














# Content

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## Editorial Policy

The 2021 Sustainability Report of Chun Yuan Steel Industry Co., Ltd. provides disclosure on the management and current state of corporate governance, ethical management, as well as the sustainability indicators for the economic, environmental, and social aspects. The report follows the guidelines and its subsequent revisions as set out by the Global Reporting Initiative (GRI) since 2017. The process of data collection and its scope has been continuously to ensure that the report is prepared to the same, rigorous standards. The publication of the report will hopefully show all stakeholders the efforts made by Chun Yuan Steel in the promotion of corporate social responsibility and sustainable development, and serve as the basis for further communication and management in the future.

## Scope of the Report and Editorial Principles

This report covers the business operations of Chun Yuan Steel (CY) for the period between January 1, 2021 through to December 31, 2021. All performance indicators reflect the operations and activities of CY in Taiwan with the exception of corporate governance financial performance that also encompass company investments and overseas subsidiaries. Some of the management approach and goals relating to material topics were included as well. All statistical data disclosed in the report came from CY statistics and investigations. Financial data was based on information certified by Crowe (TW Certified Public Accountants before publication. Some of the data cited information published online by government agencies and are presented in the standard manner. The financial report was prepared in accordance with the International Financial Reporting Standards (IFRSs) and the default currency is NTD. The management system for environment, safety and health undergo regular internal audits as well as ISO 14001 and ISO 45001 external audits every year.

The report was prepared in accordance with the GRI Standards published by GRI, the G4 Sector Disclosures - Mining and Metals, as well as the guidelines and framework set out in the Taiwan Stock Exchange Corporation Rules "Governing the Preparation and Filing of Sustainability Reports" by TWSE Listed Companies. Disclosures in this report followed the "Core Option principles" as well.

## Editing, Internal Review and Publication of the Report

The editing of this Report was headed by the President Office and the work divided among each department. Contributors included departmental representatives from head office and factory units. The President Office was responsible for overall planning, communication and coordination, compilation of data, editing and proof-reading. Once the first draft of this report was completed it was passed to team members for proofreading and revision of related content and data. The content was then reviewed by the head of the competent department before being submitted to the President's Office for compilation. No third-party assurance was conducted for this report. The CY report underwent an internal review before being presented to the Chairman and President of review and confirmation.

## Report Publication Time

A "Sustainability Report" will be published by CY at a set time each year. Related information will also be disclosed on the official website (URL: [www.cysco.com.tw](http://www.cysco.com.tw)).

**Last published: June, 2021**

**Current version: June, 2022**

## Contact Method

If you have any suggestions or questions regarding the contents of this report, please do not hesitate to contact us through the following methods:



### Contact

President Office, Chun Yuan Steel Industry Co., Ltd.



### Email

[aokuoyi@cysco.com.tw](mailto:aokuoyi@cysco.com.tw)



### Address

6F No. 502, Fuxing N. Rd. Zhongshan Dist., Taipei City



### TEL

02-25018111 #2241

## From the Management

### To all Chun Yuan Steel Industry Stakeholders:

Chairman

蔡錫奇  
 Tsai Chi-Tai



COVID-19 continued to cast its shadow across the world during the course of 2021. An outbreak in mid-May saw Taiwan move to Level 3 Alert as well. Fortunately, the outbreak was contained in the second half of the year and everyone's life slowly returned to normal.

On the international front, rising vaccination rates helped slow the pandemic and bring about a gradual economic recovery. The introduction of financial stimuluses by governments led to better economic growth at the national and regional level during 2021 compared to the previous year.

Domestically, the containment of COVID-19 as well as the return of Taiwanese capital from overseas led to a surge in exports due to transferred production orders. The Directorate-General of Budget, Accounting and Statistics revised the economic growth of Taiwan upwards to 6.45% for 2021, the largest increase in nearly 11 years.

Faced with such a business environment in 2021, everyone at CY pulled together to deliver consolidated domestic/overseas operating revenues of NTD 26.321 billion and consolidated profits before tax of NTD 1.561 billion. Both saw significant growth compared to 2020.

The domestic and overseas economic outlook remains filled with uncertainty in 2022. The Omicron strain is continuing to spread like wildfire, the intensification of international geopolitical conflict due to the Russia-Ukraine war, and skyrocketing international commodity prices are all pushing global inflation upwards. The U.S. Federal Reserve's raising of interest rates and planned balance sheet runoff is increasing the risk of exchange rate fluctuations. Other variables such as carbon neutrality and China's dual control system for energy consumption and intensity will all have an effect on global steel demand as well. International Iron and Steel Institute forecasts expect global demand for steel to grow by 2.2% to reach 1.896 billion tonnes.

Domestic demand for steel is benefited from plant construction by returning Taiwanese capital, planned plant expansions by high-tech and petrochemical companies, urban renewal projects, and the ongoing Forward-looking Infrastructure Development Program. These along with a recovery in orders for the machinery industry, increased demand from the automobile sector and other factors all serve to buoy demand in the steel market. Nonetheless, variables like the military conflict between Russia and Ukraine, the ongoing U.S-China disputes, policy reforms in China, and fluctuating prices

for international commodities will continue to fill the steel market with uncertainty in 2022.

In the face of a volatile business environment this year, I will work with my colleagues at CY to realize the annual targets and continue to focus on the following key business areas:

1. Follow the pulse of the market and carefully build up our inventory based on customer demand. Regular reviews of steel types and mill-level inventories will be conducted to reduce inventory turnover times and avoid a lack of liquidity.
2. Add more material procurement channels and look for competitive material sources. Track changes in the material requirements of customers, improve the precision of material preparation, and actively dispose of excess inventory older than six months.
3. Consolidate sales to existing customers while aggressively developing new leads to increase our market share. At the same time, politico-economic trends and industry changes will be closely monitored to actively search business opportunities.
4. Track customer activity, regularly review and update customers' credit information, enforce account management and establish safe and reasonable business conditions.
5. Engage in human resources planning and have succession plans in place at every level. Implement a rotation scheme to cultivate multi-skilled talent and increase the number of people qualified for critical technical positions.
6. Inventory and integrate equipment based on customer requirements (steel type/dimensions/specifications) and future processing requirements. Develop an equipment upgrade plan to improve competitiveness.
7. Continue to implement various epidemic prevention measures to ensure the health and safety of employees.

Finally, I would like to express our appreciation of the longstanding support of our stakeholders. CY also thanks our peers in the industry for their trust and support. In the future, CY will continue to respond to the support of our stakeholders through the pursue steady growth and profits. We also hope that our stakeholders will not hesitate to share their advice with us after all these years.

## Stakeholder Identification and Communication

2021 Sustainability ReportAccountability Performance	Performance Explanation
<b>6 Key Stakeholders</b>	The six key stakeholders identified were: Employees, Shareholders, Customers, Stakeholders, Banks, and Government Agencies.
<b>106 copies of Stakeholder Degree of Concern Survey</b>	A total of 106 stakeholder degree of concern (DOC) surveys and 6 degree of impact on sustainability surveys were collected in 2021.
<b>9 Material Topics</b>	A total of 9 material topics were identified in 2021. An effective management approach was defined for each topic.

CY carefully cultivates and listens to the voices of stakeholders. A range of transparent, effective communication channels were established to receive suggestions from different angles. High-value information obtained through stakeholder identification and communication is used understand stakeholder requirements and their expectations of the Company. These serve as a reference for decision-making. We also hope to use the diverse aspects of business activities to co-create and share the maximum possible profits with stakeholders. CY identification procedure for issues of concern to stakeholders is shown below:

Item	Description
<b>01 Stakeholder Identification</b>	CY continues to listen to the voices of stakeholders seeking sustainable corporate growth. Any individuals or groups that may have a major impact on mill operations were listed as a country of interest. The CSR editorial team at CY used the five principles of Dependency, Responsibility, Influence, Diverse Perspectives, and Tension from the AA1000 Stakeholder Engagement Standard to identify our six key stakeholders as: Employees, Shareholders, Customers, Suppliers, Banks and Government Agencies.
<b>02 Compilation of Sustainability Report Topics</b>	The GRI Standards published by the Global Reporting Initiative (GRI) served as the framework of the report and the basis for compilation of topics.
<b>03 Investigation into Topics of Concern</b>	To establish the degree of concern among stakeholders on sustainability topics, written and online questionnaires were employed by CY to investigate and sort how topics of concern to stakeholders impacted on the sustainable management of the company. A total of 106 questionnaires were recovered in 2021.
<b>04 Identification of Material Topics</b>	Matrix analysis was carried out on the questionnaire responses by comparing degree of concern for each topic against the degree of impact on sustainability assigned by the management. The sustainability report editorial team concluded that there were 9 material topics in 2021 and effective management approaches were devised for each topics.
<b>05 Review and Discussion</b>	Having identified the material topics, responses and border analysis, CY will strengthen its management and disclose related information in the Sustainability Report. This is the sixth Sustainability Report published by CY and annual reviews will be conducted in the future to determine whether any changes needed to be made to the material topics.









## ► Stakeholder Interaction

### CY Stakeholders

CY believed that businesses must work actively to obtain a broad understanding of stakeholder requirements and continue to respond to topics of concern to stakeholders. The CY website therefore features not only information about CY and products, but also includes e-mail, telephone hotline and other communication channels to facilitate the unobstructed flow of internal and external opinions/information. We reached out to stakeholders to understand their topics of concern. Internal discussions between department heads and the link between different units were then used to review the stakeholder groups identified by our peers. These were found to be Employees, Shareholders, Customers, Suppliers, Banks and Government Agencies. Internal coordination and communication between departments at CY were used to decide the handling of topics based on their nature and influence. The topics of concern for each stakeholder will be analyzed based on the questionnaire responses to provide a reference for future stakeholder communication, response and interactions.



**CY Topics of Stakeholder Concern and Communication Mechanism**

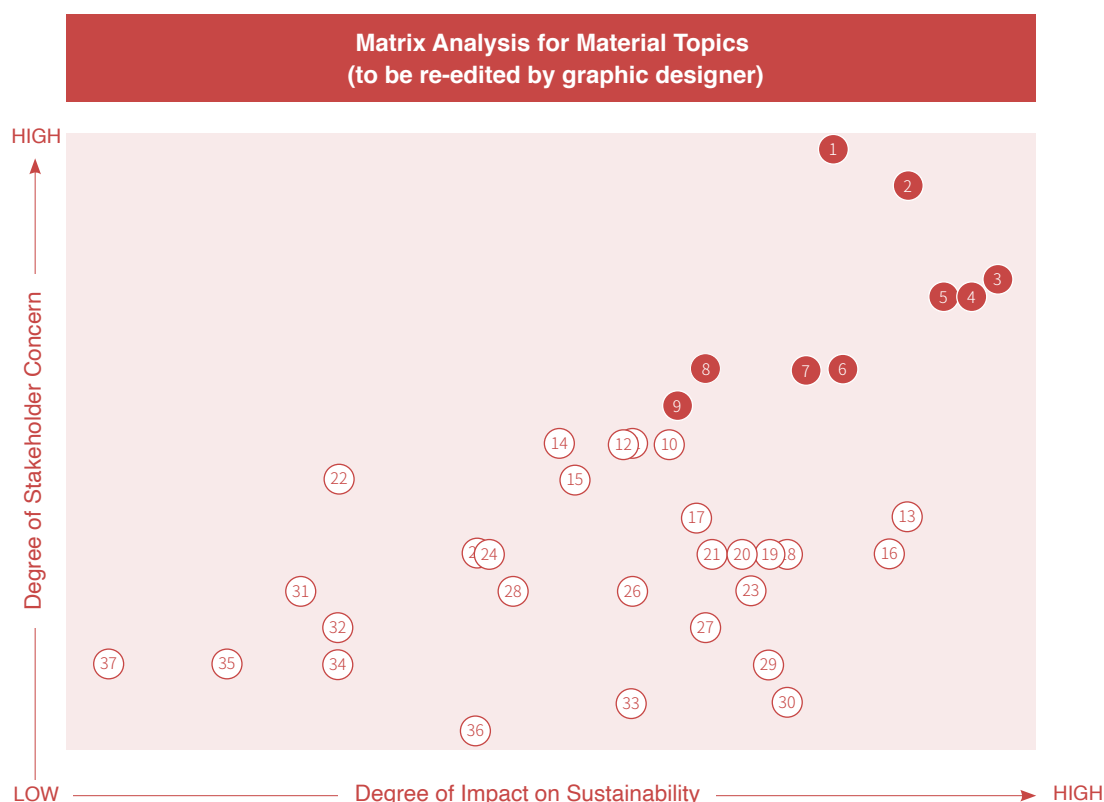
Stakeholders	Topics of Concern	Communication Channels and Frequency
 <b>Employees</b>	Economic Performance/ Employment/ Labor-Management Relations/ Training and Education/ Occupational Health and Safety	Topics of Concern Questionnaire for Sustainability Report (yearly)/ Face-to-Face Meetings (ad hoc)/ Telephone Communication (ad hoc)/ E-mail (ad hoc)/ Recruitment (ad hoc)/ Compensation (ad hoc)/ Education and Training (ad hoc)/ Legal Affairs Department (ad hoc)
 <b>Shareholders</b>	Anti-corruption/ Materials Stewardship/ Socioeconomic Compliance/ Environmental Compliance/ Anti-competitive Behavior	Topics of Concern Questionnaire for Sustainability Report/ General Shareholders' Meeting (yearly)/ Institutional Investors Conference (yearly)/ Material Information (ad hoc)/ Telephone Communication (ad hoc)/ E-mail (ad hoc)/ Press Release (ad hoc)
 <b>Customers</b>	Customer Privacy/ Labor-Management Relations/ Customer Health and Safety/ Socioeconomic Compliance/ Effluents and Waste	Topics of Concern Questionnaire for Sustainability Report (yearly)/ Customer Satisfaction Survey (yearly)/ Face-to-Face Meetings (ad hoc)/ Telephone Communication (ad hoc)/ E-mail (ad hoc)/ Correspondence (ad hoc)/ Orders (ad hoc)/ Contracts (ad hoc)/ Education and Training (ad hoc)/ Work Platform (ad hoc)
 <b>Suppliers</b>	Labor-Management Relations/ Socioeconomic Compliance/ Customer Privacy/ Procurement Practices/ Anti-competitive Behavior	Topics of Concern Questionnaire for Sustainability Report (yearly)/ Face-to-Face Meetings (ad hoc)/ Telephone Communication (ad hoc)/ E-mail (ad hoc)/ Correspondence (ad hoc)/ Declaration (ad hoc)/ Purchasing Order (ad hoc)
 <b>Banks</b>	Environmental Compliance/ Labor-Management Relations/ Socioeconomic Compliance/ Customer Privacy/ Anti-competitive Behavior	Topics of Concern Questionnaire for Sustainability Report (yearly)/ Face-to-Face Meetings (ad hoc)/ Telephone Communication (ad hoc)/ E-mail (ad hoc)/ Correspondence (ad hoc)
 <b>Government agencies</b>	Materials/ Energy/ Occupational Health and Safety/ Closure Plan/ Local Communities	Topics of Concern Questionnaire for Sustainability Report (yearly)/ Face-to-Face Meetings (ad hoc)/ Telephone Communication (ad hoc)/ E-mail (ad hoc)/ Correspondence (ad hoc)/ Correspondence (ad hoc)

## ► Stakeholder Grievances Mechanism

Stakeholder communications is important to CY. Business contact details and grievance channels are provided on the corporate website. No environmental complaints were filed against CY in 2021.

## ► Material Topics in the Sustainability Report

Materiality analysis was during the compilation of this report. We hoped to identify through systematic analysis the sustainability topics of concern/interest to stakeholders that would provide a basis for disclosures in the report, facilitate effective communication with stakeholders, and make continuous improvements to the sustainability performance of our operations. The analysis of material topics was as shown in the table below.



### Material Topic Analysis and Sorting

\*1 Training and Education  
 \*2 Employment  
 \*3 Labor-Management Relations  
 \*4 Occupational Health and Safety  
 \*5 Materials Stewardship  
 \*6 Economic Performance  
 \*7 Diversity and Equal Opportunity  
 \*8 Market Presence  
 \*9 Energy  
 10 Anti-corruption  
 11 Supplier Environmental Assessment  
 12 Procurement Practices  
 13 Socioeconomic Compliance  
 14 Local Communities  
 15 Supplier Social Assessment  
 16 Customer Privacy

17 Emissions  
 18 Non-discrimination  
 19 Materials  
 20 Customer Health and Safety  
 21 Forced or Compulsory Labor  
 22 Security Practices  
 23 Marketing and Labeling  
 24 Freedom of Association and Collective Bargaining  
 25 Indirect Economic Impacts  
 26 Child Labor  
 27 Anti-competitive Behavior  
 28 Human Rights Assessment  
 29 Effluents and Waste  
 30 Environmental Compliance  
 31 Rights of Indigenous Peoples

32 Biodiversity  
 33 Closure Plan  
 34 Resettlement  
 35 Artisanal and Small-scale Mining  
 36 Water  
 37 Public Policy

\*indicates identified as material topic



## ► Material Topics and Boundaries

Sort	Subject	Management Approach Disclosure Section	Value Chain Material Topic Boundaries			
			Internal		External	
			Chun Yuan Steel	Affiliates	Suppliers	Customers
1	Training and Education	2.3 Human Resources Development - Talent Cultivation	●			
2	Employment	2.3 Human Resources Development	●	●		●
3	Labor-Management Relations	2.3 Human Resources Development	●			●
4	Occupational Health and Safety	2.4 Occupational Safety and Health	●			
5	Materials Stewardship	3.1 Energy Resource Management	●			
6	Economic Performance	1.3 Business Performance	●	●	●	
7	Diversity and Equal Opportunity	2.2 Employee Care	●	●		
8	Market Presence	1.1 About CY - Products and Services	●	●		
9	Energy	3.1 Energy Resource Management	●			

● indicates materiality with related information and management approach disclosed in this report.



## Responsible Governance

1-1	About Chun Yuan Steel
1-2	Corporate Governance
1-3	Business Performance
1-4	Risk Management
1-5	Compliance



## 2021 Sustainability Management Performance

### No major violations

There were no violations of product health and safety regulations, or penalties/heavy fines for violation of product information and labeling regulations. Nor were any products banned for sale or involved in dispute, or violations of marketing communications regulations.

### None

There were no incidents of corruption or bribery.

### No infringements or leaks

No customer complaints regarding violation of privacy or information leak.

### No violations

No violations of environmental protection, corporate governance and labor rights regulations.

### Local procurement accounted for 90.8% of total value

In 2021, local procurement in Taiwan accounted for 90.8% of total value while foreign imports accounted for 9.2%.

### Evergreen Business

Evergreen Business 50-Year Achievement Award.



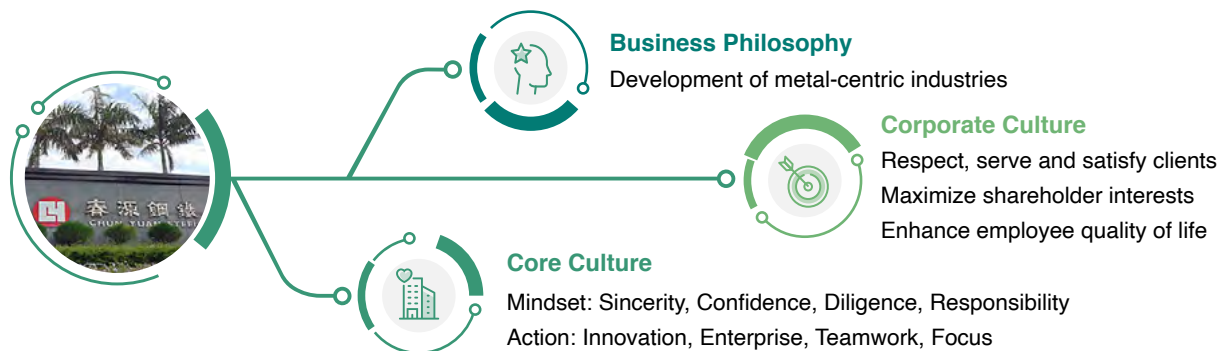


## 1-1 About Chun Yuan Steel

Chun Yuan Steel (CY) was founded in 1965 and started out as a processor of imported hot rolled steel plates and coils. CY later expanded into other steel-related products including fabrication of engineered steel structures, magnetic steel stamping, special-purpose steel sales, special steel strip rolling, as well as the design and fabrication of automated storage. CY grew steadily over time and turnover has increased from tens of millions of dollars to more than ten billion dollars today.

CY is organized into the following seven business divisions: Commercial Steel, Commercial Steel (Regional), Electrical Steel, Special Steel Strip, Automated Storage System, and Construction. Key subsidiaries include Chun Yuan Construction, Chun Shyang Shin Yeh, Shenzhen Chun Yuan, Shenzhen Hong Yuan, Shanghai Huaiteng, and Qingdao Chun Yuan. CY produces high-quality products with the most advanced production equipment and technologies. Our highly-trained people and rigorous quality standards provide domestic and overseas customers with the best service.

 2019	<b>Ministry of Labor:</b> Gold Medal for Talent Quality-management System (TTQS) (Corporate Organization) <b>Corporate Synergy Development Center:</b> Taiwan Continuous Improvement Awards - Silver Tower Award (Commercial Steel Xizhi Plant), Bronze Tower Award (Rolling Plant) <b>1111 Job Bank:</b> Happiness Enterprise
 2020	<b>Ministry of Labor:</b> Gold Medal for Talent Quality-management System (TTQS) (Corporate Organization)
 2021	<b>Evergreen Business 50-Year Achievement Award</b> <b>Outstanding Directorship Award for Industry &amp; Mining Organizations from the Chinese National Federation of Industries</b> <b>Recognized as outstanding supplier by TSMC in 2021</b> <b>Corporate Synergy Development Center:</b> Taiwan Continuous Improvement Awards - Bronze Tower Award (Rolling Plant, Commercial Steel Xizhi Plant)



Company Overview	
Company Name	Chun Yuan Steel Industry Co., Ltd.
Listing Status/Market	Public (Listed Company)
Industry	Steel Industry
Business Portfolio	Commercial steels, electrical steel, special steel, special steel strips, section steel, engineering, storage systems, metal processing
Date Established	January 7, 1966
Chairman	TSAI, HSI-CHI
President	TSAI, HSI-CHI
Paid-in Capital	NTD 6,476,554 Thousands
2021 Operating Profit	NTD 26,320,660 Thousands (consolidated)
2021 Total Sales	660,668 tons (consolidated)
Employees	1,511 (as of end of December, 2021. Includes foreign workers in Taiwan)
Corporate Headquarters	6F and 7F, No.502, Fuxing N. Rd., Zhongshan Dist., Taipei City

## Taiwan Operations

### Taipei Headquarters



#### Longtan Plant

**Special Steel Strip Business Division**  
Rolling Plant  
**Automated Storage System Division**  
Automated Storage System  
Plant System Division  
**Construction Business Division**  
Steel Structure Plant  
**Special Steel Division**  
Longtan Office



#### Electrical Steel Division

Sales Department Electrical Steel  
Taichung Plant



#### Tainan Plant

**Commercial Steel Regional Division**  
Tainan Office  
**Special Steel Division**  
Tainan Office



### Xizhi Plant

**Commercial Steel Division**  
**Commercial Steel**  
Xizhi Plant  
**Commercial Steel Regional Division**  
Xizhi Office



**Special Steel Division**  
Tucheng Office  
Taichung Office



**Commercial Steel Regional Division**  
Taoyuan Office  
Tucheng Office  
Hinschu Office  
Taichung Office



### Kaohsiung Plant

**Commercial Steel Regional Division**  
Commercial Steel Kaohsiung Plant  
**Construction Business Division**  
Steel Structure Plant  
(Mfg. Section 2)  
**Special Steel Division**  
Kaohsiung Office



## China Operations



**Qingdao Chun Yuan Precision Mechatronic Co., Ltd.**



**Shanghai Huateng Metal Processing Co., Ltd.**



**Shenzhen Chun Yuan Steel Industrial Co., Ltd.**







**Shenzhen Chun Yuan Metal Processing Co., Ltd.**







Chun Yuan Steel Affiliates					
Investment Name	Subsidiary Name	Business Type	Shareholding Ratio		
			2021.12.31	2020.12.31	2019.12.31
Chun Yuan Steel	Chun Yuan Investment (Singapore) Pte Ltd. ("CYI Singapore")	General Investment Industry	100.00%	100.00%	100.00%
Chun Yuan Investment (Singapore)	Chun Yuan Investment (BVI) Co., Ltd. ("CYI BVI")	General Investment Industry	100.00%	100.00%	100.00%
Chun Yuan Investment (Singapore)	Shenzhen Hongyuan Metal Industry Co.,Ltd	Production of galvanized sheets, coated sheets, aluminum sheets, and other metal sheets	81.38%	81.38%	81.38%
Chun Yuan Investment (Singapore)	Shanghai Chun Yuan Steel Industry Co., Ltd.	Container corner fittings for sea freight	80.00%	80.00%	80.00%
Chun Yuan Investment (Singapore)	Shenzhen Chun Yuan Steel Industrial Co., Ltd.	Production of transformer parts, rotors, stators and other metal products made from the stamping of electrical steel coils	78.52%	78.52%	78.52%
CYI BVI	Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	New types of mechatronic components, fine blanking die and other related metal products	95.00%	95.00%	95.00%
CYI BVI	Shanghai Huateng Metal Processing Co., Ltd.	Production and processing cold rolled electrical steel sheets, various metal materials, rotors, and stators	80.59%	80.59%	80.59%

CY Ownership Type						Baseline date of 2022.04.25
	 Government agencies	 Financial institutions	 Other juridical persons	 Foreign investors	 Individual shareholders	 Total
Persons	1	2	72	89	52,718	52,882
Shares	6	1,038	94,821,290	30,966,195	521,866,861	647,655,390
Shareholding Ratio	0.00%	0.00%	14.64%	4.78%	80.58%	100.00%

## ► Organizational Engagement

Trade Association Name	Members' Representative
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Hsi-chi Tsai (Chairman), Wei-cheng Lin (Vice President)
Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	Hsi-chi Tsai (Chairman), Chun-yung Huang (Vice President), Ching-Yuan Chang (Manager), Bing Wu (Manager), Yan-che Wang (Manager), Charn-g-yi Tsai (Senior Consultant), Shui-cheng Wu (Senior Special Assistant)
Taiwan Association of Machinery Industry (TAMI)	Hsi-chi Tsai (Chairman), Chun-yung Huang (Vice President), Ying-hua He (Assistant Vice President), Yan-che Wang (Manager), Charn-g-Yi Tsai (Senior Consultant)
Taiwan Steel & Iron Industries Association (TSIIA)	Hsi-chi Tsai (Chairman) (Positions: Director, Convener of the Steel Slitting Team, Deputy Convener of Special Steels Team), Wei-cheng Lin (Vice President), Chun-yung Wang (Vice President), Ming-chi Chiang (Assistant Vice President), Ching-yuan Chang (Manager), Kuo-yi Ao (Manager), Charn-g-yi Tsai (Senior Consultant)
Importers and Exporters Association of Taipei (IEAT)	Hsi-chi Tsai (Chairman), Charn-g-yi Tsai (Senior Consultant)
Taiwan Transportation Vehicle Manufacturers Association (TVMA)	Hsi-chi Tsai (Chairman), Chun-yung Huang (Vice President), Charn-g-yi Tsai (Senior Consultant)
R.O.C. Crane Association	Neng-ching Chen (Factory Director)
Taiwan Mold & Die Industry Association (TMDIA)	Chung-yung Huang (Vice President), Yan-che Wang (Manager), Chi-jung Lin (Factory Director)
Taiwan Machine Tool & Accessory Builders' Association (TMBA)	Chun-yung Huang (Vice President), Ying-hua He (Assistant Vice President), Ching-yuan Chang (Manager), Yan-che Wang (Manager), Kuo-yi Ao (Manager), Chi-jung Lin (Factory Director)
Chinese Lean Management Association (CLMA)	Hsi-chi Tsai, Chairman, Jin-ti Wang (Manager)
Chinese International Economic Cooperation Association, Taiwan (CIECA)	Hsi-chi Tsai (Chairman), Kuo-yi Ao (Manager)
Taiwan Light Metals Association (TWLMA)	Ying-hua He (Assistant Vice President), Ching-yuan Chang (Manager), Chi-jung Lin (Factory Director)
Taiwan Motor Industry Association (TMIA)	Chung-yung Huang (Vice President), Yan-che Wang (Manager), Bing Wu (Manager), Chi-jung Lin (Factory Director)
Taiwan Steel Framework Engineering Association	Hsi-chi Tsai (Chairman), Ming-chi Chiang (Assistant Vice President), Chih-hsin Chou (Manager), Ming-yuan Lin (Manager), Neng-ching Chen (Factory Director), Sheng-jung Chiu (Assistant Manager)
Taiwan Steel Framework Lifting Engineering Association	Hsi-chi Tsai (Chairman), Ming-chi Chiang (Assistant Vice President), Chih-hsin Chou (Manager), Ming-yuan Lin (Manager), Neng-ching Chen (Factory Director), Sheng-jung Chiu (Assistant Manager)




## ► Products and Services

CY is one of the largest steel & iron processors and distributors in Taiwan. Our services include: supply of hot-rolled, cold-rolled, plated, electrical steel, aluminum, stainless steel, copper, carbon/alloy tool steel and structural steel materials; stamping of EI sheets and iron motor cores; the planning, design, manufacture and installation of storage racks; as well as the undertaking off large steel structural engineering projects (high-rise buildings, factories, bridges, and equipment).

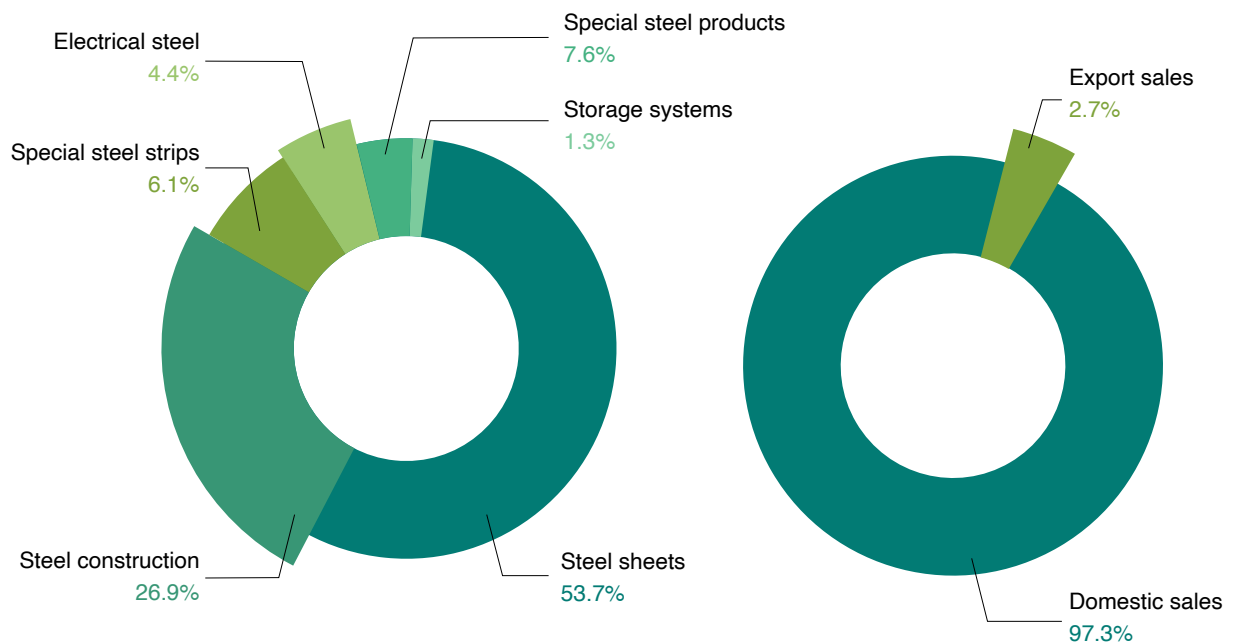
Domestic sales account for 97.3% of our products while export sales account for 2.7%. Most of our business is related to transportation industry, domestic appliances industry, machinery industry, and steel structural engineering so we play a very significant role in the steel industry chain. No CY products were banned from sale or delisted by the authorities during 2021.



Material	Production Process	Product Name	Usage
<b>Hot-rolled coil</b> 	Cropping and flattening	Hot rolled steel sheets	Construction, machinery, and durable equipment
	Stripping	Hot rolled stripped coils	
	Stripping and rolling to form	Light shaped steel	Construction use
<b>Cold rolled coil</b> 	Cropping and flattening	Cold-rolled steel sheet	Parts for common domestic tools and items, Automotive components
	Stripping	Cold-rolled stripped coils	Automotive components, metal products, Sports equipment
<b>Enamel steel coils</b> 	Cropping, flattening, and stripping	Enamel steel sheets Enamel steel stripped coils	Colorful cookers, pots and cups, basins, bathtubs, and walls
<b>Plated steel coils</b> 	Cropping and flattening	Plated steel sheets	Parts of appliances, automotive gas tanks, exhaust pipes, air conditioner and refrigerator parts
	Stripping	Plated steel stripped coils	
<b>Thick sheets</b> 	Cutting, welding, Drilling, assembly	Welded H-shape steel	Steel construction, machinery, bridges, and other steel structures
		Welded H-shape honeycomb steel	
		Steel junction plates	
		Steel reinforced plates	
		Machinery parts	
		Steel construction	

<b>Electrical steel sheets (coils)</b> 	Stripping, stamping	Motor cores, EI sheets	Motors, transformers, rectifiers
	Stripping	Electrical steel strips	
<b>Special steel</b> 	Sawing	Sheets, bars, round steel, square steel, and angle steel	Machines, cars, parts, molds
<b>High-carbon steel coils</b> 	Stripping, cold rolling, annealing, and tempering	Cold rolled high-carbon steel stripped coils	Stationery supplies, springs, and tool parts
<b>Steel Sheet parts</b> 	Forming, assembling, and installing	Logistics equipment	Storage and management of materials, tapes, and files
		Light-, mid-, and heavy-duty material racks	
		3D automated storage systems	

### 2021 Market Analysis of Chun Yuan Steel Sales



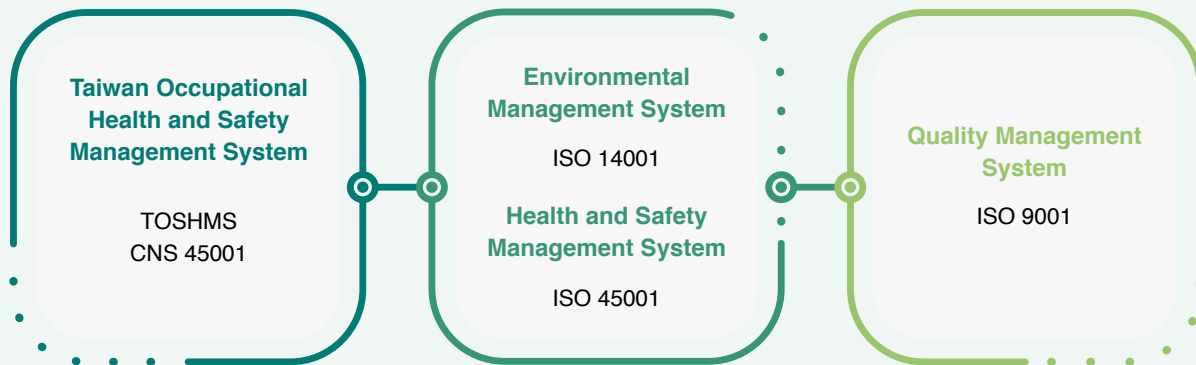




## ► Quality Guarantee

Management Approach to Customer Health and Safety		
Item	Description	Content
Material Topics and Boundaries	Topic Materiality	To provide quality products, CY strives to maintain the safety of the production environment and the quality of products. Certification to international standards ensures the effective management of product quality and environmental safety activities in order to provide customers with quality products and services.
	Topic Boundary	The topic Customer Health and Safety encompasses CY's headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Customer Health and Safety in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	Effective management of quality risks for related CY products.
	Policy	CY is committed to providing products and services that satisfy customer and regulatory requirements. We strive for professionalism, integrity, quality and efficiency when engaging in quality management, environment, safety and health activities that are certified to international standards.
	Promise	CY is committed to enforcing the requirements of quality, environment, safety and health management systems. We also seek to provide customers with satisfactory products and services.
	Purpose and Target	CY will undergo and pass annual audits by SGS Taiwan, an external certification body, against the latest version of the ISO 9001, ISO 14001, and ISO 45001 standards.
	Responsibility	CY is leveraging its accumulated real-world experience in quality and environmental management to continuously monitor management risks. Maximizing the returns for the Company, customers and other stakeholders ensure our sustainability.
	Resources	CY introduced the ISO 9000 quality management system in 1995, followed by the introduction of the ISO 14001 and OHSAS 18001 environment, safety and health management systems in 2008. Annual external audits have been conducted and passed every year since then. To improve our management and engage in continuous improvement, the 3-in-1 verification model was employed by CY to improve system management efficiency and reduce business administration costs. In terms of verification and training, regular external verification and cadre training were conducted through SGS. All new administrative personnel at CY must also complete 5 days of intensive orientation training. The practical application of ISO quality and ESH management systems at CY is covered during training.
	Complaint Mechanism	Complaints are handled in accordance with the customer complaints and compensation management regulations. Customers can file complaints with CY in person, over the phone, or through e-mail.
	Specific Actions	<p>CY engages in continuous verification management of quality and ESH at each factory (location). System verification through internal and external audits at each factory (location) are reviewed every year to ensure the continued compliance of their management systems with international standards.</p> <ul style="list-style-type: none"> <li>· SGS was commissioned to carry out external audit and verification of ISO 9001, ISO 14001 and ISO 45001 at CY in September, 2021.</li> <li>· Entered the "2021 Taiwan Continuous Improvement Award" in May, 2021.</li> </ul>
Management Approach Assessment	Management Evaluation Mechanism	Regular ISO 9001, ISO 14001 and ISO 45001 audits are conducted by CY for effective management and continuous improvement. Performance monitoring and measurement, management reviews, as well as customer satisfaction and analysis are employed by the factories (locations) of each business division as part of their PDCA management cycle to make continuous improvements to the appropriateness, completeness, and effectiveness of their quality management system.
	Performance and Adjustment	<ul style="list-style-type: none"> <li>· CY ISO 9001 system was certified by SGS on September 8, 2021.</li> <li>· CY ISO 14001 and ISO 45001 systems were certified by SGS on September 23, 2021.</li> <li>· CY entered the "2021 Taiwan Continuous Improvement Awards (Unity Group)" and won 2 bronze trophies at the finals in December 2021.</li> </ul> <p>CY upholds our commitment to sustainable development and social responsibility by focusing on the continuous improvement of quality, and environmental safety. A goal of passing the system verification audit every year was also set. We therefore entered the "Taiwan Continuous Improvement Award" with the goal of winning the gold award.</p>

## CYS Sustainability Management System



## Steel structure products, IE3 motor certification mark

### 1. Accreditation:

TAF (Non-destructive testing)



### 2. Product Certification:

CNS mark (H-profile steel for general structural welding), IE3 high-efficiency motor



## ► Investment in Product Testing Instruments



## 1-2 Corporate Governance

### ► Business Strategy and Development

To ensure the robust and sustainable development of the Company, the following seven business strategies were set out by CY: Customer management, inventory management, account management, cost rationalization, talent cultivation, R&D innovation, equipment investment. These strategies fulfill the spirit of sustainability in the three aspects of economy, environment, and society.

Approach	Approach Description
<b>Customer Management</b>	<ol style="list-style-type: none"> <li>1. Consolidate sales to existing customers while aggressively developing new leads to increase our market share.</li> <li>2. Active expansion of new businesses, new markets (domestic/export markets) and high value-added products.</li> <li>3. Closely monitor politico-economic trends and industry changes in order to actively search for new business opportunities.</li> </ol>
<b>Inventory Management</b>	<ol style="list-style-type: none"> <li>1. Prepare materials based on customer requirements, regularly review the inventory levels for each steel type and steel mill to manage the overall inventory.</li> <li>2. Reduce stock turnover time to avoid tying up capital.</li> <li>3. Find competitive sources and add new procurement channels.</li> <li>4. Enforce the disposal of all inventory older than 6 months.</li> </ol>
<b>Account Management</b>	<ol style="list-style-type: none"> <li>1. Visit customers diligently to keep track of their latest developments.</li> <li>2. Regularly review and update credit checks on customers and enforce account payable management to reduce debt risk.</li> <li>3. Improve recovery of account payments, shorten the maturity date, and establish safe, reasonable business conditions.</li> </ol>
<b>Cost Rationalization</b>	<ol style="list-style-type: none"> <li>1. Review the assumptions for target head count and fees to ensure that the budget is reasonable.</li> <li>2. Submit proposals for cost rationalization (operating/factory/labor costs) to reduce the cost per ton.</li> <li>3. Propose process improvement/efficiency improvement plans to reduce the cost per tonne/person.</li> </ol>
<b>Talent Cultivation</b>	<ol style="list-style-type: none"> <li>1. Engage in human resources planning, have succession and recruitment plans in place at every level.</li> <li>2. Enforce rostering system to cultivate multi-skilled talent.</li> <li>3. Strengthen the planning and development of digital as well as make refinements to each education and training plan.</li> <li>4. Cultivate and increase the qualification rate for technicians in key positions.</li> </ol>
<b>R&amp;D Innovation</b>	<ol style="list-style-type: none"> <li>1. Technology R&amp;D strategy: Labor-saving, automation, new technologies, new processes.</li> <li>2. Market R&amp;D strategy: New materials, new products, new markets.</li> </ol>
<b>Equipment Investment</b>	<ol style="list-style-type: none"> <li>1. Cautiously assess each investment plan to avoid excessive optimism.</li> <li>2. Track the execution of each equipment investment plan and propose an improved plan focusing on areas of difference.,</li> <li>3. Practice routine maintenance and servicing of equipment to ensure that they remain mobile and to extend the service life.</li> </ol>

### ► Corporate Governance Structure

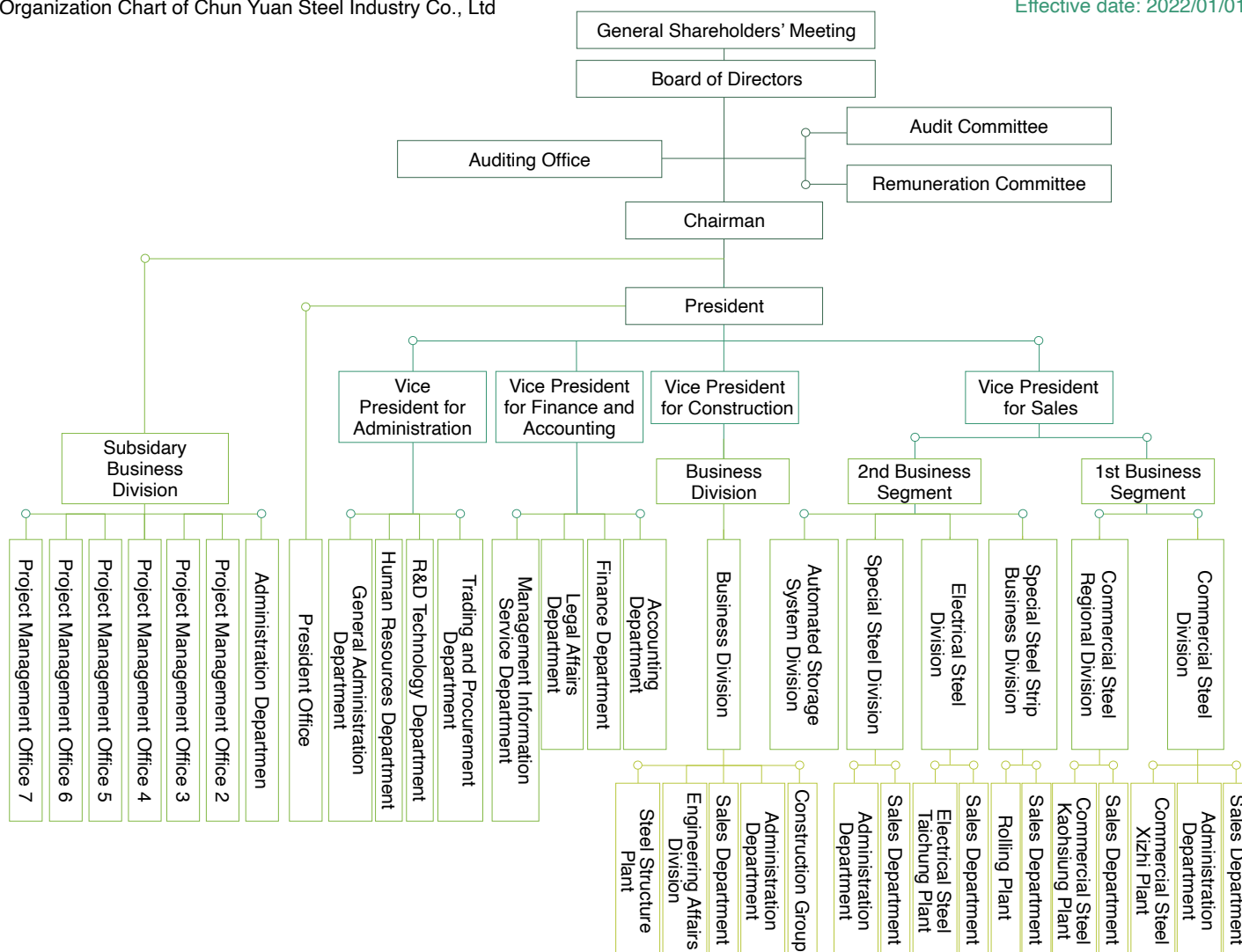
The CY Board of Directors is the top governance body in the Company. The Chairman is also the chair of the Shareholders' Meeting and Board. He is supported by the President, Vice Presidents, and Assistant Vice Presidents. A Board of Directors was also set up to strengthen the governance framework of CY. On October 15, 2011, the creation of the Remuneration Committee was approved by the Board to improve meeting efficiency. On June 21, 2019, the establishment of the Audit Committee was approved by the Board to strengthen the supervisory function and management capability. A Chief Governance Officer was appointed by the Board on December 23, 2020, and is now responsible for all Company-related governance matters.



## Chun Yuan Steel Organization Chart

## Organization Chart of Chun Yuan Steel Industry Co., Ltd

Effective date: 2022/01/01



## Board of Directors

The Board is made up of eight directors and three independent directors. A Board meeting is convened at least once each quarter mainly to formulate policies on corporate governance and business strategy. Other Board responsibilities include overseeing business performance, preventing conflicts of interest, and ensuring compliance with the law.



## Audit Committee

The audit committee shall consist of all independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.



## Remuneration Committee

The Remuneration Committee has three members and is convened at least twice a year. It defines compensation plans (including the criteria for performance evaluation as well as the reward and disciplinary schemes) based on the roles and responsibilities of directors, officers, and the standard of compensation for similar positions at related enterprises. The Remuneration Committee also evaluates the performance of company directors and officers.



**Corporate  
Governance  
Officer**

The role of Corporate Governance Officer (CGO) is concurrently held by the Vice President for Finance and Accounting. The CGO is responsible for handling matters relating to Board meetings and shareholders meetings; producing minutes of Board meetings and shareholders meetings; assisting in onboarding and continuing education of directors; furnishing information required for directors for the performance of their duties; and assisting directors with legal compliance and other matters specified in the Articles of Incorporation and contracts.



## Auditing Office

The Auditing Office is responsible for auditing company systems and tracking of corrective actions.



## ► Selection Process for Board of Directors

CY has adopted the candidate nomination system set out in Article 192-1 of the Company Act for Board of Directors (Supervisors) elections. The directors are elected from the list of nominees by the Shareholders' Meeting. The Board of Directors currently consist of eight directors and three independent directors, all of whom possess extensive industry, business and academic experience.

The Board of Directors is the top governance and decision-making unit in CY. It currently consists of 10 men, 1 woman, no person under the age of 30, two people between the ages of 30 to 50, and nine people over the age of 50. Board functions include the appointment and supervision of company officers, supervision of business performance, supervision of company compliance, formulation of company rules, and Shareholders' Meeting resolutions. The Board strives to maximize returns for shareholders.

CY Board of Directors Membership				
Position	Name	Education	Experience	Current Position
Chairman	TSAI, HSI-CHI	Shih Hsin Industrial & Commercial School	Chairman etc. of Sinkang Industries Co., Ltd. etc.	Chairman of Chun Yuan Steel Industry Co., Ltd. Director of Sinkang Industries Co., Ltd. President of Chun Yuan Steel Industry Co., Ltd. etc.
	LEE, WEN-LUNG	Department of Tourism and Hospitality, Hsing Wu Junior College of Commerce	Chairman of Chun Yuan Steel Industry Co., Ltd. President of Yung Kuang Hwa Metal Industrial Co., Ltd. Chairman of Taiwan Steel Tower Co., Ltd. etc.	Director of Chun Yuan Steel Industry Co., Ltd. Chairman of Yung Kuang Hwa Metal Industrial Co., Ltd. Chairman of Taiwan Steel Tower Co., Ltd. etc.
Director	CHENG, YE-MING	Meijo University, Japan Law Department	Chairman of Seven Stars Tobacco Co., Ltd. CEO of King Tobacco and Alcohol Co., Ltd. etc.	Director of Chun Yuan Steel Industry Co., Ltd. Director of Sinkang Industries Co., Ltd. Director of Chun Yuan Construction Co., Ltd. Director of Empire Steel Co., Ltd. etc.
	TSAI, HSI-YU	Hsing Wu Junior College of Commerce (not completed)	Director of Chun Yuan Steel Industry Co., Ltd.	Director of Chun Yuan Steel Industry Co., Ltd. etc.
	TSAI, CHENG-TING	Master of Science In Finance, Baruch College, City University of New York	Project Manager at Acra Machinery Inc., Researcher at Cyber Express financial management consulting company Director of Sinkang Industries Co., Ltd. etc.	Director of Chun Yuan Steel Industry Co., Ltd. Deputy Section Chief of Chun Yuan Steel Industry Co., Ltd. etc. Director of Chun Yuan Construction Co., Ltd. etc.
	An Tien Investment Co., Ltd.	-	Supervisor of Sinkang Industries Co., Ltd. and Chun Yuan Steel Industry Co., Ltd. Company Supervisor, Supervisor of Sinkang Industries Co., Ltd. etc.	Director of Chun Yuan Steel Industry Co., Ltd. Supervisor of Yung Kuang Hwa Metal Industrial Co., Ltd. etc.
	Representative: LEE, WEN-FA	Department of Economics, Nihon University	Director of Chun Yuan Steel Industry Co., Ltd. etc.	Director of Yung Kuang Hwa Metal Industrial Co., Ltd. Director of Lian De Investment Company etc.
	Cosmos Co., Ltd.	-	Director of Chun Yuan Steel Industry Co., Ltd. Chairman etc. of Sinkang Industries Co., Ltd. etc.	Director of Chun Yuan Steel Industry Co., Ltd. Chairman etc. of Sinkang Industries Co., Ltd. etc.
	Represented by: CHENG, I-HUNG	Aotama Gakuin University, Japan	President of Mayer Steel Pipe Corporation etc.	President of Chun Yuan Steel Industry Co., Ltd. etc.
	Lian De Investment Co., Ltd.	-	Director of Chun Yuan Steel Industry Co., Ltd. etc.	Director of Chun Yuan Steel Industry Co., Ltd. Director of Yung Kuang Hwa Metal Industrial Co., Ltd. etc.
	Representative: WU, MEI-YING	Department of Business Administration, National Chengchi University	Director etc. of Lian Long Investment Company Director of Chun Yuan Steel Industry Co., Ltd. etc.	Director etc. of Lian Long Investment Company Director of Lian De Investment Company etc.
Independent Director	HSU, LI-MING	Master of Business Administration, Institute of Accounting, Tamkang University	Accountant of RSM Taiwan Sitting Member, Tax Regulations Committee, CPA Associations R.O.C. (Taiwan) Independent Director and Remuneration Committee Member of Sinkang Industries Co., Ltd. etc.,	Accountant of RSM Taiwan Independent Director of Chun Yuan Steel Industry Co., Ltd. Independent Director etc. of Sinkang Industries Co., Ltd. etc.
	LIN, WEI-LIANG	Tamkang College of Arts and Science Department of Accounting and Statistics	President of Changhua Commercial Bank Co., Ltd.	Managing Director of Taichung Commercial Bank Co., Ltd. Chairman of Taichung Bank Leasing Corporation Limited. Independent Director of Chun Yuan Steel Industry Co., Ltd. etc.
	TSENG, YUNG-FU	Law Department, National Taiwan University Jurisprudence Program	Minister of Justice Political Deputy Minister of Justice Acting Prosecutor General of Supreme Prosecutors Office Supervisor of Eagle Cold Storage Enterprise Co., Ltd. etc.	Independent Director of A.G.V. Products Corporation Independent Director of Chun Yuan Steel Industry Co., Ltd. etc.

Note 1: The CY Articles of Incorporation stipulate the appointment of nine to eleven Board directors with at least three independent directors. All are appointed for a term of three years and can be elected for successive terms. The current term runs from 2019.06.21 rough to 2022.06.20

## ► Audit Committee Membership

The Audit Committee was established by the CY Board of Directors on June 21, 2019, to ensure the integrity of supervisory functions and strengthen management performance. The Audit Committee is to be made up of all independent directors at least one of whom must possess accounting or financial expertise.

CY Independent Directors				
Position	Name	Education	Experience	Current Position
Chair	HSU, LI-MING	Master of Business Administration Institute of Accounting, Tamkang University	Accountant of RSM Taiwan Sitting Member, Tax Regulations Committee, CPA Associations R.O.C. (Taiwan) Independent Director and Remuneration Committee Member of Sinkang Industries Co., Ltd.	Accountant of RSM Taiwan Independent Director of Chun Yuan Steel Industry Co., Ltd. Independent Director etc. of Sinkang Industries Co., Ltd. etc.
Committee Member	LIN, WEI-LIANG	Tamkang College of Arts and Science Department of Accounting and Statistics	President of Changhua Commercial Bank Co., Ltd.	Managing Director of Taichung Commercial Bank Co., Ltd Chairman of Taichung Bank Leasing Corporation Limited. Independent Director of Chun Yuan Steel Industry Co., Ltd. etc.
Committee Member	TSENG, YUNG-FU	Law Department, National Taiwan University Jurisprudence Program	Minister of Justice Political Deputy Minister of Justice Acting Prosecutor General of Supreme Prosecutors Office	Independent Director of A.G.V. Products Corporation Independent Director of Chun Yuan Steel Industry Co., Ltd. etc.

## ► Board of Directors Remuneration

The Remuneration Committee was established in accordance with Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange by a resolution of the Board of Directors to strengthen governance at CY and enhance the functions of the Board. An organic charter for the Remuneration Committee was also drawn up to facilitate compliance. The purpose of the Remuneration Committee is to assist the Board of Directors with assessing and determining the standard of compensation for directors, independent directors and managerial officers. A majority of the Committee should be made up CY independent directors with the remainder to be appointed by a resolution of the Board. The Committee must consist of at least three persons.

The term of appointment is the same as that of the Board of Directors. The roles and responsibilities of the Remuneration Committee are as follow:

1. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, independent directors and managerial officers.
2. Periodically evaluate and prescribe the remuneration of directors, independent directors, and managerial officers.
3. Performance evaluations and remuneration for directors, independent directors, and managerial personnel of the company shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.

Recommendations of the Remuneration Committee can be put to the Board of Directors with the consent of a majority of committee members. The recommendations can then be passed by a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire Board; if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported on the information reporting website designated by the competent authority within 2 days counting from the date of passage by the Board of Directors. The Remuneration Committee shall be convened at least once every six months. A meeting may also be called at any time if necessary. The Remuneration Committee may invite directors, managerial officers of relevant departments, internal auditors, certified public accountants, legal consultants, or other personnel to attend meetings as nonvoting participants and provide relevant necessary information.

## ► Continuing Education for Directors

CY Directors undertake continuing education courses on their own initiative every year. The courses cover topics such as corporate governance, securities regulations, and Board meeting rules. A total of 46.5 hours of continuing education were completed in 2021.





CY Board of Directors Meetings					
Title	Name	Organizer	Course Name	Hours of Study	Total Hours of Study during the Year
Chairman	TSAI, HSI-CHI	Financial Supervisory Committee	13th Taipei Corporate Governance Forum	3.0	3.0
Director	TSAI, CHENG-TING	Taiwan Corporate Governance Association	17th (2021) Corporate Governance Summit	6.0	9.0
		Taiwan Business Council for Sustainable Development	2020 Taiwan Sustainable Finance Forum - Building a Sustainable Finance Ecosystem	3.0	
Independent Director	HSU, LI-MING	CPA Associations R.O.C. (Taiwan)	Enterprise Income Tax Filing Guidelines and Questions Answered	7.0	13.0
			Research and Analysis of Corporate Law	3.0	
			CPA Responsibility and Response to Shareholder Disputes	3.0	
	LIN, WEI-LIANG	Taiwan Academy of Banking and Finance	Board of Directors Practices and Corporate Governance Workshop - Practice and Compliance on Fair Treatment of Customers and Ethical Business Management	3.5	15.5
			Board of Directors Practices and Corporate Governance Workshop - Climate Change Risk Workshop	3.0	
			Practice and Case Studies on the Principle of Fair Treatment of Customers	3.0	
			Board of Directors Functions and Performance Evaluation	3.0	
			Digital Finance and Information Risk Management	3.0	
	TSENG, YUNG-FU	Financial Supervisory Committee	13th Taipei Corporate Governance Forum	6.0	6.0

## ► Conflicts of Interest

CY Board of Directors Meeting Rules stipulate that Directors or the legal person they represent with an interest in a matter on the agenda must explain the nature of their interest during the Board of Directors meeting. If a conflict of interest exists then they may not take part in the discussion and voting. They must also recuse themselves during the discussion and voting, nor exercise proxy votes on behalf of other Directors.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

A Director barred from voting due to the two rules mentioned above will not be counted towards attendance for that motion. There was no proposal requiring recusal at CY during 2021.

## ► Anti-corruption

The "Personnel Management Regulations" of CY require employees to be mindful of their conduct in both speech and deed. They must not exploit their position for personal gain. To prevent corruption and graft, the "Reward and Penalty Procedures for Employees" stipulate that any employee found to have engaged in corruption, theft or misuse of company funds, accepted bribes or commissions, or willfully damaged company property may be removed from their position and their employment terminated. Annual internal control self-assessments require all CY factories, departments, and subsidiaries to conduct an internal inspection of their activities. The design and enforcement of internal control systems are adjusted when appropriate in accordance with the law. Internal self-supervision mechanisms are implemented as well. No corruption assessment was conducted by CY in 2021.

## 1-3 Business Performance

### ► Financial Results

Economic Performance Management Approach		
Item	Description	Content
Material Topics and Boundaries	Topic Materiality	To deliver shareholder returns, realize the sustainable development of the company in the future, expand our markets as well as enhance the speed and quality of our services, CY has continued to invest in a variety of production equipment to improve processing efficiency and lower production costs. New factories are being constructed to meet the growth in business. Our basic approach can be characterized as continuous investment to boost our competitiveness and returns. We hope all employees can work together to realize our annual targets.
	Topic Boundary	CY head office and overseas subsidiaries.
	Limits of Disclosure for this Topic	Financial disclosures in this year's report encompass Taipei headquarters and other business divisions. The information for other related subsidiaries and investments are presented through the Annual Report.
Management Approach and Elements	Management Goal in this Topic	Continuous pursuit of sustainable development, profitability and growth.
	Policy	<ul style="list-style-type: none"> <li>•“Inventory Management” to optimize inventory levels and increase turnover rates.</li> <li>•“Customer Management” to increase market share as well as practice credit and account management.</li> <li>•“Talent Cultivation” to obtain a sufficient quantity of quality talent.</li> <li>•“Labor-saving and Automation” investments in production equipment to boost productivity.</li> </ul>
	Promise	CY is committed to optimizing returns for the Company and all stakeholders in accordance with the Company Act, Securities Act and other legislation, as well as the regulations issued by the Financial Supervisory Commission, Taiwan Stock Exchange and other competent authorities.
	Purpose and Target	Annual business strategies and targets are formulated by the Company based on the future direction of development, changes in the internal/external environments, as well as business strengths and weaknesses.
	Responsibility	The President Office is responsible for compiling and reviewing the targets and plans of each Company unit.
	Resources	The Company conducts regular reviews of our targets to devise improvement plans for projects running behind schedule to ensure that the targets are accomplished successfully.
	Complaint Mechanism	Complaints and whistleblower channels are provided on the corporate website ( <a href="http://www.cysco.com.tw">www.cysco.com.tw</a> ) under Stakeholder Contact Details so that illegal behavior can be reported and dealt with.
	Specific Actions	The Company is continuing to invest in or upgrade our production equipment. New factories are also being built to increase our competitiveness.
Management Approach Assessment	Management Evaluation Mechanism	Business strategy meetings made up of top executives are regularly held to review the performance of administrative units, business units, and investments.
	Performance and Adjustment	2021 consolidated revenue was NTD 26.321 billion, and net profit after tax was NTD 1.245 billion. CY will continue to maximize returns to the Company and all stakeholders in the future.

CY strived to stay in the black during 2021. Individual net profit after tax in 2021 amounted to NTD 1.221 billion and was higher than 2020. In 2021 consolidated revenue amounted to NTD 26.321 billion, net profit before tax was NTD 1.561 billion, net profit after tax was NTD 1.245 billion, and basic earnings per share was NTD 1.88. A resolution was passed by the board of Directors to issue a dividend of NTD 1.30 per share in 2021. In 2021, NTD 42,480 thousands were spent on employee welfare. For a more detailed financial report, please download the financial report for each year from the CY corporate website.



Unit: NTD Thousands

CY Economic Performance			
Item	2019	2020	2021
Operating income	16,735,011	19,228,310	26,320,660
Operating cost	15,783,299	17,882,620	23,953,387
Operating expenses	783,935	803,287	1,005,061
Employee compensation and benefits	1,387,292	1,376,211	1,544,971
Payments to capital providers	194,297	388,593	841,952
Payments to government	87,888	175,537	343,431
Community investment	245	77	539
Residual economic value	38,147	125,324	877,187

Unit: NTD

2021 Government Subsidies		
Subsidy Type	Country of Subsidy	Subsidy Amount
Government subsidies under the Youth's Employment Ultimate Program	Republic of China	1,434,400
Government subsidies under the On the Job Training Program	Republic of China	498,039
Work-Life Balance Project subsidy	Republic of China	50,000
Power and Common Facility subsidy	Republic of China	86,688
Middle- and Old-Age Subsidy Program	Republic of China	13,500
Youth Employment Support subsidy	Republic of China	10,000
Dual System Student subsidy	Republic of China	20,769
Total		2,113,396

## ► Growing with Suppliers

CY had 881 suppliers in 2021. Most were suppliers of raw materials and accounted for over 85% of all procurement by amount. China Steel Corp. is CY's main supplier and the only blast furnace operator in Taiwan. In 2021, local procurement in Taiwan accounted for 90.8% of total value while foreign imports accounted for 9.2%. CY does not conduct supplier assessments of steel foundries at present but suppliers for other materials are assessed annually on price, quality, delivery time, and service.

CY Supplier Statistics									
Year	2019			2020			2021		
Contract Type	No. of Vendors	Procurement Amount	Percentage of Total Procurement	No. of Vendors	Procurement Amount	Percentage of Total Procurement	No. of Vendors	Procurement Amount	Percentage of Total Procurement
Raw Materials	444	10,234,015,093	87.61%	422	10,521,139,637	81.93%	430	16,221,077,582	85.54%
Engineering	185	1,238,456,218	10.60%	241	2,116,937,886	16.49%	281	2,488,481,059	13.12%
Labor	167	209,149,206	1.79%	180	203,289,414	1.58%	170	252,587,898	1.33%
Total	796	11,681,620,517	100%	843	13,735,343,587	100%	881	18,962,146,539	100%



## 1-4 Risk Management

### ► Risk Identification and Management

CY practices total risk management based on the goals of business management, the implementation of business strategy, and operation of routine activities. The first step is to verify risk factors and measure the potential damage. A management method is then selected along with periodic and non-periodic supervision, auditing and tracking of risk management.

CY Risk Identification and Management Strategy	
Risk Item	Management Strategy
 <b>Operating Risk</b>	<p>CY is aware that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Such a system has already been established by CY. The audit unit will conduct regular risk assessments and develop audit plans. Checks will be conducted in accordance with the plan with special audits conducted as necessary. The audit findings will be periodically reported to the supervisors and Board of Directors.</p>
 <b>Interest Rate Risk</b>	<p>The Company will maintain the principles of prudence and rigorousness in selecting the most favorable funding sources and use of funds while taking the cost of funding as well as potential risks and rewards into account. CY will also continue to collect financial information related to market interest rates so that contingency measures can be taken in a timely manner to mitigate the impact of interest rate changes on company profits.</p>
 <b>Exchange Rate Risk</b>	<p>CY adopted a natural hedging strategy in the management of foreign exchange positions while subsidiaries in China switched to RMB-denominated short-term loans to avoid the risk of exchange rate fluctuations for assets and liabilities resulting from the volatile exchange rates. In the future, CY will continue to track exchange rate rates and develop appropriate risk mitigation measures based on the relevant financial information, foreign exchange reports and international economic situation.</p>
 <b>Inflation Risk</b>	<p>CY will continue to monitor international commodity trends, wholesale price changes by upstream steel mills, and downstream industry shipments in the future so that we can respond rapidly to cost changes while effectively managing the production/sales portfolio and inventory status.</p>
 <b>Environment, Safety and Health Management Risk</b>	<p>The “Occupational Safety and Health Management Regulations” were formulated and implemented by CY based on our own particular industry attributes. The ISO 14001 Occupational health and safety management system, ISO 45001 occupational safety and health management system, and Taiwan Occupational Safety and Health Management System (TOSHMS) were also introduced and enforced. Regular employee training and health exams are conducted to ensure the safety and health of our partners.</p>
 <b>Natural Disaster Risk</b>	<p>Emergency response at CY is governed by the “Natural Disaster Emergency Response Regulations.” A natural disaster emergency response organization is established when a natural disaster is predicted (e.g. typhoons) to direct preparations.</p>
 <b>Climate Change Risk</b>	<p>CY was not covered by greenhouse gas (GHG) reduction regulations in 2021 so no GHG emission inventory or product carbon footprint verification were conducted. GHG emission restrictions around the world are becoming more common and rigorous however. Such restrictions not only require businesses to provide regular disclosure on GHG information but may also impose limits on emissions. Many governments are also looking into the levying of carbon or energy taxes. Prices for raw materials and energy essential to production operations have continued to rise as well. All of these factors contribute to higher production costs. CY will continue to monitor changes in domestic and overseas legislation to stay up to date on the latest trends and make advance preparations. We will also actively communicate with the government through industry and trade associations to offer recommendations on how regulatory amendments can be made more reasonable and appropriate.</p>



## CY Emergency Response Organization Chart

**Emergency Command Center**

Commander-in-Chief  
Mobile Phone

- Overall command and control. Reports to the relevant company officers.
- Responsible for speaking to journalists and the general public.

**Operations Team**

Director Mobile Phone

- Responsible for convening the natural disaster emergency response for carrying out the required work.

**Emergency Reporting and Liaison Team**

Team Leader Mobile Phone  
Team Member Mobile Phone

- Promote and supervise the implementation of preventive measures before a disaster.
- When a disaster happens, notify the Emergency Command Center (General Admin. Dept.) at headquarters and the relevant outside agencies such as the fire department.
- A report must be made as required above if any fatalities are caused by a disaster. Condolence management personnel must also be notified to fill out an occupational injury report in accordance with the company occupational injury reporting process.

**Water and Power Team**

Team Leader Mobile Phone  
Team Member Mobile Phone

- Take control of power switches in an emergency to prevent current leakage or fires due to short circuits.
- Inventory damage to utilities at the scene of the disaster and cooperate with technicians to restore water and electricity.

**Loss Inventory Team**

Team Leader Mobile Phone  
Team Member Mobile Phone

- Take inventory of personnel injuries and fatalities after a disaster.
- Inventory of financial assets after a disaster.
- Compile list of damages and submit to "Emergency Reporting and Liaison Team."

**First Aid Team**

Team Leader Mobile Phone  
Team Member Mobile Phone

- Provide first-aid to the wounded.
- Escort the patient to the hospital and provide first aid.
- Assist the injured or the surviving family with completing the required process.

**Security Team**

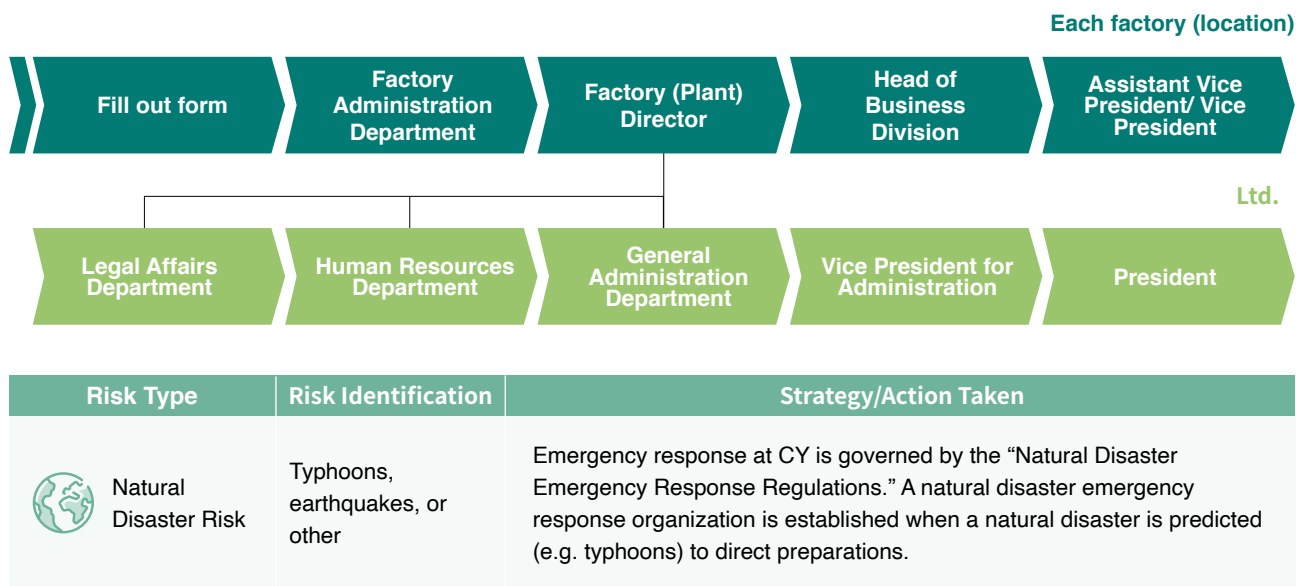
Team Leader Mobile Phone  
Team Member Mobile Phone

- Evacuation of personnel in an emergency.
- Secure (guard) scene after a disaster.

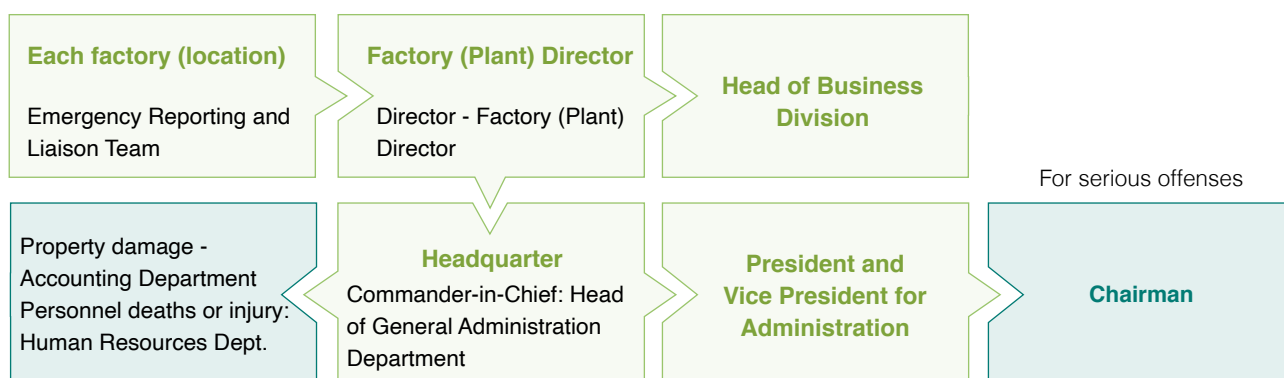
## ► Early Warning Approach and Action

Risk Type	Risk Identification	Strategy/Action Taken
Regulatory Risk	Site Industrial Accidents	According The "Control Procedure for the Investigation and Handling of Environment, Safety and Health Accidents and Anomalies", if there is an anomaly or accident on the site then the cause should analyzed and reasonable, practical corrective measures devised. The results of corrective action should be monitored to confirm that the cause has been resolved and to prevent further recurrence.

## CYS Occupational Injury Reporting Process Chart

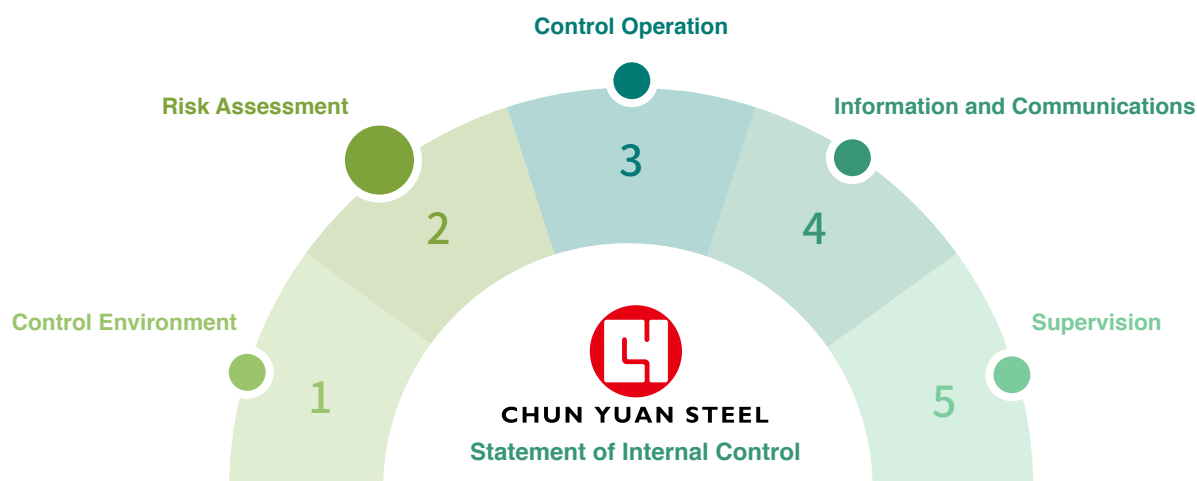


## CYS Occupational Injury Reporting Process Chart



## ► Internal Control and Management

A comprehensive internal control system has been devised by CY for all units to follow to strengthen governance and promote the sound management of the company. Company rules are fully disclosed through the internal corporate platform for employees to review and use at any time. The ongoing enforcement of Internal checks and self-assessments encourage all units to practice self-management and self-supervision. Employees can refer any ethical or compliance questions to staff at the Human Resources Department or Legal Affairs Department.





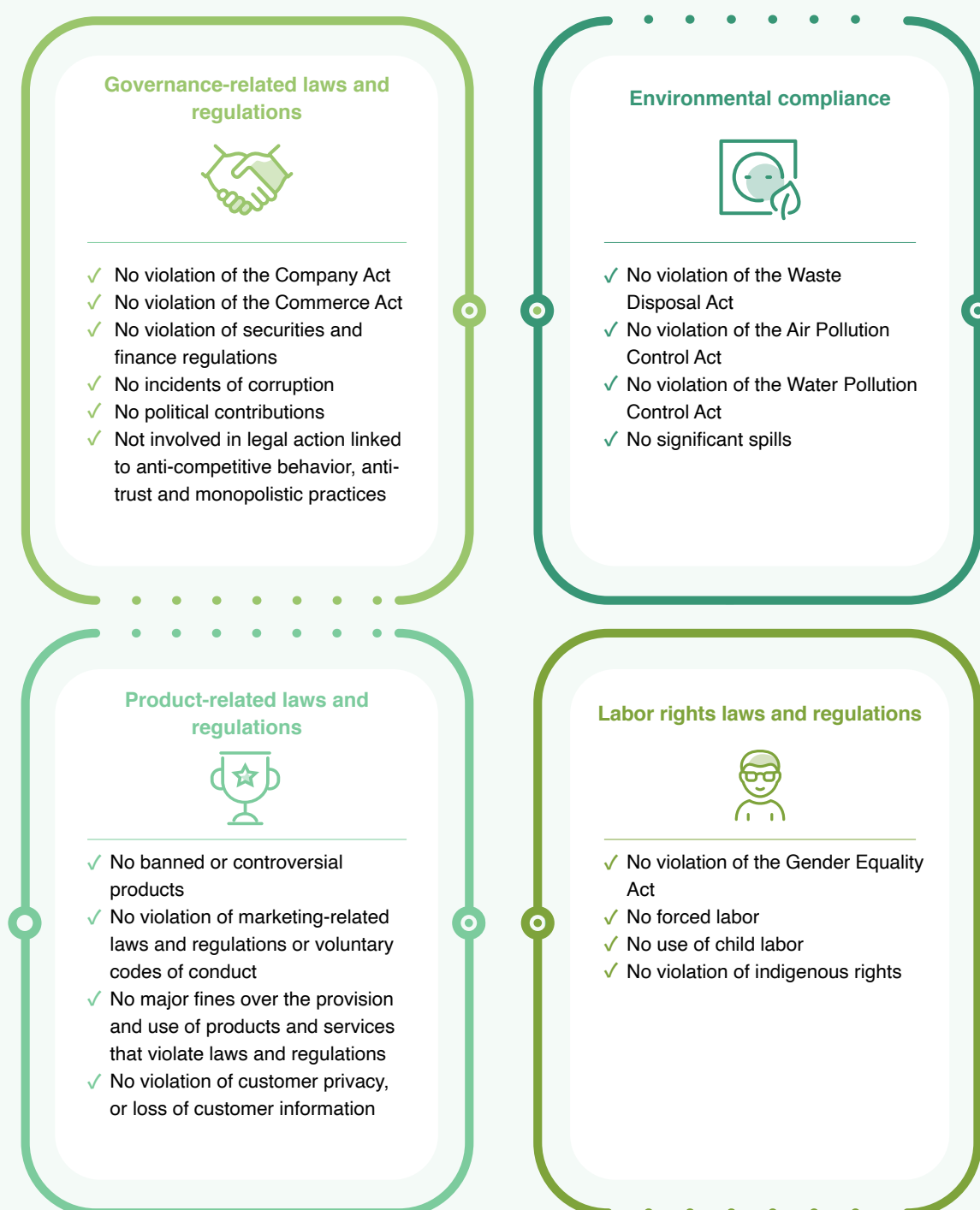
## 1-5 Compliance

Compliance Management Approach		
Item	Description	Content
Material Topics and Boundaries	Topic Materiality	To enforce the protection of gender equality in employment, eliminate gender discrimination, and to provide employees with a safe and equal workplace in accordance with the law. Failure to promote and enforce such protections will expose the Company to legal penalties.
	Topic Boundary	The topic encompasses CY's headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Gender Equality in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	Provide employees and job applicants with a working and service environment free from sexual harassment. Appropriate preventive, corrective, disciplinary and administrative actions should also be taken to protect the rights and privacy of the affected party.
	Policy	The Company considers all employees to be an important company assets. Respect for human rights, equality, and anti-discrimination form part of our core philosophy and policies on treatment of employees from multicultural backgrounds.
	Promise	CY is committed to establishing a workplace believes in the importance of human rights. We promise to treat everyone employee with respect and as equals.
	Purpose and Target	Prevent incidents of discrimination, sexual harassment, and human rights abuse.
	Responsibility	<ol style="list-style-type: none"> <li>1. Protection of complainants: Ensure that employees making a complaint or assisting others with making a complaint are protected from dismissal or other unfavorable actions.</li> <li>2. To establish a workplace that believes in the importance of human rights, no violation of human rights or demeaning conduct on the basis of gender, race, nationality, age, physical or mental disability, religion, ethnicity or any other attributes protected by law is permitted.</li> </ol>
	Resources	Rules relating to gender equality are explicitly stated in the company regulations.
	Complaint Mechanism	Sexual Harassment Complaints Committee.
Management Approach Assessment	Specific Actions	<ol style="list-style-type: none"> <li>1. The heads of every division, factory, office and site use every opportunity and method of communication including meetings, broadcasts, e-mail, or internal documents to raise employee awareness on sexual harassment prevention measures and complaints channels.</li> <li>2. According to the Gender Equality in Employment Act, female employees may apply for unpaid leave during their pregnancy, pregnancy checkup leave, and maternity leave. Male employees are entitled to paternity leave for pregnancy checkups and childbirth as well. For employees with childcare requirements, unpaid parental leave can be organized in accordance with the Gender Equality in Employment Act and Regulations for Implementing Unpaid Parental Leave for Raising Children. CY arranges for employees returning from unpaid parental leave to return to their original unit and position, and actively help them re-integrate with the workplace.</li> </ol>
	Management Evaluation Mechanism	Sexual harassment prevention and control regulations have been devised in accordance with government regulations. If a complaint is opened then the Sexual Harassment Review Committee is established in accordance with the law to conduct the investigation and deal with the matter.
	Performance and Adjustment	<ol style="list-style-type: none"> <li>1. There were no incidents of discrimination, sexual harassment, human rights abuse or social impact at CY in 2021.</li> <li>2. CY retention rate after unpaid parental leave was 50% in 2021.</li> </ol>



CY has always monitored all policies and legislation that may affect our operations. We pay close attention to compliance and pride ourselves on being a law-abiding enterprise. Employees are also reminded about corporate governance, employee code of conduct and other ethical guidelines at different times each year. We adhere to the principle of ethical business management in complying with domestic and overseas laws and regulations. The CY Legal Affairs Office assists employees with clarifying legal questions. We also conduct related education and training so that employees not only comply with the law but know how to avoid actions that may break the law. If an employee violates the law, labor safety standards or regulations, employment contract or business ethics, legal or disciplinary action is taken by CY. The employee's performance evaluation will also be affected to a reasonable extent. CY was not involved in any legal action over anti-competitive, anti-trust or monopolistic practices in 2021. Nor were there any major monetary or non-monetary penalties over non-compliance with laws and regulations governing commerce and business operations.

CY is continuing to monitor domestic and overseas policies and legislation that may potentially affect our business and finances to ensure ethical business management and compliance. In terms of compliance, CY has formulated various corporate governance rules and regulations that we adhere to. Major fines pertaining to company operations is defined in accordance with Chapter 2 (Material Information), Article 4, Paragraph 26, Sub-paragraph 3 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities as where the administrative fines for one single event have accumulated to NTD 1 million or more. The Compliance aspect is summarized in the table below.





## Explanation on Violation of OHS Regulations at CY in 2021

Pedestrian injured by accidental collision with forklift. Fined NTD 30,000 for violation of safety and health regulations. The following preventive measures were adopted in response to this industrial incident:



Worker accidentally injured while adjusting the position of the sleepers by hand when shape steel was being lowered on to the trailer bed. A fine of NTD 60,000 was imposed for violation of safety and health regulations.

In response to this industrial accident, workers were reminded to use hand tools for adjusting sleepers to ensure their safety.

Forklift was loading shape steel onto truck when it tipped off and injured a contractor employee. A fine of NTD 180,000 was imposed for violation of safety and health regulations.

The following preventive measures were adopted in response to this industrial incident:

- (I) Forklift operator must communicate with the truck driver over operational safety and hazards before materials are loaded or unloaded.
- (II) Anti-sway bars must be engaged on both sides of the semi-trailer while materials are being loaded/unloaded by crane.
- (III) The truck driver must help direct forklift operations from a safe location.

Failure to maintain passages or other thoroughfares in a safe state that protects workers against slips, trips, and falls. Fine of NTD 60,000 imposed for violation of safety and health regulations. In response to this industrial accident, steel plates were laid down over vehicle thoroughfares and arc-welded in position.





## Looking After Employees and Giving Back to Society

2-1	Human Resources
2-2	Employee Care
2-3	Human Resources Development
2-4	Occupational Safety and Health
2-5	Social Engagement



### 2021 Sustainability Management Performance

#### **100% coverage from Labor-Management Committee agreements**

100% of all company employees are covered by Labor-Management Committee agreements.

#### **Ratio of labor representatives was 33%**

The “Labor Safety and Health Committee” was established by CY in accordance with the law. In 2021, 33% of the Labor Safety and Health Committee was made up of labor representatives.

#### **Outstanding Directorship Award for Industry & Mining Organizations**

Outstanding Directorship Award for Industry & Mining Organizations from the Chinese National Federation of Industries.

#### **TSMC Excellent Performance Award**

Recognized as outstanding supplier by TSMC in 2021.

#### **Safety-related topics accounted for 58%**

#### **Health-related topics accounted for 42%**

Health and safety topics are listed in the “Occupational Health and Safety Management Regulations.” According to the 2021 meeting minutes of the Longtan site, 58% of the topics discussed were safety-related and 42% were health-related.

#### **50% reinstatement rate**

In 2021, three employees applied for unpaid parental leave and two employees were to be reinstated after returning from leave. The actual number of employees reinstated was one so the reinstatement rate was 50%.

#### **Gold medal**

Gold certification for Talent Quality-Management System in 2021.




## 2-1 Human Resources

### ► Manpower Structure


The total company workforce at the end of 2021 numbered 1,142 persons including 978 men (205 in management positions, 773 in administrative and technical positions), or 86% of the total workforce, and 164 women (19 in management positions, 145 in administrative and technical positions), or 14% of the total workforce. All were permanent or full-time employees. Upper management consisted of assistant vice president or higher-ranking managerial officers. 100% were local residents in Taiwan.

2021 CY Manpower Structure								
Type	Management				Non-management			
Gender	Female		Male		Female		Male	
Age	Persons	Percentage of total workforce	Persons	Percentage of total workforce	Persons	Percentage of total workforce	Persons	Percentage of total workforce
Under 30 years	0	0%	2	0%	32	3%	174	15%
30 ~ 50 years	10	1%	115	10%	67	6%	435	38%
Over 50 years	9	1%	88	8%	46	4%	164	14%
Total	19	2%	205	18%	145	12%	773	68%

### Diversified Manpower Structure at CY in 2021

	Persons		Percentage of total workforce
	Male	8	0.7%
	Female	3	0.3%

Physically or Mentally Disabled

	Persons		Percentage of total workforce
	Male	10	0.9%
	Female	1	0.1%

Indigenous People

## 2-2 Employee Care

### ► Valuing Basic Human Rights

CY strives to protect the human rights and personal privacy of employees, and prohibits improper discrimination in accordance with the law. Talent recruitment follows the principles of fairness, impartiality, and integrity. All recruitment, selection, and employment of personnel adhere to government regulations. There is no discrimination or difference in compensation on the basis of race, class, language, thought, religion, political party, ethnic background, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental disability, star sign, blood type, or union membership.

### ► Employee Welfare



#### Labor-Management Committee

CY upholds the principles of integrity and transparency in business. The notification procedure for major changes to operations is always followed in accordance with the Labor Standards Act and other regulations to ensure that employees receive proper notice. Employees can make suggestions to the company through regular meetings of the Employee Welfare Committee and Labor-Management Committee. Problems can also be reported through the grievance mechanism. 100% of all company employees are covered by Labor-Management Committee agreements. Labor and management each have 5 representatives at the Labor-Management Committee for engaging in a through exchange of opinions. The regular meeting is convened once every three months. The Topics related to labor rights and working conditions are discussed during the meeting and issues are always resolved through effective communication.



## Retirement

The sound financial structure of CY includes the making of regular pension contributions in accordance with the “Employee Retirement Regulations” based on the Labor Standards Act and Labor Pension Act. CY also engages actuaries to provide regular reports on pensions. The pension fund is fully funded to ensure that employees can access their pensions in the future. Under the Labor Standards Act and Labor Pension Act, all employees that joined the company before June 30, 2005 (inclusive) retain their seniority under the old pension scheme. Employees will only accrue seniority under the new pension scheme if they choose to switch over to the new system. Under the old pension scheme, monthly contributions are made to the account of the preparatory fund for old pensions at Bank of Taiwan.

Under the new pension scheme, each worker makes a contribution equal to 6% of their monthly salary range into the employee's personal pension account. In addition to the standard 6% contribution from the employer, employees can also volunteer to make a contribution of between 0 ~ 6% to their personal pension account.

## Equal Compensation

The wages of new recruits at CY are determined by measuring the supply and demand situation of the labor market, and the market level of wages, with the principle of being better to the basic salary stipulated by Taiwan's Labor Standards Act, while taking into account the job to be assigned, education, and relevant work experience, manpower demand in the market, and current wages of the same jobs or the same seniority. The starting salary for indirect employees range from NTD 30,000 to NTD 40,000, and is about 1.46x higher than the minimum wage. The starting salary (including performance bonuses) for direct employees range from NTD 30,000 to NTD 32,000, and is about 1.29x higher than the minimum wage. New employees that complete three months of work undergo an evaluation and have their salaries. Indirect employees undergo a performance evaluation and have their salaries adjusted every six months until they have completed 3 years of service. Indirect employees receive salary adjustments based on their performance every 6 months up until three years of service. Direct employees receive salary adjustments based on their performance every 6 months up until 2 years of service. Employees receive equal pay for performing the same work regardless of race, nationality, age, or gender.

	2019	2020	2021
No. of permanent employees in non-management roles	1,397 person	1,410 person	1,422 person
Total compensation for permanent employees in non-management roles	NTD 901,566,134	NTD 952,171,322	NTD 1,009,341,313
“Average salary” of permanent employees in non-management roles	NTD 645,359	NTD 675,298	NTD 709,804
“Median salary” of permanent employees in non-management roles	NTD 573,290	NTD 601,010	NTD 638,943

Note: Total includes migrant workers.

## Minimum Notice Period for Operational Changes

- Under Article 9 of the CY “Personnel Management Regulations”, labor contracts can be terminated after notice is given by CY in any one of the following situations:
  - (1) Suspension of business or transfer of ownership.
  - (2) Business has suffered an operating loss or is contracting.
  - (3) Business is suspended for more than one month due to force majeure.
  - (4) Change in nature of business necessitates the reduction of the workforce and terminated employees cannot be reassigned to other suitable positions.
  - (5) Employee is clearly not capable of performing their assigned work.
  - (6) Employee has been declared by a public/private or National Health Insurance-approved hospital as being too ill to continue working, or still has not recuperated after going on unpaid sick leave and does not qualify for retirement.

### 2. Notice

When a labor contract is terminated by CY in the aforementioned situations, the notice period is governed by the following rules:

- (1) 10 days notice if they had worked continuously for more than three months but less than one year at CY.
- (2) 20 days notice if they had worked continuously for more than one year but less than three years at CY.
- (3) 30 days notice if they had worked continuously for more than three years at CY.

If notice has been given in accordance with the preceding conditions, the employee may apply for up to two days of paid leave per week to find new employment.

## Welfare System

CY knows that the sustainable development of the company not only requires financial growth but also more importantly, the selection and retention of employees. We have established a comprehensive welfare and cultivation system to protect the rights and benefits of all CY employees so that they can grow with the company.

**Insurance**

- Labor Insurance, National Health Insurance, Labor Pension
- Employee and dependents group insurance (includes life insurance, accident insurance, medical insurance, cancer insurance)
- Travel insurance is also provided for personnel on business trips/field assignments

**Services**

- Institutional (employee uniform, meal stipend, employee cafeteria, employee dormitory)
- Leave system (special/annual leave, paternity leave, family leave, menstrual leave, parental leave)
- Employee Health Checkup

**Economics**

- Employee dividend, annual bonus, holiday bonus, performance bonus
- Wedding subsidy, child subsidy, educational subsidy, bereavement subsidy, relocation subsidy
- Birthday cash gift, labor cash gift, Dragonboat and Mid-Autumn Festival cash gift, Lunar New Year cash gift
- Hospitalization condolence payment, emergency assistance, bereavement subsidy

**Development**

- Comprehensive education and training (new recruit training, grade-specific training, competency training)
- Clear career progression paths

**Bonuses**

Employee compensation, Mid-Autumn Festival bonus, annual bonus, quarterly performance bonus

**Facilities**

Employee cafeteria, dormitories (Longtan, Xizhi), and recreation rooms are provided to look after employees' health, safety, and spiritual development.

**Leisure**

A variety of entertainment and leisure activities are offered to promote the physical and mental well-being of employees as well as work-life balance.

- (1) Clubs and cultural activities
- (2) Competitions for ball sports
- (3) Company holidays for employees and their families
- (4) Domestic/overseas travel subsidy



## Unpaid Parental Leave

As of December 31, 2021, a total of 37 CY employees (31 men/6 women) have applied for parental leave. In 2021, three employees (two men/one woman) applied for unpaid parental leave; two employees (two men/zero women) were due to be reinstated after returning from leave. The actual number of employees reinstated was one so the reinstatement rate was 50%. Detailed information is as below:

Item Description	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of actual applications for unpaid parental during the year - A	1	3	4	1	0	1	2	1	3
No. of reinstatements due after unpaid parental leave during the year - B	3	3	6	0	1	1	2	0	2
No. of actual reinstatements after unpaid parental leave during the year - C	0	3	3	0	1	1	1	0	1
No. of reinstatements due after unpaid parental leave from the previous year - D	1	1	2	0	3	3	1	0	1
No. of employees still with the company one year after reinstatement from unpaid parental leave - E	1	1	2	0	3	3	1	0	1
Reinstatement rate after unpaid parental leave for the year (%) (C/B)	--	100	50	--	100	100	50	--	50
Retention rate after unpaid parental leave during the year % (%) (E/D)	100	100	100	--	100	100	100	100	100

## 2-3 Human Resources Development

Management Approach for Employment, Labor-Management Relations		
Item	Description	Content
Material Topics and Boundaries	Topic Materiality	To ensure a safe and equal working environment for employees in accordance with labor laws. Failure to promote and enforce such protections will expose the Company to legal penalties and affect the Company's competitiveness.
	Topic Boundary	The topic Customer Health and Safety encompasses CY's headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topics of Employment and Labor-Management Relations in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	CY adopts an employee-oriented philosophy to building harmonious Employment relations. We strive to construct a welcoming and stable workplace that places a priority on employee safety, talent cultivation and development.
	Policy	Our medium and long-term strategic objective is harmony between the employees and employer.
	Promise	"It takes good employees to build a good department, and it takes good departments to build a good company." We provide every employee with an appropriate level of attention, support and care. We are committed to providing all employees with a platform for developing their talents, finding self-fulfilment through career accomplishments, and the creation of a comfortable, LOHAS, and healthy friendly workplace.
	Purpose and Target	There were no major employee-employer disputes.
	Responsibility	1. Protection of complainants: Ensure that employees making a complaint or assisting others with making a complaint are protected from dismissal or other unfavorable actions. 2. To establish a workplace that believes in the importance of human rights, no violation of human rights or demeaning conduct on the basis of gender, race, nationality, age, physical or mental disability, religion, ethnicity or any other attributes protected by law is permitted.



Management Approach and Elements	Resources	<ol style="list-style-type: none"> <li>1 Work rules are filed with the competent authority and disclosed within the company in accordance with the law.</li> <li>2. The relevant personnel rules are explicitly stated in the company regulations.</li> </ol>
	Complaint Mechanism	Labor-Management Committees and Employee Welfare Committees were set up to provide an organizational channel for open communication on labor-management relations. Reward and Penalty Procedures for Employees as well as Rules for Sexual Harassment Prevention, Complaints and Disciplinary Action have also been put into place.
	Specific Actions	<ol style="list-style-type: none"> <li>1. Talent recruitment: The principles of fairness, impartiality, and integrity are followed by CY. All recruitment, selection, and employment of personnel adhere to government regulations. There is no discrimination or difference in compensation on the basis of race, class, language, thought, religion, political party, ethnic background, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental disability, star sign, blood type, or union membership.</li> <li>2. Compensation system: CY treats all employees equally regardless of gender. Equal pay for the same work is emphasized and there is no difference in work, compensation, benefits and promotion on the basis of gender. Physically or mentally disabled employees receive the same treatment as well.</li> <li>3. Personnel system: All regulations and benefits relating to the compensation, promotion, rewards and disciplinary action, performance evaluation, leave and pension of workers exceed the requirements of the Labor Standards Act to ensure that we take proper care of employees.</li> <li>4. Diverse range of benefits: <ol style="list-style-type: none"> <li>4.1 Comprehensive insurance program: In addition to enrolling employees in Labor Insurance and National Health Insurance, and making monthly contributions to their labor pension, CY also organizes group insurance (including life insurance/accident insurance/medical insurance and cancer insurance) for employees, as well as travel insurance for employees on business trips/field assignments to provide enhanced coverage overall.</li> <li>4.2 Extensive benefits: Holiday bonuses are issued for Labor Day, Dragonboat Festival, Mid-Autumn Festival, Lunar New Year, employee birthdays and other important holidays. We also provide wedding subsidies, hospital condolence payments, bereavement subsidies, and emergency assistance.</li> <li>4.3 Diverse welfare facilities: Employee cafeteria, dormitories, and recreation rooms are provided to look after employees' health, safety, and spiritual development.</li> <li>4.4 Employee activities: Company holidays for employee families, end-of-year parties, domestic/overseas travel subsidies, and club activities are organized by CY. A variety of entertainment and leisure activities are offered to promote the physical and mental well-being of employees as well as work-life balance.</li> </ol> </li> </ol>
Management Approach Assessment	Management Evaluation Mechanism	The Labor-Management Committee was established in accordance with the law for "liaising on labor-management relations, promotion of labor-management cooperation, and increasing productivity." The Labor-Management Committee is made up of 10 representatives each appointed for a term of four years. There are 5 company-appointed representatives and 5 labor representatives elected by workers at each site. The Committee meets every 3 months for discussions.
	Performance and Adjustment	<ol style="list-style-type: none"> <li>1. There were no incidents of discrimination, sexual harassment, human rights abuse or social impact at CY in 2021.</li> <li>2. CY retention rate after unpaid parental leave was 50% in 2021.</li> <li>3. 100% of CY employees were covered by Labor-Management Committee agreements in 2021.</li> </ol>

## ► Talent Retention

CY recruited 146 employees (135 men, 11 women) during 2021, or 13% of the total workforce. There were 162 separations (153 men, 9 women), or 14% of the total workforce, and 31 retirements (28 men, 3 women).



	Ratio of new hires to total workforce								Ratio of new hires to total workforce								Ratio of new hires to total workforce							
	2020				2021				2020				2021				2020				2021			
	Male		Female		Male		Female		Male		Female		Male		Female		Male		Female		Male		Female	
	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio
Under 30 years	76	6%	15	1%	61	5%	6	1%	49	4%	2	0%	46	4%	0	0%	0	0%	0	0%	0	0%	0	0%
30 ~ 50 years	71	6%	4	0%	41	4%	4	0%	101	8%	4	0%	77	7%	1	0%	0	0%	0	0%	1	0%	1	0%
Over 50 years	5	0%	0	0%	33	3%	1	0%	7	1%	0	0%	30	3%	8	1%	31	3%	2	0%	27	2%	2	0%
Total	152	13%	19	1%	135	12%	11	1%	157	13%	6	1%	153	13%	9	1%	31	3%	2	0%	28	2%	3	0%
Total Workforce	1,189				1,142				1,189				1,142				1,189				1,142			

Note: Ratio is defined as total number/company workforce \* 100%

## 2021 Employee Commendations



Human resources are an enterprise's most valuable asset as well as the primary engine for economic growth and industry development. "Senior Employees" are recognized to reflect the high value placed on talent by the Company.

Senior employees refer to those that have served 5, 10, 15, 20, 25, 30, 35, 40 and 45 years with the company, and there were 184 such employees in total. CY is grateful for their loyalty, sacrifice and long-term contributions to the company!

## ► Talent Development

Training and Education Management Approach		
Item	Description	Content
Material Topics and Boundaries	Topic Materiality	A competency-based education and training system was set up to enhance and revitalize the development of employee competency and support the long-term enterprise development. The education and training system is planned along holistic learning lines. From new recruit training, core competency training, specialist competency training to self-inspiration training and competency training, courses are organized to provide employees with a variety of training channels on the skills they need for career development.
	Topic Boundary	The topic Training and Education encompasses CY's headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Training and Education in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	The cultivation and completeness of competency in each employee is valued by the Company. Each division, factory or office is required to draw up their annual training plan and budget based on their business targets, plans, resources and future direction of development by the end of October each year. A competency-based education and training system was set up to enhance and revitalize the development of employee competency and support the long-term enterprise development.
	Policy	<ol style="list-style-type: none"> <li>1. Developing the Company's core competitiveness in support of corporate vision and strategy.</li> <li>2. Encourage employees to engage in lifelong learning and improve their individual competitiveness.</li> <li>3. Cultivate professional management talent with global perspectives.</li> <li>4. Imbue the Company's culture and values in the work ethics of employees.</li> </ol>



Management Approach and Elements	Promise	<ol style="list-style-type: none"> <li>1. Practice knowledge management, construct learning maps and develop the Company's core competitiveness.</li> <li>2. Reach 80% readiness on employee competency.</li> <li>3. Continue to cultivate management talent that meets organizational requirements.</li> <li>4. Continue to cultivate mentors to accelerate the integration of new employees within the company organization and culture.</li> </ol>
	Purpose and Target	Fulfil the company's vision by improving the professional ability and performance of employees so that their unit's annual targets as well as the short/medium/long-term strategies of the Company can be realized.
	Responsibility	<p>Human Resources Department: Formulate the education and training policy and system as well as draw up the annual education and training plan and budget based on the company vision.</p> <p>Division/Factory: Develop unit-level education and training plans and budgets based on the strategic planning of the business units, key annual targets, the outcomes of personal performance interview, and inventory of professional skills.</p>
	Resources	<ol style="list-style-type: none"> <li>1. Average hours of physical classes undertaken by each person each year: 15 hours</li> <li>2. Average cost per person of physical classes each year: \$1,383</li> <li>3. eLearning platform: Digital learning materials</li> <li>4. Online course: Planned and carried 7.5 hours of online courses for new recruits per intake. and completed training for 22 online course instructors.</li> <li>5. Suitable training classrooms/aids are provided in each department.</li> </ol>
	Complaint Mechanism	<p>Complaint:</p> <p>The Education and Training Management Regulations is published for all employees and clear criteria is defined for the selection of students for each course. Students must fill out a satisfaction survey after each class: Students can use the survey to provide their opinions on the course instructor, and instruction content/quality. The training organizer will conduct an investigation then provide the student with feedback on the outcome.</p>
	Specific Actions	The Company should place particular emphasis on training quality and performance when resources are being invested to improve human resources capital. The Talent Quality-Management System (TTQS) was developed by the Workforce Development Agency for the planning, design, execution, verification and assessment of training content. CY used TTQS as a guide to compile the "Education and Training Quality Handbook" on human resources capital development.
Management Approach Assessment	Management Evaluation Mechanism	The "Training Outcome Assessment Regulations" from the training quality handbook was used to assess training on the "trainee", "training plan" and "organization" level in order to determine whether the training accomplished the anticipated goals, the cost-effectiveness of training, and the benefits to the trainee. A database on employees and training is also compiled to assist with future decision-making.
	Performance and Adjustment	<p>Training effectiveness was assessed using the Kirkpatrick Model:</p> <ol style="list-style-type: none"> <li>1. Reaction level: Assess the student's thoughts about the entire training plan</li> <li>2. Learning level: Measure the student's understanding of the training course and increase in knowledge upon completion of training.</li> <li>3. Behavior level: Assess the student's ability to transfer what they learned to their job and whether the training resulted in behavioral change.</li> <li>4. Result level: Track the student to see if tangible results were produced after training, the organizational benefits that resulted, and so on.</li> </ol>

CY set up a holistic, competency-oriented talent development and training system. The HR department has been working with all employer units since 2007 to inventory the abilities (K/S) needed for each position through work analysis. Establishing the behavioral indicators for professional skills helped supervisors assess the competency gap of employees and devise a personalized learning and development plan. The goal is to improve employee competency to 80% with an eye towards multi-skilling and the training of substitutes.

CY Education and Training System						
Level and Rank	Course Type	On-the-Job Training (OJT)	OFF-JT			
			Level	Competency	Project	SD
Manager and higher	Internal departmental training (KS for inventory of professional skills)	Agent: Act as agent for leader's services Attendees: Executive meeting Attendance: External meeting Mentor: Guide new hires	Logical decision-making for managers	7 QC techniques Metal material processing characteristics Required business skills Construction contract management	Monthly guided book club Book Reading Club Internal instructor training Counselor Training	Book reading, e-learning online information, foreign language learning
Section-level			Leadership in leadership scenarios			
Team-level			Management training for newly appointed section-level professionals.			
General/ Specialist			3C Competency			
New hire (less than 0.5 months)			New hire training			

CY employees received on average 16 hours of education and training in 2021. Most non-management courses with the exception of common causes focused on production and manufacturing, safety and health. Production units have mostly male employees so the average internal/external training hours are higher for men than women; internal training courses for section/team-level supervisors were geared towards management competency training for new appointments. In 2021, the ratio of male section/team supervisors was slightly higher than men so male section/team supervisors completed slightly more hours of internal training than women; manager and higher supervisors generally undertake internal training courses. The lower number of female managers meant that average hours were easily distorted by individual courses.

Average Hours of education and Training in 2021	Internal Training		External Training	
	Male	Female	Male	Female
Manager and higher	7.16	23.75	19.14	28.61
Section and Team level	14.74	7.50	14.54	15.90
Non-management	12.49	10.73	26.76	27.86

## ► Performance Evaluation

The CY performance management system is set out in the management regulations. Evaluations are conducted for the first semester and second semester. Evaluations look at ability (30%) and performance (70%). The management system combines actual personal performance with promotions and rewards to ensure the proper employment and retention of talent.

### Performance Evaluation Method



#### 01 Goal Setting

- Defining of individual performance and development plans: Performance interviews and the current performance plan are used to develop personalized training, work improvement and management assistance plans.



### 02 Interim review



- Performance improvement plan: If the evaluator notices during the evaluation period that the subject requires assistance, counseling or corrective action, a performance improvement plan can be devised when appropriate, and the subject directed to complete the improvement plan by the given date so that the goals can be achieved.
- Performance diary: The evaluator records the subject's work performance, major events, or outstanding accomplishments during the evaluation period to provide a basis for evaluating performance.
- Interim review: Performance target may be adjusted depending on progress.

### 03 Final assessment

Performance interview and evaluation.



### 04 Performance counseling and improvement plan



- A performance interview is conducted between the employee being evaluated and their direct superior so that a "Performance Counseling and Improvement Plan" focusing on weaknesses can be developed together.
- Follow-up: The direct superior should verify progress on performance improvement in accordance with the given improvement timeline (6-month intervals).

## Ratio of Men and Women in CY Performance Evaluations in 2021

### Ratio of Employees Evaluated



Ratio of Men Evaluated



(965/978) 99%



Ratio of Women Evaluated



(164/164) 100%

Note: Foreign workers not counted for total number of people evaluated.

## 2-4 Occupational Safety and Health

### Occupational Health and Safety Management Approach

Item	Description	Content
Material Topics and Boundaries	Topic Materiality	Analysis of degree of concern and degree of impact through stakeholder communications determined that the topic of Occupational Health and Safety (OHS) was comparatively important to CY. Failure to engage in occupational health and safety management may result in legal penalties being imposed on CY. Diligent OHS management reduces the cost risks to CY while improving the safety of employees during the production and manufacturing process.
	Topic Boundary	The topic Occupational Health and Safety encompasses CY's headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Occupational Health and Safety in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	To effectively manage occupational safety and health regulatory risk at CY.
	Policy	The OHS policy of CY is defined as "regulatory compliance, total participation, zero disaster, proper communications, enhanced performance, continuous improvement, and sustainability."
	Promise	OHS at CY conforms to occupational safety regulations in Taiwan.
	Purpose and Target	The OHS goal of CY is "zero industrial injury."
	Responsibility	Working groups focusing on OHS has been set up at our production operations in the north, center and south. The head of each operation serves as the convener.
	Resources	



<b>Material Topics and Boundaries</b>	<b>Complaint Mechanism</b>	The “Labor Safety and Health Committee” was set up by CY to review, coordinate and make recommendations on matters relating to labor safety and health management in accordance with the law. The Committee is made up of both labor and management representatives, and it serves as a platform for labor-management communications to protect the safety and health of workers.
	<b>Specific Actions</b>	The ISO 45001 and TOSHMS management systems were progressively introduced at CY to effectively manage the topic of Occupational Health and Safety.
<b>Management Approach and Elements</b>	<b>Management Evaluation Mechanism</b>	CY conducts validity assessment on PCDA for OHS management each year in accordance with the ISO 45001 and TOSHMS internal management review procedures.
	<b>Performance and Adjustment</b>	The 2021 Frequency-Severity Index of CY was approximately 20% lower than 2020 and we will continue to strengthen our hazard risk management.

## ► Labor Safety Committee

All CY operating locations have completed ISO 45001 Occupational Safety and Health Management Certification (valid until 2023/06/19). Longtan Plant 1 in particular has grown to a size covered by the Occupational Safety and Health Management Regulations so it also completed the Taiwan Occupational Safety and Health Management System (TOSHMS) certification (valid until 2023/06/18). All certificate renewal audits and annual follow-ups were all completed on scheduled so far. The “Labor Safety and Health Committee” was set up by CY to review, coordinate and make recommendations on matters relating to labor safety and health management in accordance with the law. The Committee is made up of both labor and management representatives, and it serves as a platform for labor-management communications to protect the safety and health of workers. The CY Safety and Health Committee is convened every three months by each business unit. The statistics on ratio of labor representatives in the Safety and Health Committee from 2019 to 2021 were 37%, 33% and 33% respectively, and met the 33% set in the “Occupational Safety and Health Management Regulations.” Each factory and operating location convenes four safety and health committee meetings each year. Health and safety topics are listed in the “Occupational Health and Safety Management Regulations.” According to the 2021 meeting minutes of Longtan site, 58% of the topics discussed were safety-related and 42% were health-related.

## ► Occupational Safety Performance

### Occupational Safety Performance by Gender

The physically demanding nature of work means most front-line personnel are men. The safety and health hazard risk for male employees is therefore higher than those of female employees. Analysis of statistics on occupational injuries found that the Disabling Injury Frequency Rate (FR) and Disabling Injury Severity Rate to be quite high.

Percentage of Lost Days						
Year	2019		2020		2021	
Gender	Male	Female	Male	Female	Male	Female
Lost Days	472	0	380	144	438	10
Percentage of Lost Days	100%	0%	73%	27%	98%	2%

Year	Cases	Type of Occupational Injury
<b>2019</b>	11 cases	All involved injuries to male employees including 6 traffic accidents, 2 trips, and 1 case each of cuts, clamping, and falling objects.
<b>2020</b>	23 cases	For male employees, the three most common accident types were traffic accident (8 cases), clamping injury (4 cases), and lost materials (3 cases). For female employees, there were 2 traffic accidents.
<b>2021</b>	22 cases	For male employees, the three most common accidents were traffic accidents (7 cases), clamps (6 pcs), and 2 cases of falls and cuts. For female employees, there were 3 traffic accidents.



Reactive Indicators According to Gender						
Year	2019		2020		2021	
Gender	Male	Female	Male	Female	Male	Female
Disabling Injury Frequency Rate (FR)	4.0	0	8.0	6.6	6.9	8.8
Disability Injury Severity Rate (SR)	172	0	144.0	472.0	158.0	29
Frequency-Severity Index	0.8	0	1.1	1.8	1.0	0.5

## Occupational Safety Performance by Region

CY operations are distributed in the north, central region and south. On average, 481 days of work were lost each year between 2019 and 2021. Longtan Plant 1 is an important production site for CY so it has more employees, many of whom are involved with high-risk, dynamic collaborative work such as the processing and fabrication of steel structures and racks. As a result, days lost due to injuries at the factory are higher in the north. The regional distribution of days lost by from 2019 through to 2021 are detailed below:

Percentage of Lost Days									
Year	2019			2020			2021		
Type	North	Central region	South	North	Central region	South	North	Central region	South
Lost Days	433	0	39	430	28	66	362	14	72
Percentage of Lost Days	92%	0%	8%	82%	5%	13%	81%	3%	16%

Year	Cases	Type of Occupational Injury
2019	11 cases	There were 7 cases in the north, 0 cases in the central region, and 4 cases in the south. Compared to 2018, the north saw traffic accidents increased by 3, cutting injuries decreased by 1, and clamping injuries decreased by 1. In the south, traffic accidents increased by 2, and clamping injuries dropped to 0.
2020	23 cases	There were 15 cases in the north, 3 cases in the central region, and 5 cases in the south. When compared to 2019: (1)North: Traffic accidents increased by 4 cases, clamping and falling materials each increased by 2 cases, burns and collisions each increased by 1 case, while cutting and material collapsing materials each decreased by 1 case. (2)Central region: Traffic accidents increased by 2 cases and clamping injuries increased by 1 case. (3)South: Cutting injuries increased by 2 cases, falling materials increased by 1 case, and traffic accidents reduced by 2 cases.
2021	22 cases	There were 14 cases in the north, 1 case in the central region, and 7 cases in the south. When compared to 2020: (1)North: Traffic accidents, crushing and collision injuries each increased by 1 case, cutting injuries increased by 2 cases, clamping injuries and falling materials each decreased by 2 cases, burns and impact injuries each decreased by 1 case. (2)Central region: Crush injuries increased by 1 case, traffic accidents decreased by 2 cases, and clamping injuries decreased by 1 case. (3)South: Traffic accidents increased by 2 cases, cutting injuries decreased by 2 cases, and falling materials increased by 1 case.

Reactive Indicators According to Region									
Year	2019			2020			2021		
Type	North	Central region	South	North	Central region	South	North	Central region	South
Disabling Injury Frequency Rate (FR)	2.8	0	9.8	6.5	17.1	11.4	5.7	5.3	14.8
Disability Injury Severity Rate (SR)	174.0	0	96.0	186.0	158.0	151.0	148.0	75.0	152.0
Frequency-Severity Index	0.7	0	1.0	1.1	1.6	1.3	0.9	0.6	1.5

## General Assessment of Occupational Safety Performance

The SRI statistics at CY for the past three years showed that the 2021 SRI was lower than the previous year. This was mainly due to a reduction in number of occupational injuries and days lost. There were 2 incidents of contractor occupational injury at CY Longtan Plant 1 in 2021.

General Assessment of Occupational Safety Performance			
Year	2019	2020	2021
Disabling Injury Frequency Rate (FR)	3.6	7.9	7.1
Disability Injury Severity Rate (SR)	155.0	179.0	144.0
Frequency-Severity Index	0.7	1.2	1.0

## Absenteeism Statistics

Year	Annual Work Days	Gender	Number of Employees at End of the Year	Sick Leave (Days)	Injury Leave (Days)
2019	249	Male	1,020	1,144.9	516.5
		Female	152	177.3	0.6
2020	250	Male	1,024	882.8	445.9
		Female	165	206.6	144
2021	248	Male	976	946.4	433.1
		Female	167	59.1	26.4



CY Absentee Rate Statistics (Absenteeism: Occupational Injury Leave + Sick Leave)				
Item	Formula	2019	2020	2021
Absentee Rate	Total absentee days/(No. of employees * annual work days)*100%	0.6%	0.6%	0.5%
	Absentee days for men/(No. of male employees * annual work days)*100%	0.7%	0.5%	0.6%
	Absentee days for women/(No. of female employees * annual work days)*100%	0.5%	0.9%	0.2%

## ► Employee Health Promotion

CY organizes a standard health exam for employees under 40 every three years, and for employees over 40 every two years in accordance with the Labor Health Protection Rules. Special health examinations are organized every year and these were the main health examinations organized in 2021.

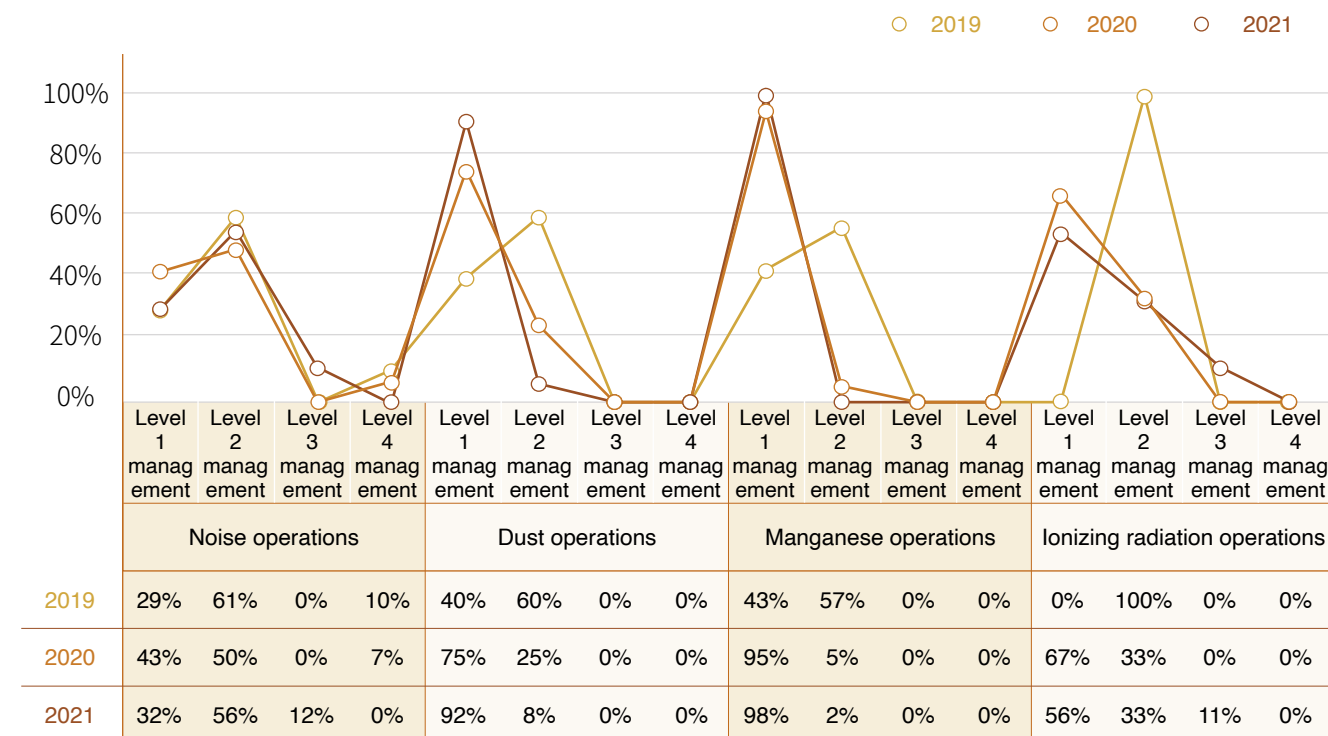


## ► Health Management for Operations with Special Hazards

Operations with Special Hazards at CY	
Item	Effect and Hazard
Steel sheet cutting and stamping, electro-welding operations, and steel structures etc.	Noise hazard
Electro-welding operations, sandblasting operations	Manganese smoke and powder dust hazard
X-ray detection for rolling machine	Ionizing radiation hazard



Noise was the main health hazard out of the 3 health hazard factors listed above. Efforts to prevent hearing loss and damage in employees include group health education, regular training, devising of practical engineering controls, as well as enforcement and education on proper wearing of hearing protection. The number of people registered for special health examinations between 2019 and 2021 are shown below:



The number of people registered for level 4 noise management were 54 and 42 in 2019 and 2020 respectively. Special health examinations were suspended in 2021 due to COVID-19 prevention measures. Examinations were therefore postponed at some factories and locations until February 2022.

## 2-5 Social Engagement

### ► Community Environment Maintenance

Sustainable business management is about more than just continued profitability. It must be rooted in the fulfilment of social responsibility and corporate citizenship. The fulfilment of social responsibility encourages close and positive relationships between the enterprise and audience groups. All production and operations inevitably have an environmental impact and affects their local society. Maintaining a harmonious relationship with the local society avoids problems with production. It also helps the company avoid friction from local factors and arrive a mutually beneficial outcome. Neighborhood engagement initiatives aim to maintain harmonious relations with the local community through acting in good faith, and avoiding impacts on the local residential environment. Each factory (location) engaged with the their community in the following manner:





## Community Relations Building and Donations at the Longtan Plant in 2021

Item	Recipient	Item	Amount
1	Sponsored the installation of tap water equipment for residents of Delin Road.	Funding	NTD 331,004

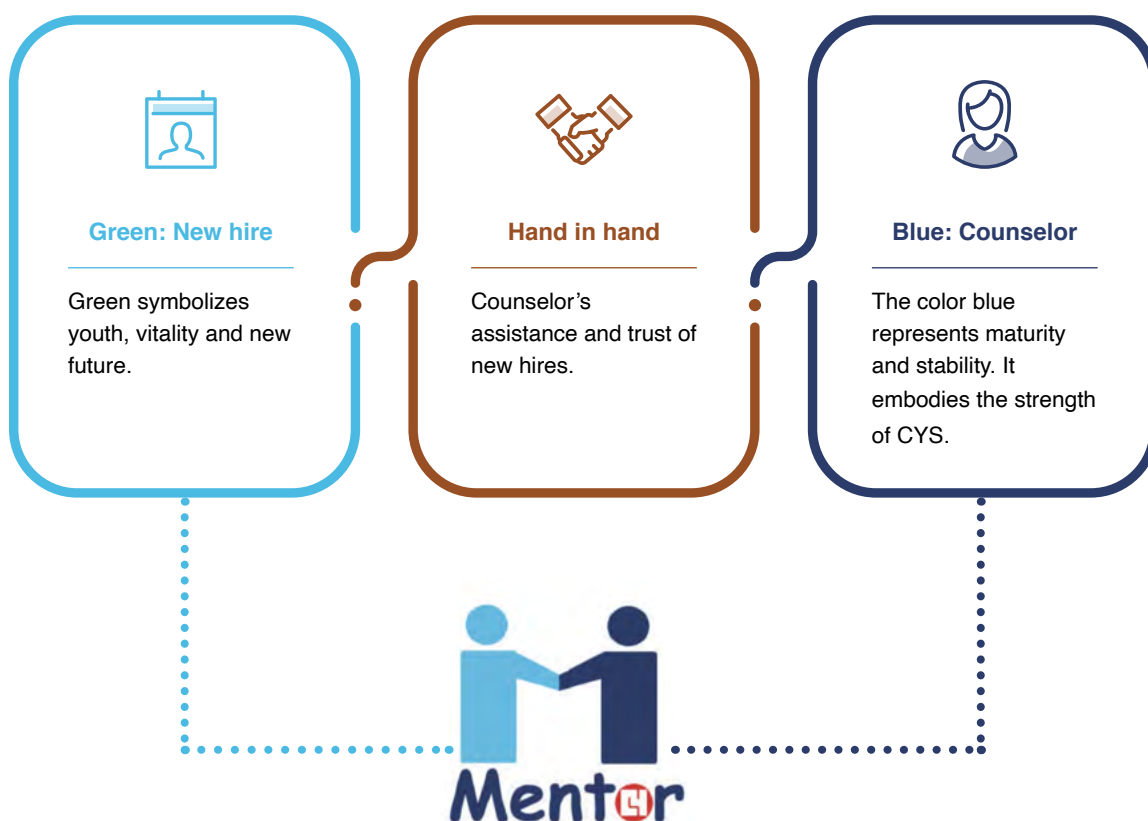
## ► Contributions to Society and Education

CY joined the “Dual System Vocational Training Project in Taiwan” set up by the Workforce Development Agency, Ministry of Labor, in 2012. Industry, university, and training resources were consolidated to provide youths with practical vocational training. To date, 50 students have passed through CY under the dual system program. 18 stayed on with the company for a retention rate of 36% as detailed below:

Hire of Dual System Students	Enrollment Year										Total
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Number of People Accepted (A)	3	11	10	8	5	2	0	3	6	2	50
Number of People Retained (B)	1	3	1	3	1	0	0	1	6	2	18
Annual Retention Rate (B/A)	33%	27%	10%	38%	20%	0%	0%	33%	100%	100%	36%

Note: Dual System Vocational Training Project was suspended in 2018 due to WDA policy.

## Comprehensive training system - Counselor (work instruction)



## Creation of a safe working environment through a comprehensive company system



Monthly contributions of 6% exceed mandatory requirements

Tuition subsidies every semester

Accommodation and lunch subsidies

Counts towards seniority if staying with the company after graduation

The company has many locations to choose from upon graduation



CYS began taking part in the the “Dual System Vocational Training Project of MOL Work Force Development Agency in 2012 by providing practical hands-on training to students. CYS was recognized by WDA Director-General Chiu-kui Huang as an outstanding business for our longstanding contributions in 2019!

CY received the Evergreen Business 50-Year Achievement Award and the Chairman received the Outstanding Directorship Award for Industry & Mining Organizations from the Chinese National Federation of Industries in 2021.



Minister of the Interior Kuo-yung Hsu presenting the Outstanding Directorship Award for Industry & Mining Organizations award certificate



CNFI Director-General Wen-yuan Wang presenting the Outstanding Directorship Award for Industry & Mining Organizations award certificate



Director-General Cheng-hua Lu from the Industrial Development Bureau presenting the Evergreen Business 50-Year Achievement Award



The 75th Industry Festival celebration was held at the Taipei International Convention Center on November 11, 2021, with “Creating New Circular Business Opportunities through Industry Transformation” as its theme. President Ying-wen Tsai attended the event and delivered a speech. The event started with the Ministry of the Interior presenting the Chairman with the CNFI Outstanding Directorship Award for Industry & Mining Organizations award plaque and certificate to thank him for his efforts and contributions in promoting the CNFI affairs. The Ministry of Economic Affairs then presented Chun Yuan

Steel with a trophy and certificate of appreciation for Evergreen Business 50-Year Achievement Award in recognition of the manufacturer’s longstanding contributions to the nation and society.

Vice Minister of Economic Affairs Chuan-neng Lin stated the manufacturing sector has always been the driving force behind Taiwan’s economy due to its willingness to innovate and confront challenges in a practical and constructive manner. Despite the global pandemic, continuity of production was maintained. The return of Taiwanese capital through investments in semiconductors, 5G and green energy all produced spectacular results. In response to the global trend towards net zero carbon emissions, MOEA joined forces with CNFI, steel/petrochemical industry associations and leading operators to propose a three-pronged strategy based on process improvement, energy use and circular economy. These improvements in the energy and industry dimensions will bring about a gradual transition from low carbon to zero carbon.

### 13 leading companies were recognized as outstanding suppliers by TSMC in 2021



J.K. Lin, Senior Vice President of Information Technology and Materials Management & Risk Management at Taiwan Semiconductor Manufacturing Co. Ltd., said: “The global supply chain was faced with a variety of challenges in 2021. TSMC and our partners worked together to successfully carry out our domestic and overseas expansion projects. In the future, TSMC will continue to grow together with our global supplier partners and forge a sustainable supply chain.” TSMC took the opportunity to thank all of its supplier partners for their continued support. Thirteen outstanding equipment, raw material and factory service providers were singled out for special recognition to thank them for their outstanding contribution and cooperation with TSMC.





## Green Sustainable Enterprise

- 3-1 Energy Resource ManagementPollution
- 3-2 Prevention and Control Management



### 2021 Sustainable Environmental Management Performance

#### Energy intensity **decreased by 5.6%**

In 2021, annual production increased by 12.71% while total energy consumption grew by just 2.91% so energy intensity decreased by 5.56%.

#### Air pollution emissions **all complied with the permit**

In 2021, all air pollution emissions fell within the permitted discharge threshold.

#### **No** violation of the Waste Disposal Act

No penalties were imposed against CY in 2021 for violating the Waste Disposal Act.

#### Waste recycling ratio reached **98%**

Approximately 98% of waste is recycled for reuse.

#### There were no major spills from **discharge of** effluents

There were no significant spills in 2021.

## 3-1 Energy Resource Management

Energy Management Approach		
Item	Description	Content
Material Topics and Boundaries	Topic Materiality	Analysis of degree of concern and degree of impact through stakeholder communications determined that Energy will be an important topic for CY in the future. Failure to engage in energy management may result in regulatory requirements and penalties being imposed on CY. Conducting due diligence on energy management may reduce cost risk for CY and improve the competitiveness of CY products in terms of sustainability.
	Topic Boundary	The topic Energy Management encompasses CY's headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Energy Management in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	A multi-pronged approach was followed by adopting energy-saving equipment and studying the feasibility of setting up a solar power system in parallel.
	Policy	Cooperate with the global GHG reduction strategy while balancing sustainable energy development goals such as resource energy efficiency, and energy conservation and environmental protection.
	Promise	
	Purpose and Target	Cooperate with government policy by carrying out various energy-efficiency projects every year.
	Responsibility	
	Resources	Capital expenditure along with the necessary manpower and materials are invested to meet the resource requirements of energy-saving plans.
Management Approach Assessment	Specific Actions	Skylight panels are incorporated during the construction of new factory buildings for electricity savings on lighting. Older equipment were also upgraded with variable frequency motors and green building design guidelines adopted for the construction of new office buildings.
	Management Evaluation Mechanism	Statistics on energy usage are regularly collected by CY in accordance with internal management procedure. PDCA validity assessment is conducted on energy management each year.
	Performance and Adjustment	Energy usage at CY increased by 2.91% in 2021. Management of the Energy topic will be maintained in the future.

### ► Sustained Introduction of Environmental Management System

The ISO 14001 environmental management system was introduced by CY to fulfill our sustainability responsibility on the environment. Funding is also channeled towards environmental protection tasks. Most factories (locations) have obtained ISO 14001 environmental management system certification (current certificate will expire on 2023/06/19) since 2008. Special Steel's Tucheng and Taichung locations as well as the Steel Structure Plant were not included in the scope of verification as the factories are leased and improvements are needed to their production equipment. CY follows an environmental protection policy of "regulatory compliance, total participation, green consumption, continuous improvement." There were no penalties against CY over non-compliance with environmental laws and regulations in 2021. The following table lists expenditures related to environmental protection.

CYYS Environmental Protection Expenditures, 2021	
Item	Amount (NTD)
Air pollution and effluent treatment fees	1,092,693
Waste disposal	4,516,756
Energy-saving equipment	7,273,883
<b>Total</b>	<b>12,883,332</b>

## ► Raw Materials Usage

The primary raw materials used during CY production are steel sheets/steel coils. Steel is a material that can be repeatedly used, manufactured and recycled. Reuse extends the service life of resources while reducing the consumption of energy and raw materials, lessening the impact on the environment.

## Steel Purchases

Unit: Tons

Year	2019	2020	2021
Domestic Steel Mill	264,568	337,610	378,788
Import	44,579	62,101	54,934
Material Procurement	21,061	13,840	7,934
Transfer Between Peers	20,513	28,303	23,277
<b>Total Steel Purchases</b>	<b>350,721</b>	<b>441,854</b>	<b>464,933</b>

## Reclaimed Material Purchases

Unit: Tons

Year	2019	2020	2021
Import Procurement: Wei Chih	912	1,190	2,828
Import Procurement: Feng Hsin	5,516	4,066	7,486
Material Procurement: Yung Kuang Hwa	1,016	2,362	1,276
Material Procurement: Chin Fa	389	550	279
Material Procurement: Hohinco Honex Industry	-	-	51
Electric Arc Furnace Import	6,428	3,499	4,183
<b>Total Reclaimed Material Purchases</b>	<b>14,261</b>	<b>11,667</b>	<b>16,103</b>
<b>Ratio of Reclaimed Materials to Total Iron and Steel Purchases</b>	<b>4.07%</b>	<b>2.64%</b>	<b>3.46%</b>

## ► Energy Management

Electricity usage at CY was 19,074,289 kWh in 2021 and increased by 2.91% compared to 2020 due to an increase in production.

CY Energy Consumption Statistics					
Quantitative Indicator	Unit	2019	2020	2021	Percentage Increase/Decrease in 2021 Compared to 2020
Electricity Usage	kWh/Year	17,491,998	18,519,900	19,074,289	2.91%
Liquefied Petroleum Gas (LPG)	KG/Year	101,712	107,302	101,303	-5.92%
Petrol Usage	L/Year	15,492	20,120	16,613	-21.11%
Diesel Usage	L/Year	484,376	517,706	546,714	5.31%
Total Energy Consumption	GJ	84,162.62	89,139.67	91,808.92	2.91%
Annual Production	Tons	430,675	457,469	524,067	12.71%
Energy Intensity	GJ/Ton	0.20	0.19	0.18	-5.56%

Note 1: The energy-heating value conversion used the heating value from the GHG Emission Factor Management Table Ver. 6.0.3 published by the Environmental Protection Administration.

Note 2: The production output of 524,067 tons in 2021 represented an increase of 66,598 tons compared to 2020.

### CY Energy-Saving Measures and Estimated Energy Savings in 2021

#### Energy-saving measures



Air compressor replacement

#### Action taken



Replacement of one air compressor unit at Tainan factory with new high-efficiency air compressor

#### Estimated savings



28,800 kWh

The new air compressor has a system efficiency of 0.097 kW/M<sup>3</sup> w. The new compressor has a system efficiency of 0.115 kW/M<sup>3</sup>, representing a 16% improvement efficiency over 8,000 hours of operation.

1. 22.5 kW x 16% is equal to an energy saving of 3.6 kW, 22.5 kW - 3.6 kW is equal to 18.9 kW

22.5 x 1 unit x 8,000 hrs x 16 % x 12 / 12 = 28,800

Total energy savings: 28,800 kWh

2. Unit cost of energy and calculation of total financial savings

Electricity: 28,800 X 2 NTD / 1,000 = 57.6 Thousand NTD

3. Value of equipment investment:

Air compressor (30HP): 553 Thousand NTD x 1 unit = 553 Thousand NTD

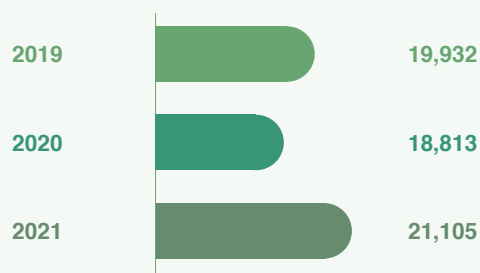


## ► Water Resource Management

CY employs a water-less iron production process and total water usage in 2021 was 87,162M3. Water sources included legal withdrawal of ground water and tap water. Water sources were not significantly affected by water withdrawal.

### CY Water Usage Statistics

#### Tap Water Usage (KL)



#### Ground Water Usage (KL)



Note 1: Ground water permit for Longtan Plant: Taoyuan City Government Water Permits No. HH1100046, No. H0113186, and No. H0118479.

Note 2: The water sources for tap water used by CY business divisions: (Sichih Plant / Sinshan Reservoir), (Taipei Office / Feicui Reservoir), (Longtan Plant, Commercial Steel Taoyuan, Commercial Steel Tucheng / Shihmen Reservoir), (Commercial Steel Hsinchu/Baoshan Reservoir), (Silicon Steel Taichung, Commercial Steel Taichung / Deji Reservoir), (Tainan Plant / Nanhua Reservoir), (Kaohsiung Plant / Fengshan Reservoir).

## ► Ecological Conservation

The factories and operations of Chun Yuan Steel Industry Co., Ltd. such as the Sichih Plant, Longtan Plant, Taichung Plant, Tainan Plant and Kaohsiung Plant are located in industrial parks or planned industrial zones. They comply with environment impact assessment regulations so are not sensitive protected areas or habitats. CY production activities, products and services have no significant impact on protected areas or other areas of high biodiversity value.

## 3-2 Pollution Prevention and Control Management

CY was not covered by greenhouse gas (GHG) reduction regulations in 2021 so no GHG emission inventory or product carbon footprint verification were conducted. Such restrictions not only require businesses to provide regular disclosure on GHG information but may also impose limits on emissions. Many governments are also looking into the levying of carbon or energy taxes. Prices for raw materials and energy essential to production operations have continued to rise as well. All of these factors contribute to higher production costs. CY will continue to monitor changes in domestic and overseas regulations to keep track of regulatory trends and prepare in advance. We will also actively communicate with the government through industry associations and organizations, and offer our recommendations proposed regulatory changes to make them more reasonable and appropriate.

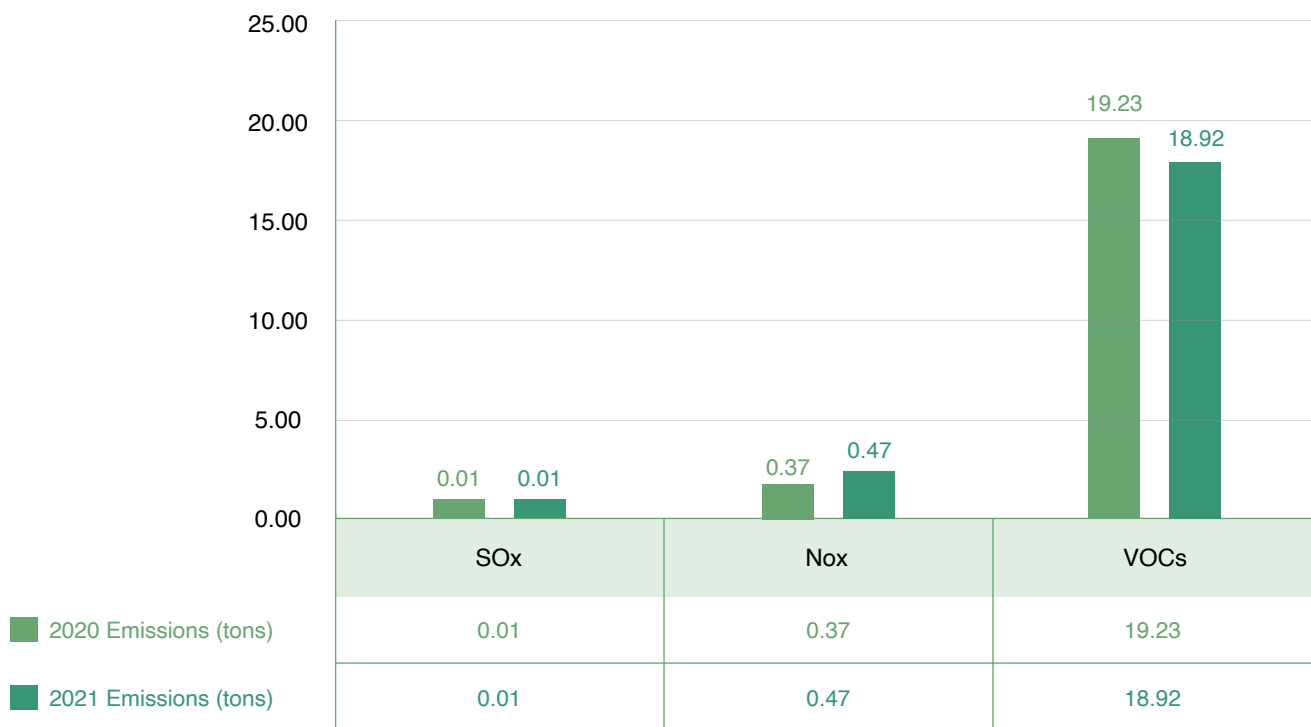
## ► Air Pollution Prevention and Control

No CFC-11 are produced by CY production processes. Purchase/use of Halon fire extinguishers have now been banned in line with government policy and regulations so other types of fire extinguishers are used instead. Older models of air conditioning are being progressively replaced based on their usage frequency to ensure compliance.

Longtan Plant 1 is the only CY operating location subject to the Air Pollution Control Act with stationary pollution source operating permits required for the steel structure painting process and steel sheet heat treatment process. The main emissions produced by steel structure painting are volatile organic compounds (VOCs) while the main emissions produced by metal sheet heat treatment are nitrogen oxides (NOx) and sulfur oxides (SOx). Regulator testing and reporting are conducted for the three types of air pollutants mentioned above. CY Longtan Plant 1 monitors air pollutants in accordance with the conditions of the stationary pollution source operating permit. All monitor readings complied with the emission standards as shown in the table below:

Test Item	2019				2020				2021			
	Test Result	Standard	Pass		Test Result	Standard	Pass		Test Result	Standard	Pass	
			Yes	No			Yes	No			Yes	No
Nitrogen Oxides (NOx)	96 ppm	250 ppm	●		188 ppm	250 ppm	●		188 ppm	250 ppm	●	
Sulfur Oxides (SOx)	Testing not mandatory				ND	300 ppm			Testing not mandatory		●	
Volatile Organic Compound (VOCs)	92.3% reduction rate from pollution control equipment	Pollution control equipment 80% reduce rate	●		Testing not mandatory		●		Testing not mandatory			

CY emissions of NOx, SOx and VOCs from 2020 and 2021 are shown below. There was a decrease in emissions of VOCs in 2021 compared to 2020 due to lower customer demand for the painting process.



## ► Greenhouse Gas Emissions

Increase in production output meant that the sum of Scope 1 and Scope 2 GHG emissions by CY in 2021 was 11,631.55 tons CO<sub>2</sub>e, an increase of 2.83% compared to 2020.

CY GHG Emission Statistics				
	2019	2020	2021	Percentage Increase/ Decrease in 2021 Compared to 2020
Scope 1 GHG Emissions (Tons CO <sub>2</sub> e)	1,113.16	1,197.68	1,224.62	2.20%
Scope 2 GHG Emissions (Tons CO <sub>2</sub> e)	9,543.63	10,104.45	10,406.93	2.91%
Scope 1 + Scope 2 GHG Emissions (Tons CO <sub>2</sub> e)	10,656.79	11,302.13	11,631.55	2.83%
Annual Production (Tons)	430,675.2	457,469	524,067	12.71%
GHG Emission Intensity (Tons CO <sub>2</sub> e)	0.02474	0.02471	0.02219	-11.31%

Note 1: CY GHG emissions were calculated using the GHG emission factor from the GHG Emission Factor Management Table Ver. 6.0.3 published by the EPA. Scope 1 calculated petrol, diesel and LPG usage while Scope 2 calculated indirect electricity usage.

## ► Effluent Management

The effluent discharge volume, discharge limits and monitored readings from CY operations in Tucheng, Tainan, and Kaohsiung industrial parks are shown in the table below. There were no significant spills in 2021.

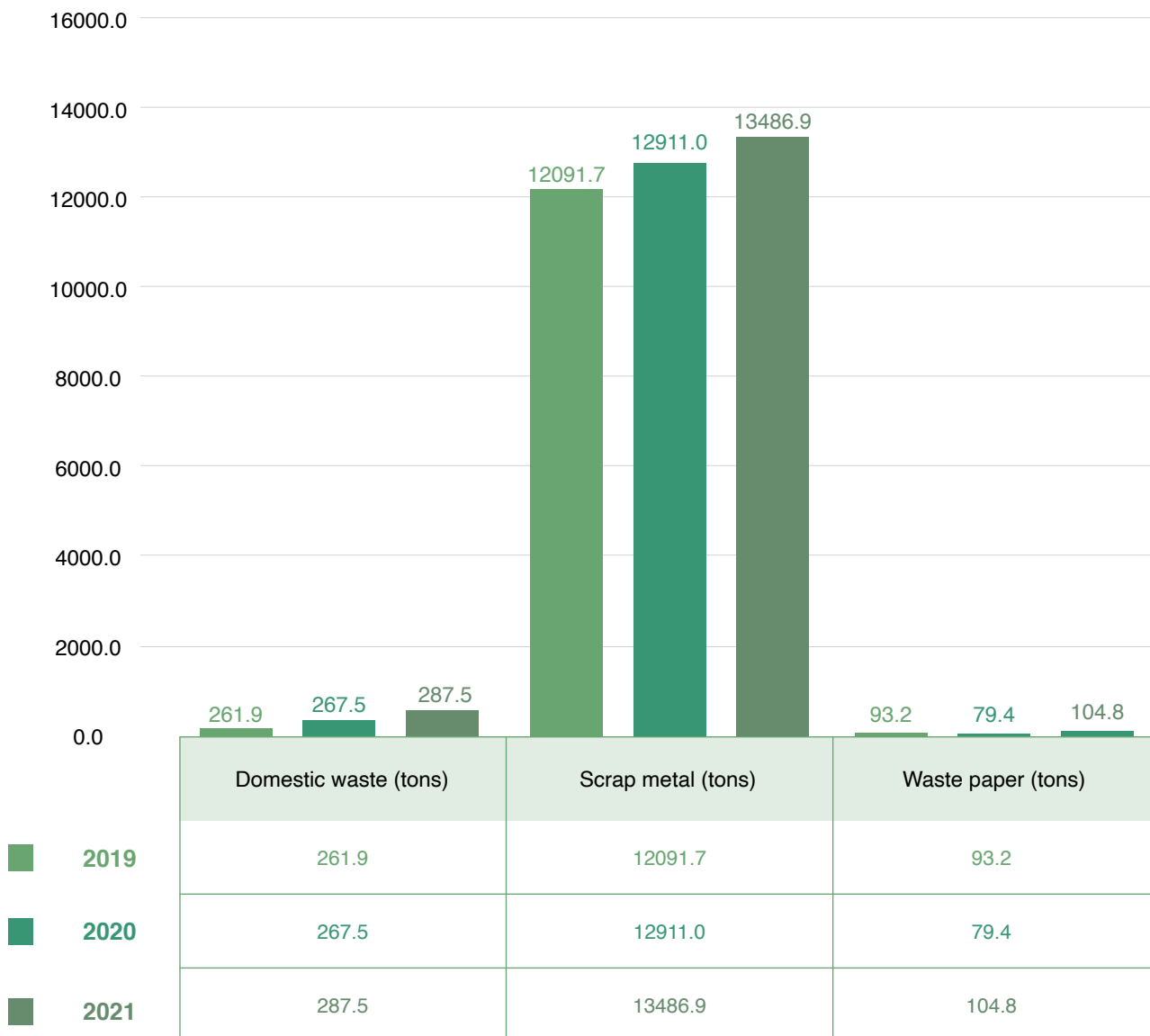
Total Effluents(m<sup>3</sup>)



Water Pollution Test Item	2019		2020		2021	
	Discharge Standard (ppm)	Average Annual Reading (ppm)	Discharge Standard (ppm)	Average Annual Reading (ppm)	Discharge Standard (ppm)	Average Annual Reading (ppm)
Chemical Oxygen Demand (COD) (mg/L)	100	39.3	100	45.2	100	62.7
Suspended Solids (SS) (mg/L)	30	12.9	30	15.3	30	12.0

## ► Waste Management

CY disposed of 12,446 tons, 13,258 tons, and 13,879 tones of steel in 2019, 2020, and 2021 respectively. CY is in the metal basic industry so scrap metal from steel structure processing, steel sheet cutting/slitting and steel bar cutting accounted for 97% of waste, followed by domestic waste from offices, employee dormitories or working areas for 2%. The remaining 1% consisted of product packaging paper, raw material cartons or waste stationery. Annual waste disposal is shown in the following graph.



Scrap metal and paper that can be recycled are recovered by recycling companies or individual operators so that the Earth's limited resources can be returned to the cradle. Non-recyclable domestic trash is collected by licensed contractors and incinerated. Around 98% of all waste is recycled. Only general commercial waste is produced by CY and all are given over to licensed domestic removal, processing and recycling organizations for recycling. There is no exporting and re-importing of waste in keeping with the spirit of the Basel Convention.



## Appendix

### ► Appendix 1: GRI Sustainability Reporting Standards (GRI Standards) Cross-Reference Table (includes G4 Mining and Metal Sector Supplement)

\* indicates material topic.

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
<b>1. Organizational Profile</b>					
GRI 102 - General Disclosures: Core	102-1	Name of the organization	1.1 About Chun Yuan Steel	11	
	102-2	Activities, brands, products, and services	Products and Services	15	
	102-3	Location of headquarters	1.1 About Chun Yuan Steel	11	
	102-4	Location of operations	1.1 About Chun Yuan Steel	11	
	102-5	Ownership and legal form	1.1 About Chun Yuan Steel	11	
	102-6	Markets served	Products and Services	15	
	102-7	Scale of the organization	1.1 About Chun Yuan Steel	11	
	102-8	Information on employees and other workers	Manpower Structure	33	
	102-9	Supply chain	Growing with Suppliers	25	
	102-10	Significant changes to the organization and its supply chain	1.1 About Chun Yuan Steel	11	
	102-11	Precautionary Principle or approach	1.4 Risk Management	26	
	102-12	External initiatives	Scope of the Report and Editorial Principles	4	
	102-13	Membership of associations	Organizational Engagement	14	
<b>2. Strategy</b>					
GRI 102 - General Disclosures: Core	102-14	Statement from senior decision-maker	From the Management	5	
GRI 102 - General Disclosures: Full	102-15	Key impacts, risks, and opportunities	1.4 Risk Management	26	
<b>3. Ethics and integrity</b>					
GRI 102 - General Disclosures: Core	102-16	Values, principles, standards, and norms of behavior	Internal Control and Management	30	
GRI 102 - General Disclosures: Full	102-17	Mechanisms for advice and concerns about ethics	Internal Control and Management	30	
<b>4. Governance</b>					
GRI 102 - General Disclosures: Core	102-18	Governance structure	Corporate Governance Structure Selection Process for Board of Directors	19 21	
GRI 102 - General Disclosures: Full	102-19	Delegating authority	--	--	
	102-20	Executive-level responsibility for economic, environmental, and social topics	--	--	
	102-21	Consulting stakeholders on economic, environmental, and social topics	--	--	

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
GRI 102 - General Disclosures: Full	102-22	Composition of the highest governance body and its committees	--	--	
	102-23	Chair of the highest governance body	Selection Process for Board of Directors	23	
	102-24	Nominating and selecting the highest governance body	Selection Process for Board of Directors	23	
	102-25	Conflicts of interest	Conflicts of Interest	25	
	102-26	Role of highest governance body in setting purpose, values, and strategy	--	--	
	102-27	Collective knowledge of highest governance body	Continuing Education for Directors	25	
	102-28	Evaluating the highest governance body's performance	--	--	
	102-29	Identifying and managing economic, environmental, and social impacts	--	--	
	102-30	Effectiveness of risk management processes	--	--	
	102-31	Review of economic, environmental, and social topics	--	--	
	102-32	Highest governance body's role in sustainability reporting	Editing, Internal Review and Publication of the Report	23	
	102-33	Communicating critical concerns	--	--	
	102-34	Nature and total number of critical concerns	--	--	
	102-35	Remuneration policies	Board of Directors Remuneration	24	
	102-36	Process for determining remuneration	Board of Directors Remuneration	24	
	102-37	Stakeholders' involvement in remuneration	Board of Directors Remuneration	24	
	102-38	Annual total compensation ratio	Board of Directors Remuneration	24	
	102-39	Percentage increase in annual total compensation ratio	Board of Directors Remuneration	24	
5. Stakeholder engagement					
GRI 102 - General Disclosures: Core	102-40	List of stakeholder groups	Stakeholder Identification and Communication	7	
	102-41	Collective bargaining agreements	Labor-Management Committee	36	
	102-42	Identifying and selecting stakeholders	Stakeholder Identification and Communication	7	
	102-43	Approach to stakeholder engagement	Stakeholder Identification and Communication	7	

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
GRI 102 - General Disclosures: Core	102-44	Key topics and concerns raised	Stakeholder Identification and Communication	7	
<b>6. Reporting Practice</b>					
GRI 102 - General Disclosures: Core	102-45	Entities included in the consolidated financial statements	1.1 About Chun Yuan Steel	12-15	
	102-46	Defining report content and topic Boundaries	Material Topics in the Sustainability Report	10	
	102-47	List of material topics	Material Topics in the Sustainability Report	10	
	102-48	Restatements of information	Editorial Policy	3	
	102-49	Changes in reporting	Editorial Policy	3	
	102-50	Reporting period	Scope of the Report and Editorial Principles	3	
	102-51	Date of most recent report	Report Publication Time	3	
	102-52	Reporting cycle	Report Publication Time	3	
	102-53	Contact point for questions regarding the report	Contact Method	4	
	102-54	Claims of reporting in accordance with the GRI Standards	Scope of the Report and Editorial Principles	3	
	102-55	GRI content index	Appendix	62	
	102-56	External assurance	Editing, Internal Review and Publication of the Report	3	
<b>Topic-specific Standards: GRI 200 series (Economic Topics)</b>					
<b>*Economic Performance</b>					
GRI 103 Economic Performance Management Approach	103-1	Explanation of the material topic and its Boundary	1.3 Business Performance	26	
	103-2	The management approach and its components	1.3 Business Performance	26	
	103-3	Evaluation of the management approach	1.3 Business Performance	26	
GRI 201 Economic Performance Disclosures	201-1	Direct economic value generated and distributed	Financial Results	27	
	201-2	Financial implications and other risks and opportunities due to climate change	1.4 Risk Management	28-30	
	201-3	Defined benefit plan obligations and other retirement plans	Retirement	36	
	201-4	Financial assistance received from government	Financial Results	27	

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
<b>Market Presence</b>					
GRI 202 Market Presence Disclosures	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Equal Compensation	36	
	202-2	Proportion of senior management hired from the local community	Manpower Structure	35	
<b>Indirect Economic Impacts</b>					
GRI 203 Indirect Economic Impacts Disclosures	203-1	Infrastructure investments and services supported	2.5 Social Engagement	47	
	203-2	Significant indirect economic impacts	--	--	
<b>Procurement Practices</b>					
GRI 204 Procurement Practices Disclosures	204-1	Proportion of spending on local suppliers	Growing with Suppliers	27	
<b>Anti-corruption</b>					
GRI 205 Anti-corruption Disclosures	205-1	Operations assessed for risks related to corruption	Anti-corruption	26	
	205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption	26	
	205-3	Confirmed incidents of corruption and actions taken	--	--	None
<b>Anti-competitive Behavior</b>					
GRI 206 Anti-competitive Behavior Disclosures	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	--	--	None
<b>Topic-specific Standards: GRI 300 series (Environmental Topics)</b>					
<b>Materials</b>					
GRI 301 Materials Disclosures	301-1	Materials used by weight or volume	Raw Materials Usage	52	
	301-2	Recycled input materials used	Raw Materials Usage	52	
	301-3	Reclaimed products and their packaging materials	--	--	
<b>*Energy</b>					
GRI 103 Energy Management Approach	103-1	Explanation of the material topic and its Boundary	3.1 Energy Resource Management	51	
	103-2	The management approach and its components	3.1 Energy Resource Management	51	
	103-3	Evaluation of the management approach	3.1 Energy Resource Management	51	
GRI 302 Energy Disclosures	302-1	Energy consumption within the organization	Energy Management	52	



GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/ Remarks
GRI 103 Energy Management Approach	302-2	Energy consumption outside of the organization	--	--	
	302-3	Energy intensity	Energy Management	52	
	302-4	Reduction of energy consumption	Energy Management	52	
	302-5	Reductions in energy requirements of products and services	--	--	
Water					
GRI 303 Water Disclosures	303-1	Water withdrawal by source	Water Resource Management	53	
	303-2	Water sources significantly affected by withdrawal of water	Water Resource Management	53	
	303-3	Water recycled and reused	--	--	
Biodiversity					
GRI 304 Biodiversity Disclosures	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Ecological Conservation	53	
	304-2	Significant impacts of activities, products, and services on biodiversity	Ecological Conservation	53	
	304-3	Habitats protected or restored	Ecological Conservation	53	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Ecological Conservation	53	
Emissions					
GRI 305 Emissions Disclosures	305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions	55	
	305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions	55	
	305-3	Other indirect (Scope 3) GHG emissions	--	--	
	305-4	GHG emissions intensity	Greenhouse Gas Emissions	55	
	305-5	Reduction of GHG emissions	--	--	
	305-6	Emissions of ozone-depleting substances (ODS)	Air Pollution Prevention and Control	54	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Air Pollution Prevention and Control	54	

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
<b>Effluents and Waste</b>					
GRI 306 Effluents and Waste Disclosures	306-1	Water discharge by quality and destination	Effluent Management	55	
	306-2	Waste by type and disposal method	Waste Management	56	
	306-3	Significant spills	Effluent Management	55	
	306-4	Transport of waste	Waste Management	56	
	306-5	Water bodies affected by water discharges and/or runoff	Ecological Conservation	53	
<b>*Environmental Compliance</b>					
GRI 103 Management Approach on Environmental Compliance	103-1	Explanation of the material topic and its Boundary	1.5 Compliance	31	
	103-2	The management approach and its components	1.5 Compliance	31	
	103-3	Evaluation of the management approach	1.5 Compliance	31	
GRI 307 Environmental Compliance Disclosures	307-1	Non-compliance with environmental laws and regulations	1.5 Compliance	31	
<b>Supplier Environmental Assessment</b>					
GRI 308 Supplier Environmental Assessment Disclosures	308-1	New suppliers that were screened using environmental criteria	--	--	
	308-2	Negative environmental impacts in the supply chain and actions taken	--	--	
<b>Topic-specific Standards: GRI 400 series (Social Topics)</b>					
<b>*Employment</b>					
GRI 103 Employment Management Approach	103-1	Explanation of the material topic and its Boundary	2.3 Human Resources Development	39	
	103-2	The management approach and its components	2.3 Human Resources Development	39	
	103-3	Evaluation of the management approach	2.3 Human Resources Development	39	
GRI 401 Employment Disclosures	401-1	New employee hires and employee turnover	Talent Retention	40	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Welfare System	37	
	401-3	Parental leave	Unpaid Parental Leave	39	

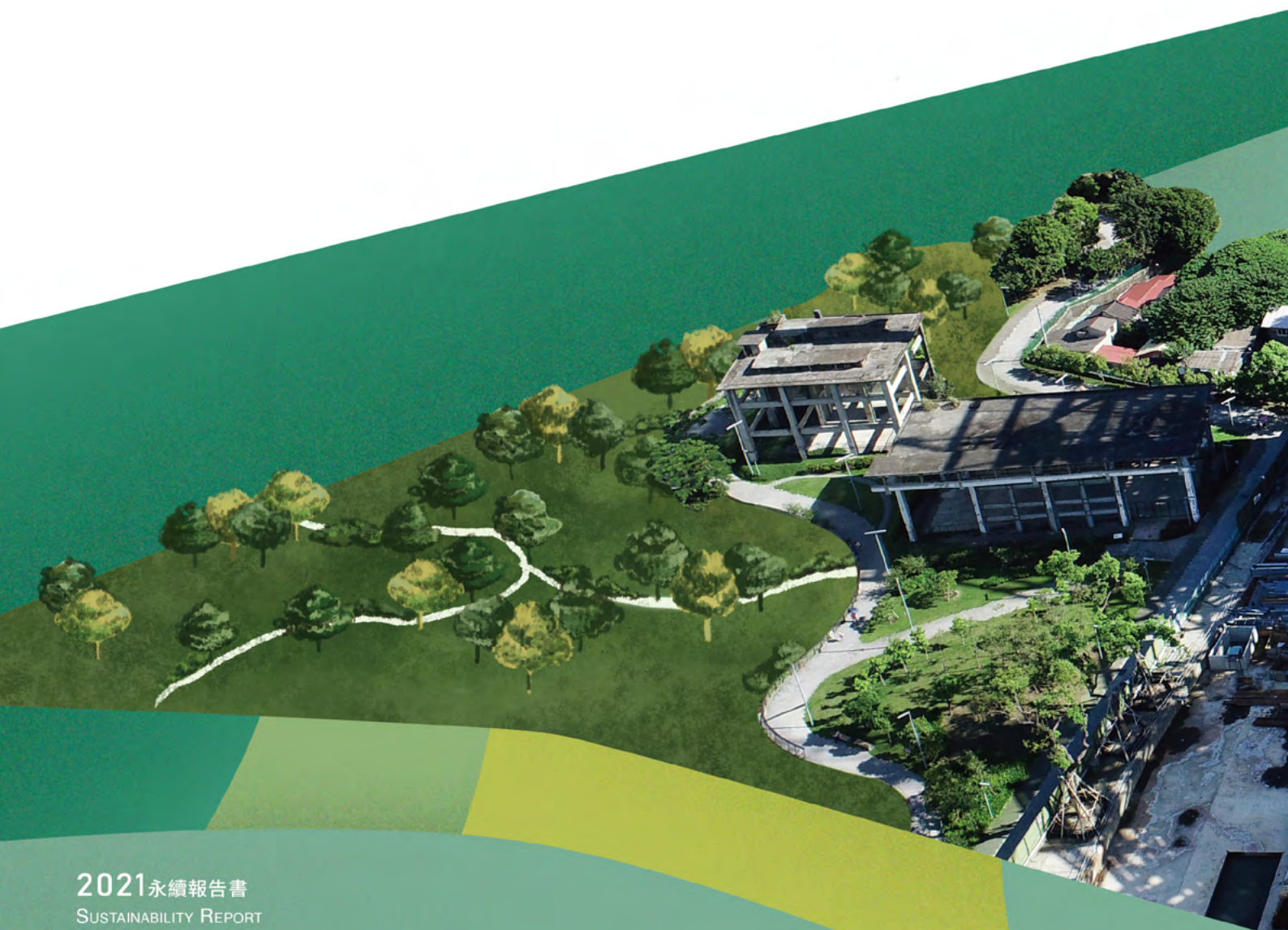
GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
<b>*Labor-Management Relations</b>					
GRI 103 Employment Management Approach	103-1	Explanation of the material topic and its Boundary	2.3 Human Resources Development	39	
	103-2	The management approach and its components	2.3 Human Resources Development	39	
	103-3	Evaluation of the management approach	2.3 Human Resources Development	39	
GRI 402 Labor-Management Relations Disclosures	402-1	Minimum notice periods regarding operational changes	Minimum Notice Period for Operational Changes	39	
<b>*Occupational Health and Safety</b>					
GRI 103 Occupational Health and Safety Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Occupational Safety and Health	43	
	103-2	The management approach and its components	2.4 Occupational Safety and Health	43	
	103-3	Evaluation of the management approach	2.4 Occupational Safety and Health	43	
GRI 403 Occupational Health and Safety Disclosures	403-1	Workers representation in format joint management-worker health and safety committees	Labor Safety Committee	44	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Safety Performance	44	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Employee Health Promotion	46	
	403-4	Health and safety topics covered in formal agreements with trade unions	Labor Safety Committee	44	
<b>*Training and Education</b>					
GRI 103 Training and Education Management Approach	103-1	Explanation of the material topic and its Boundary	Talent Development	41	
	103-2	The management approach and its components	Talent Development	41	
	103-3	Evaluation of the management approach	Talent Development	41	
GRI 404 Training and Education Disclosures	404-1	Average hours of training per year per employee	Talent Development	42	
	404-2	Programs for upgrading employee skills and transition assistance programs	Talent Development	42	
	404-3	Percentage of employees receiving regular performance and career development reviews	Performance Evaluation	42	

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
<b>Diversity and Equal Opportunity</b>					
GRI 405 Diversity and Equal Opportunity Disclosures	405-1	Explanation of the material topic and its Boundary	Manpower Structure	35	
	405-2	The management approach and its components	Equal Compensation	36	
<b>Non-discrimination</b>					
GRI 406 Non-discrimination Disclosures	406-1	Incidents of discrimination and corrective actions taken	1.5 Compliance	31	
<b>Freedom of Association and Collective Bargaining</b>					
GRI 407 Freedom of Association and Collective Bargaining Disclosures	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	--	--	None
<b>Child Labor</b>					
GRI 408 Child Labor Disclosures	408-1	Operations and suppliers at significant risk for incidents of child labor	1.5 Compliance	31	
<b>Forced or Compulsory Labor</b>					
GRI 409 Forced or Compulsory Labor Disclosures	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	1.5 Compliance	31	
<b>Security Practices</b>					
GRI 410 Security Practices Disclosures	410-1	Security personnel trained in human rights policies or procedures	--	--	
<b>Rights of Indigenous Peoples</b>					
GRI 411 Rights of Indigenous Peoples Disclosures	411-1	Incidents of violations involving rights of indigenous peoples	1.5 Compliance	31	
<b>Human Rights Assessment</b>					
GRI 412 Human Rights Assessment Disclosures	412-1	Operations that have been subject to human rights reviews or impact assessments	--	--	
	412-2	Employee training on human rights policies or procedures	--	--	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	--	--	
<b>Local Communities</b>					
GRI 413 Local Communities Disclosures	413-1	Operations with local community engagement, impact assessments, and development programs	--	--	
	413-2	Operations with significant actual and potential negative impacts on local communities	--	--	
<b>Supplier Social Assessment</b>					
GRI 414 Supplier Social Assessment Disclosures	414-1	New suppliers that were screened using social criteria	--	--	



GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
GRI 414 Supplier Social Assessment Disclosures	414-2	Negative social impacts in the supply chain and actions taken	--	--	
Public Policy					
GRI 415 Public Policy Disclosures	415-1	Political contributions	--	--	No political contributions
*Customer Health and Safety					
GRI 103 Management Approach to Customer Health and Safety	103-1	Explanation of the material topic and its Boundary	Quality Guarantee	19	
	103-2	The management approach and its components	Quality Guarantee	19	
	103-3	Evaluation of the management approach	Quality Guarantee	19	
GRI 416 Customer Health and Safety Disclosures	416-1	Assessment of the health and safety impacts of product and service categories	Quality Guarantee	19	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	1.5 Compliance	31	
Marketing and Labeling					
GRI 417 Marketing and Labeling Disclosures	417-1	Requirements for product and service information and labeling	Quality Guarantee	19	
	417-2	Incidents of non-compliance concerning product and service information and labeling	1.5 Compliance	31	
	417-3	Incidents of non-compliance concerning marketing communications	1.5 Compliance	31	
Customer Privacy					
GRI 418 Customer Privacy Disclosures	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.5 Compliance	31	
*Socioeconomic Compliance					
GRI 103 Management Approach on Socioeconomic Compliance	103-1	Explanation of the material topic and its Boundary	Quality Guarantee	19	
	103-2	The management approach and its components	1.5 Compliance	31	
	103-3	Evaluation of the management approach	1.5 Compliance	31	
GRI 419 Socioeconomic Compliance Disclosures	419-1	Non-compliance with laws and regulations in the social and economic area	1.5 Compliance	31	
G4 Mining and Metals Sector Supplement					
	MM1	Amount of land (owned or leased), and managed for production activities or extractive use) disturbed or rehabilitated	Not located in or adjacent to ecological conservation area	--	

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Not located in or adjacent to ecological conservation area	--	
	MM3	Total amount of overburden, rock, tailings, and sludges and their associated risks	This indicator applies to the mining industry	--	
	MM4	Number of strikes and lock-outs exceeding one week's duration, by country	No strikes or lock-outs	--	
	MM5	Total number of operations taking place in or adjacent to indigenous people's territories, and number and percentage of operations or sites where there are formal agreements with indigenous people's communities	No operations located in or adjacent to indigenous people's communities	--	
	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	No significant disputes	--	
	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities, and indigenous peoples, and outcomes	No operations located in or adjacent to indigenous people's communities, and no issues with land use or customary rights	--	
	MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	There we no ASM at operating sites	--	
	MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	No resettlements took place	--	
	MM10	Number and percentage of operations closure plans	No closure plans	--	
	MM11	Programs and progress relating to materials stewardship	N/A	--	



## 2021永續報告書

SUSTAINABILITY REPORT

總公司

地址 | 10476 台北市中山區復興北路502號7樓  
7F., No 502, Fuxing N. Rd., Jhongshan District,  
Taipei City, 10476, Taiwan, R. O. C

電話 | 886-2-25018111

傳真 | 886-2-25055390

網址 | <http://www.cysco.com.tw/>