.12)、溫室氣體排放量查驗管理辦法(105.1.5)、溫室氣體排放量查驗管理作業指引(111.5.18)、環保署相關規定

查驗範圍：涵蓋亞細亞材料科技股份有限公司新營廠設於台南市新營區新中路 35 號，共計 1 處設施。

涵蓋期間：自 111 年 1 月 1 日至 111 年 12 月 31 日 環保署管制編號：R8400827

查驗數據：依 IPCC 2007 年第四次評估報告公告之 GWP 值查驗排放量，總計 157,304.779 公噸二氧化碳當量，包含
一直接溫室氣體排放（範疇一）排放量：78,531.1249 公噸二氧化碳當量
一能源間接溫室氣體排放（範疇二）排放量：78,773.6544 公噸二氧化碳當量

查驗意見：依據查驗人員所執行之查驗過程與程序，有充分證據顯示受查驗組織之溫室氣體主帳不具實質差異，且係根據協議之查驗準則規範之溫室氣體量，監測與報告的國際標準予以準備，並公正地呈現溫室氣體數據及相關資訊。

查驗依據：依據受查驗組織提供之查驗報告書(第 2 版 / 日期：112 年 4 月 6 日)及查驗清單(第 2 版 / 日期：112 年 4 月 6 日)。

保留限制：無

電力係數：電力係數引用 111 年 7 月 22 日能源局公告之 110 年度電力係數。

外售電力排放係數：無

外售蒸汽排放係數：無

查驗機構簽章：_____

查驗作業實施日期：中華民國 112 年 3 月 17 日，
中華民國 112 年 3 月 28 日

查驗聲明核發日期：中華民國 112 年 4 月 24 日

查驗地場報告-版次 / 日期：第 1 版 / 112 年 04 月 07 日

本案主筆查驗員：林奇璋

保留性聲明
此報告及附件可能包含受查驗組織之機密資訊，除作為行政院環境保護署相關機關認可之證明文件外，未經受查驗組織書面同意，不得個人、團體或公司擅自自行複製或發行。

利益衝突迴避聲明
(1) 茲聲明本機構及附件內所有執行行政院環境保護署及相關機關委託之查驗工作，均係公正、誠實之原則進行查驗作業，絕無虛偽不實，如有違反，經政府機關查獲或經委託機關查獲後，並將受查驗組織依法令所為之行政處分及刑事處分，一併移送司法機關究辦，並受查驗組織依法令所為之行政處分及刑事處分，一併移送司法機關究辦，並受查驗組織依法令所為之行政處分及刑事處分，一併移送司法機關究辦。

負責人簽章：_____ 職稱：董事長 中華民國 112 年 4 月 24 日

查驗人員簽章：(所有參與查驗案件之查驗人員) _____

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GROUPE

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Liuying Plant

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溫室氣體排放量查驗聲明

聲明書編號 TEGHG12380-00

事業聯絡資訊
公司名稱：亞細亞材料科技股份有限公司柳營廠
聯絡電話：05-6520031
通訊地址：台南市柳營區柳營大道 13 號

查驗機構聯絡資訊
公司名稱：艾法諾國際股份有限公司
聯絡電話：03-2200086
通訊地址：桃園市桃園區中平路 102 號 20 樓

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查驗準則：ISO/CNS 14064-1:2006、溫室氣體查驗指引(99.12)、溫室氣體排放量查驗管理辦法(105.1.5)、溫室氣體排放量查驗管理作業指引(111.5.18)、環保署相關規定

查驗範圍：涵蓋亞細亞材料科技股份有限公司柳營廠設於台南市柳營區柳營大道 13 號，台南市柳營區柳營大道二段 1、2、6 號，共計 1 處設施。

涵蓋期間：自 111 年 1 月 1 日至 111 年 12 月 31 日 環保署管制編號：R92A0659

查驗數據：依 IPCC 2007 年第四次評估報告公告之 GWP 值查驗排放量，總計 41,305.426 公噸二氧化碳當量，包含
一直接溫室氣體排放（範疇一）排放量：30,081.2608 公噸二氧化碳當量
一能源間接溫室氣體排放（範疇二）排放量：11,224.1648 公噸二氧化碳當量

查驗意見：依據查驗人員所執行之查驗過程與程序，有充分證據顯示受查驗組織之溫室氣體主帳不具實質差異，且係根據協議之查驗準則規範之溫室氣體量，監測與報告的國際標準予以準備，並公正地呈現溫室氣體數據及相關資訊。

查驗依據：依據受查驗組織提供之查驗報告書(第 2 版 / 日期：112 年 4 月 1 日)及查驗清單(第 2 版 / 日期：112 年 4 月 1 日)。

保留限制：無

電力係數：電力係數引用 111 年 7 月 22 日能源局公告之 110 年度電力係數。

外售電力排放係數：無

外售蒸汽排放係數：無

查驗機構簽章：_____

查驗作業實施日期：中華民國 112 年 3 月 16 日，
中華民國 112 年 3 月 23 日，
中華民國 112 年 3 月 31 日

查驗聲明核發日期：中華民國 112 年 4 月 24 日

查驗地場報告-版次 / 日期：第 1 版 / 112 年 04 月 02 日

本案主筆查驗員：林奇璋

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負責人簽章：_____ 職稱：董事長 中華民國 112 年 4 月 24 日

查驗人員簽章：(所有參與查驗案件之查驗人員) _____

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