

Profit
People
Planet

TCI

Join & Delight consumer's life.

Sustainability Report



vol. 2020

INTRO/

About This Report

Starting from 2018, TCI Co., Ltd. (hereinafter referred to as TCI) publishes an annual Corporate Social Responsibility Report to disclose the financial information and the non-financial issues regarding the management policies and performance of TCI in corporate governance, environmental protection, and social responsibility in both Madarin and English versions. This report also provides files for publication on the company website's Corporate Social Responsibility (CSR) page, in the hope of constructing long-term partnerships with the stakeholders, promoting social harmony and achieving the goal of sustainable development.

This report is compiled in accordance with the core option of the GRI Standards issued by the Global Reporting Initiative (GRI) and has been certified by an independent third party, the Taiwan Inspection Technology Co., Ltd. (SGS Taiwan Ltd.), which has conducted verification in accordance with the GRI Standards, the AA1000 Assurance Standard and the principle of accountability and confirmed that the information disclosure complies with the GRI Standards and AA1000 Type I Medium Assurance Levels with a verification statement attached to this report as Appendix I. The previous report was released in January 2020, where the issues which the stakeholders paid attention to were disclosed and responded to in the relevant sections.

This report discloses the management policies and performance of TCI in the areas of economic growth, environmental protection, and social responsibility from January 1st, 2020 to December 31st, 2020. The scope of this report includes

- (1) The company headquarters at 8F., No.187, Gangqian Road, Neihu District, Taipei City
- (2) The company's Precise iManufacturing Center (Rock Park):
No. 12, Shennong Rd., Dehe Vil., Changzhi Township, Pingtung County (S5 Functional Drink Factory, S9 Functional Food Factory).
No. 21, Shennong Rd., Dehe Vil., Changzhi Township, Pingtung County (S11 Eco Facial Mask Factory).

Contact

CSR Committee of TCI Co., Ltd.

☎ +886-2-8797-7811 📍 8F., No.187, Gangqian Road, Neihu District, Taipei City, Taiwan 🌐 <http://www.tci-bio.com/>



Words from the CEO :

The existence of a corporation is to create a better and more comfortable tomorrow for humankind. Our company wants to exist, change the world, and become the world's number one ODM company. It is difficult to become the world's number one, but we bravely challenge all impossibilities because we firmly believe in working hard, struggling, persisting, and innovating for human health and beauty. One day, the world will yield.

Our commitment to ESG is to exceed existing business standards; therefore, we are engaged in comprehensive green manufacturing, planning "Profit," "People," and "Planet," as the core concept of sustainable 3P. We aim to develop many products that make consumers healthier and more beautiful through integrated bioscience design methods; thus, making their lives better. In the past, the competitiveness of corporations came from consuming the environment to realize their profits; however, the competitiveness of corporations comes from the green ESG sustainable notions. This is also why, although we are not subject to environmental and energy regulations, we laid 2MW solar panels on large areas. We are committed to supplying the manufacturing side with green electricity, built the world's first green and environmentally friendly mask factory, and fully achieved zero-carbon manufacturing. Although we cannot predict tomorrow, we can create the future !

The world was in turmoil due to the Covid pandemic in 2020. The natural world was also at unrest. Australia faced unprecedented forest fires; global warming lead to African locust infestations which lead to food shortage in East Africa; and the oil spill in the Arctic Circle and other man-made disasters continue to occur. At this moment, we are already implementing the Science Based Targets initiative, Dow Jones Sustainability Index, Carbon Disclosure Project, MSCI ESG Indexes, and Sustainalytics ESG Report advancing the sustainability policy. In addition, we comprehensively link to the sustainability policies of the United Nations International Panel on Climate Change (IPCC 1.5° C).

In the future, TCI will continue to "Join & Delight Consumer's Life" as the core purpose. We continue to contribute to our world vision. In this vision, caring for nature and others are our core values as individuals and as a corporate. By supporting each other and sharing the Earth's resources with each other, together, can protect the Earth. In the days to come, we look forward to letting this sustainable energy circulate and becoming a model corporation in the next hundred years. We wish to pass on the notion of "sustainable vitality" to make Taiwan and the world even better.

Chairman of TCI



vincent chen

2020

2020 Company's Performance

GOVERNANCE

- Named in 1st place in the Medium-Size Enterprise Group at 2020 Excellence in Corporate Social Responsibility Award by CommonWealth Magazine
- Listed in Asia 200 Best Under a Billion by Forbes the Fourth Time
- R&D expense of NTD 497 million, which accounted for 6.04% of revenue

SURROUNDINGS

- Precise iManufacturing Center in Pingtung carried out ISO 14064-1 GHG inventory
- Precise iManufacturing Center in Pingtung (zero-carbon factory) achieved carbon neutrality with PAS 2060 specification

SOCIETY

- 1,253 students benefitted from the rural science education program provided by TCI
- Purchased 8000+ organic pineapples from a public welfare organization (the Shan-Dao Academy of Classical Learning in Pingtung)

GROUP OVERVIEW

CHAPTER 1 /

1.1 About TCI

1.2 Operational Performance

Material Topics

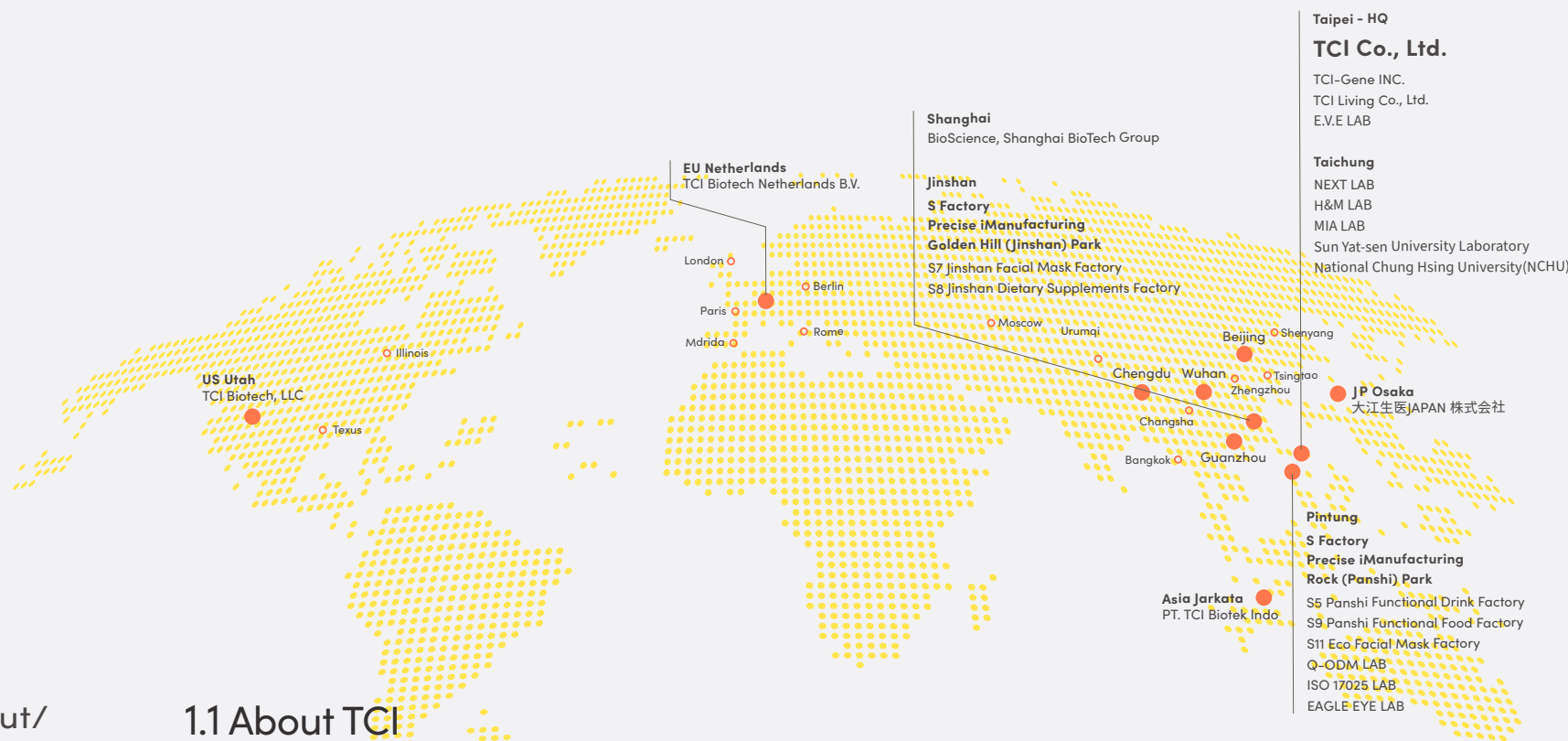
- Business strategy and long-term development
- Business performance

Management Purpose and Approach

TCI shall develop new product lines and new customers to create value and enhance competitiveness for all stakeholders of the company by expanding business locations and global sales network, building new factories, improving smart manufacturing and production capacity, implementing innovative R&D strategies, technology and business models.

Related to (SDGs)





About/

1.1 About TCI

Founded in 1980, TCI launched its initial public offering in 2011 and has been listed on the stock exchange market since 2013. At the end of 2020, there were 623 employees in the entire group. In the past decades, we have created many best-selling products with many customer partners around the world. Every year, TCI produces hundreds of millions of tablets and capsules of dietary supplements, tens of millions of bottles of functional drinks, and millions of masks, serums and other skincare products; these products are sold in 56 countries around the world. TCI aims to accelerate the development of higher-performance products on the basis of "Integrated Bioscience Design (IBD)" and "Bio-Resource Data Mining" and join and delight the lives of hundreds of millions of people through the influence of its high-quality products. As an original design manufacturer (ODM), TCI does not develop its own brand or directly compete with its customers in the market. Instead, it designs unique formulas and exclusive products for customers through product differentiation and application of advantageous technology in R&D. Headquartered in Neihu Science Park, Taipei, Taiwan, TCI has offices in four countries in Asia and North America. In 2020, its consolidated revenue reached NTD 8.22 billion¹. Through effective planning and development in terms of economy, environment and society, TCI has created sustainable value for enterprises, the environment and society and opened up the potential for shared prosperity.

Note 1: Please refer to TCI 2020 Annual Report.

TCI

SPIRITS

1.1.1 TCI SPIRITS

1.TCI One, Think Big and Different.

2.Value diversity and inclusion.

3.Passion to Join & Delight consumer's life.

4.Loyal to customers and scientific results.

5.ASAP brings Quality Quickness, and Quotation.

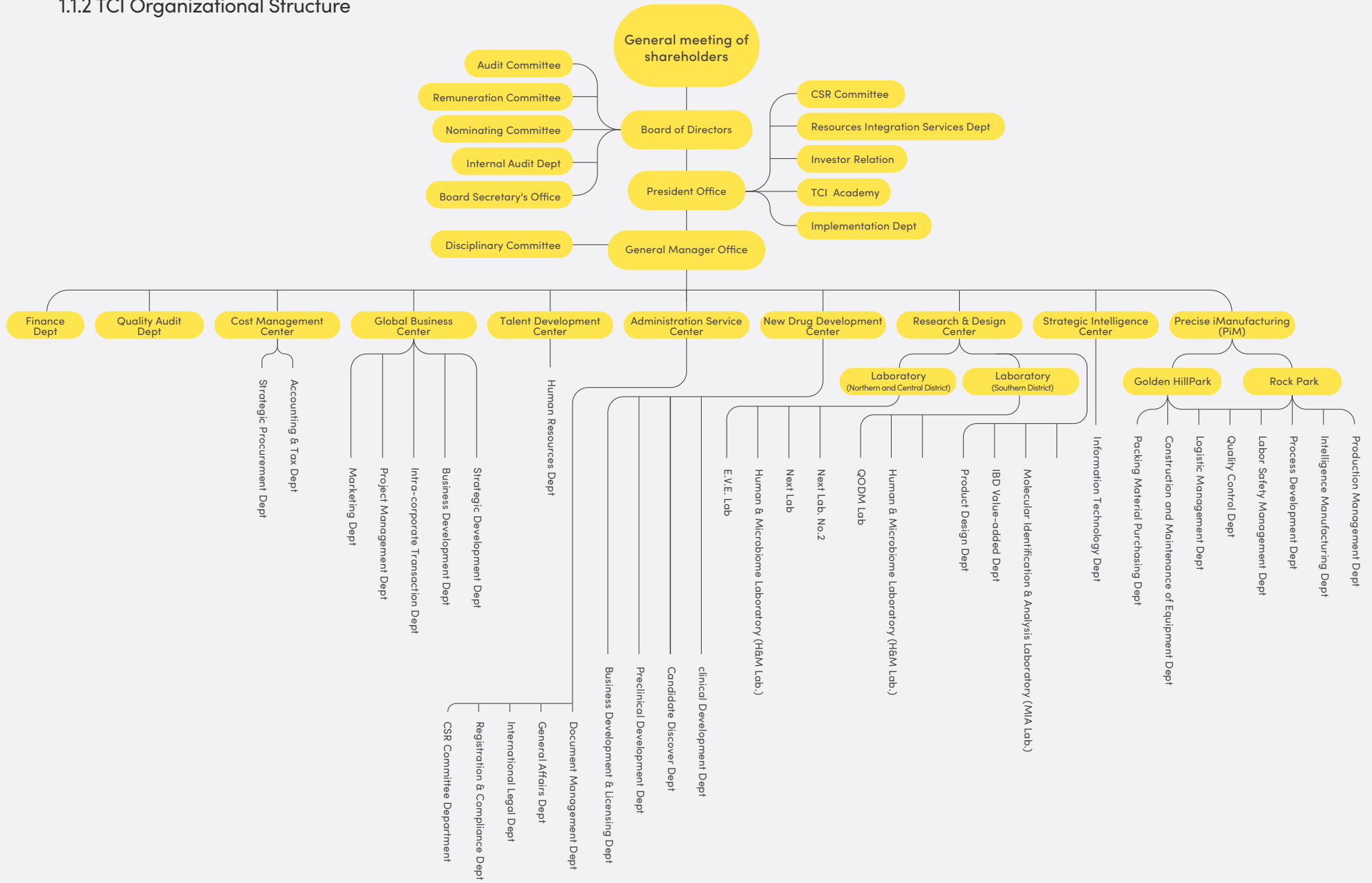
6.Always learning and solving problems.

7.Focus on team success and honors.

8.Innovate, Go forward, Make History.

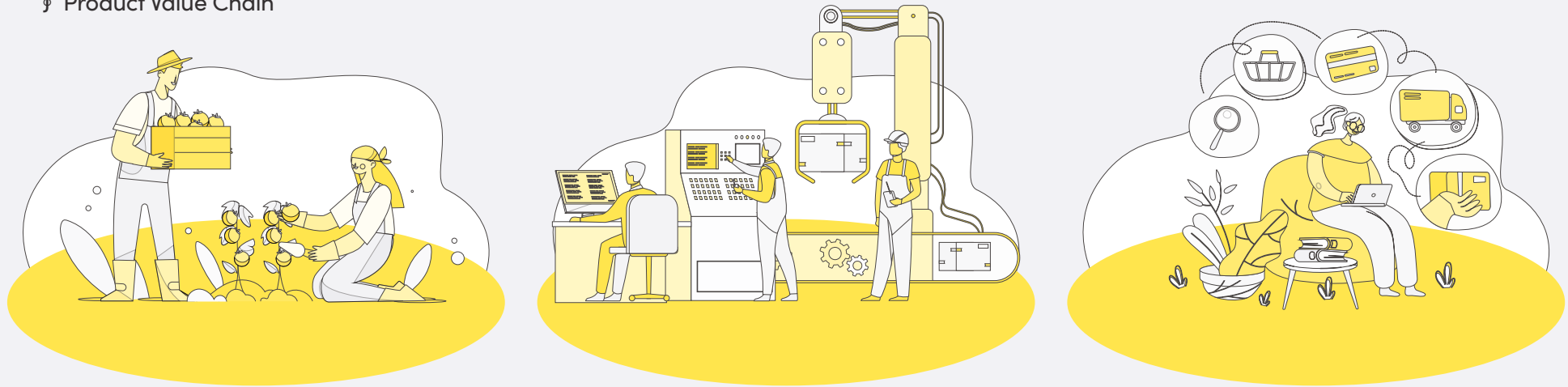


1.1.2 TCI Organizational Structure



1.1.3 Main Products and Value Chains

§ Product Value Chain



Procurement of Raw/ Packaging Materials

Product Production

Product Use

Rwa Material
Supplier



Product
Category

Product Type

Main use



Brand
Customers

End Consumers

Functional
Drink

Jelly, liquid in
sachet, drink

For collagen replenishment, breast enhancement, whitening, weight loss, joint lubrication, reduction of blood lipids, immunity enhancement, etc.

Dietary
Supplement

Capsule, tablet,
powder in sachet

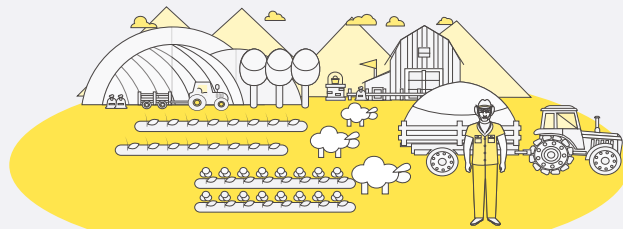
Nutrient replenishment for whitening and anti-wrinkle skincare, weight loss, eye care, immunity enhancement, etc.

Skincare
Product

Facial mask,
serum

Face and body skin
care

§ Commercial Value Chain



NATURAL MATERIALS

- Increase farmers' average income.
- Circular economy: Recycle & reuse. Reduce waste and perform proper waste treatment.
- Understand the idea: "Living with Nature".
- Explore and identify those valuable and rare materials in nature.

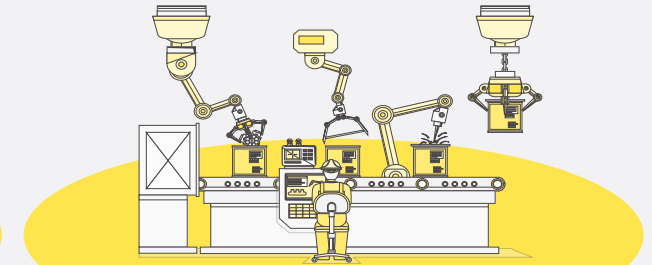
TCI Sunrise Park / Microorganisms / Flowers / Livestock



RESEARCH & APPLICATION

- Scientific efficacy assessment.
- Increase the economic value brought by natural materials.
- Develop new medicine and bring healthier future for mankind.

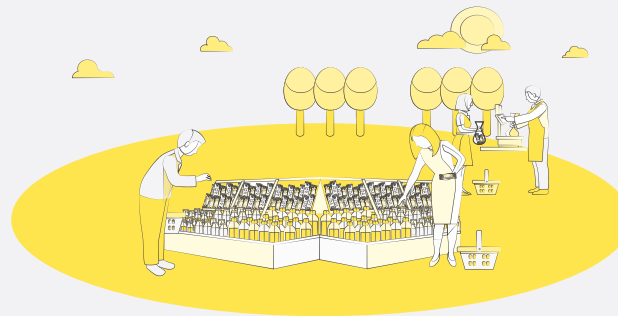
Extraction, Purification, Fermentation / Stem Cell Culture / Efficacy Assessment by Human Experiments / Genetic Analysis Platform / Medicine Development (Herbal Resource Used)



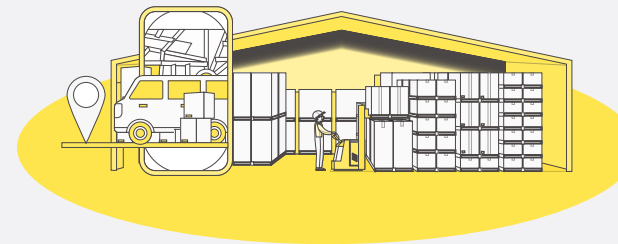
DESIGN & MANUFACTURING

- Double product performance by Synergene.
- Decrease production cost by intelligent manufacturing.
- Developed 2000 products, entered 52 countries, create business opportunities in healthcare and health product industry.

Recipe Design / Intelligent Manufacturing System / Comprehensive Quality Control / Automated Control / Monitoring



CONSUMERS



PROMOTION & CIRCULATION

- Promote healthy concepts by on-line education.
- Through our customers around the world, distribute our products to consumers with all channels.
- Change consumers' lifestyles by biotechnology across different realms of living.
- From genetic analysis to preventive medicine and precise medical treatment.

Automated Warehouse System / E-Commerce Platforms (for B2B) / Retail of International Brands (for B2B) / Automated Control / Monitoring / Precise Medical Treatment (B2C)

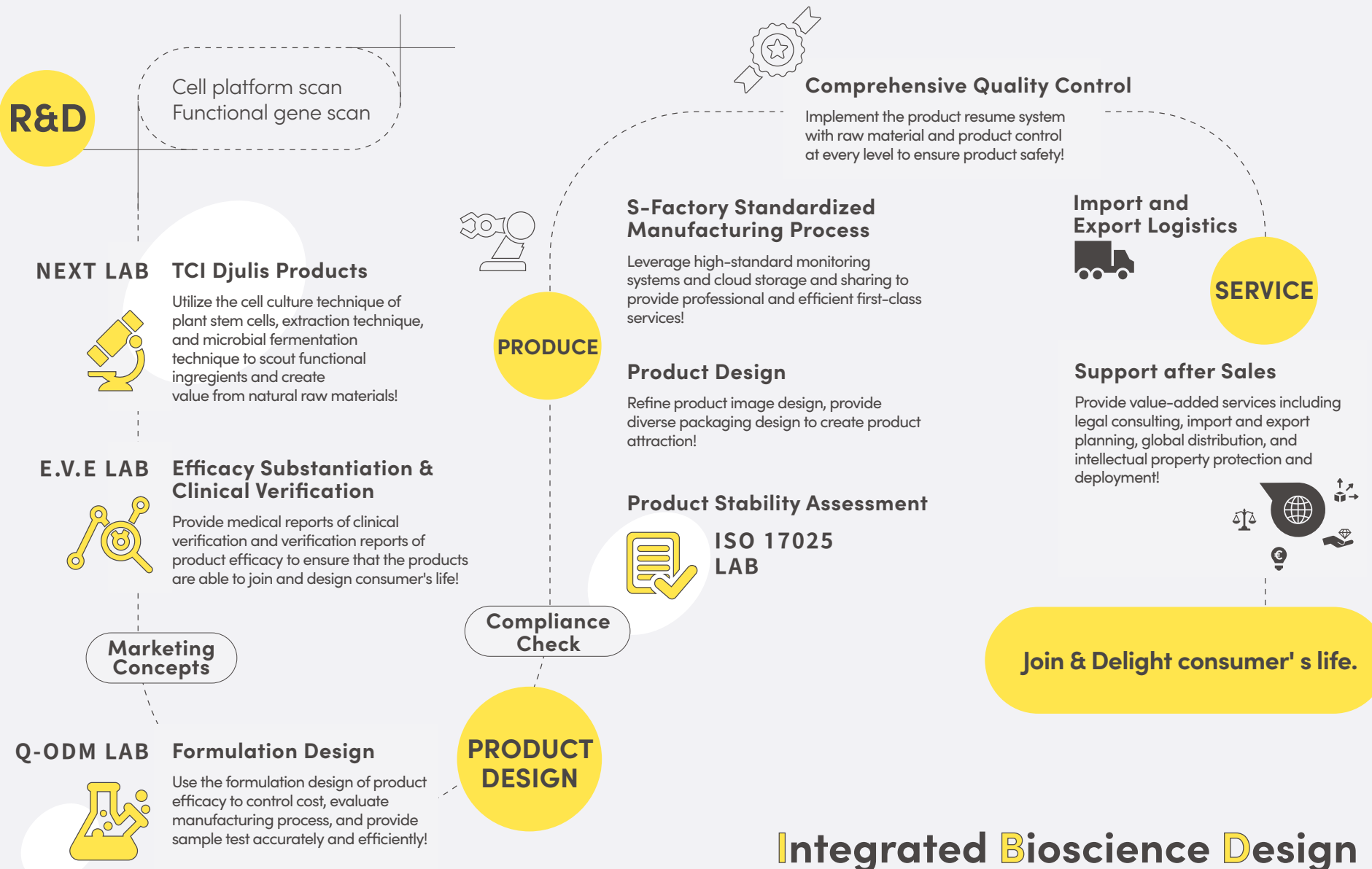
1.1.4 Innovative Business Model

1.1.4.1 “Integrated Bioscience Design” and “Bio Resource Data Mining”

TCI develops exclusive raw materials with health care effects through technologies in R&D such as extraction from agricultural by-products, cultivation of plant stem cells, the application of symbiotic microorganisms, and so on. Through “Integrated Bioscience Design” and “Bio-Resource Data Mining,” TCI has established a comprehensive innovative service model in which a cross-border service platform integrating services of R&D, production and marketing is created to produce and provide health foods (functional drinks, jelly, powders, tablets, capsules) and skin care products (bio-cellulose masks and high-performance serums) for brand customers. In the process of “Integrated Bioscience Design,” the needs of end consumers are explored, such as anti-aging products, products that help improve discharge of body waste, products for post-natal care, health care products for men, and professional knowledge and advanced scientific research technologies in different fields, such as chemistry, biology, mathematics, industrial engineering, medical genetics, aesthetics, applied materials science, consumer behavioral research and artificial intelligence, are integrated so that the time needed from product development to product release can be shortened.

At present, more than 90% of the company's products are formulated with the company's self-developed IBD raw materials. Through the "Bio-Resource Data Mining" business model, combined with an AI automated management platform plus a cloud system, plus 7 extraction and biotransformation processes, the efficacy of 100 types of cells is studied and evaluated, and the performance of 200 types of genes is analyzed to explore the regulation mechanism, and 15 kinds of natural ingredients have been analyzed. In 2020, the company's Bio-Resource Data Mining process was upgraded again, incorporating proteomics, metabolomics, microbiology, and more automated identification of active ingredients. With this process, the company will conduct more in-depth and broad-spectrum research on the efficacy of raw materials and products. It is estimated that the future R&D efficiency will increase by more than 350 times to accelerate the exploration of the value of global biological resources. The new Bio-Resource Data Mining process will also become a niche for the subsidiary Quantum Biology Inc., which will continue to improve human life.

§ Flow Chart for Integrated Bioscience Design



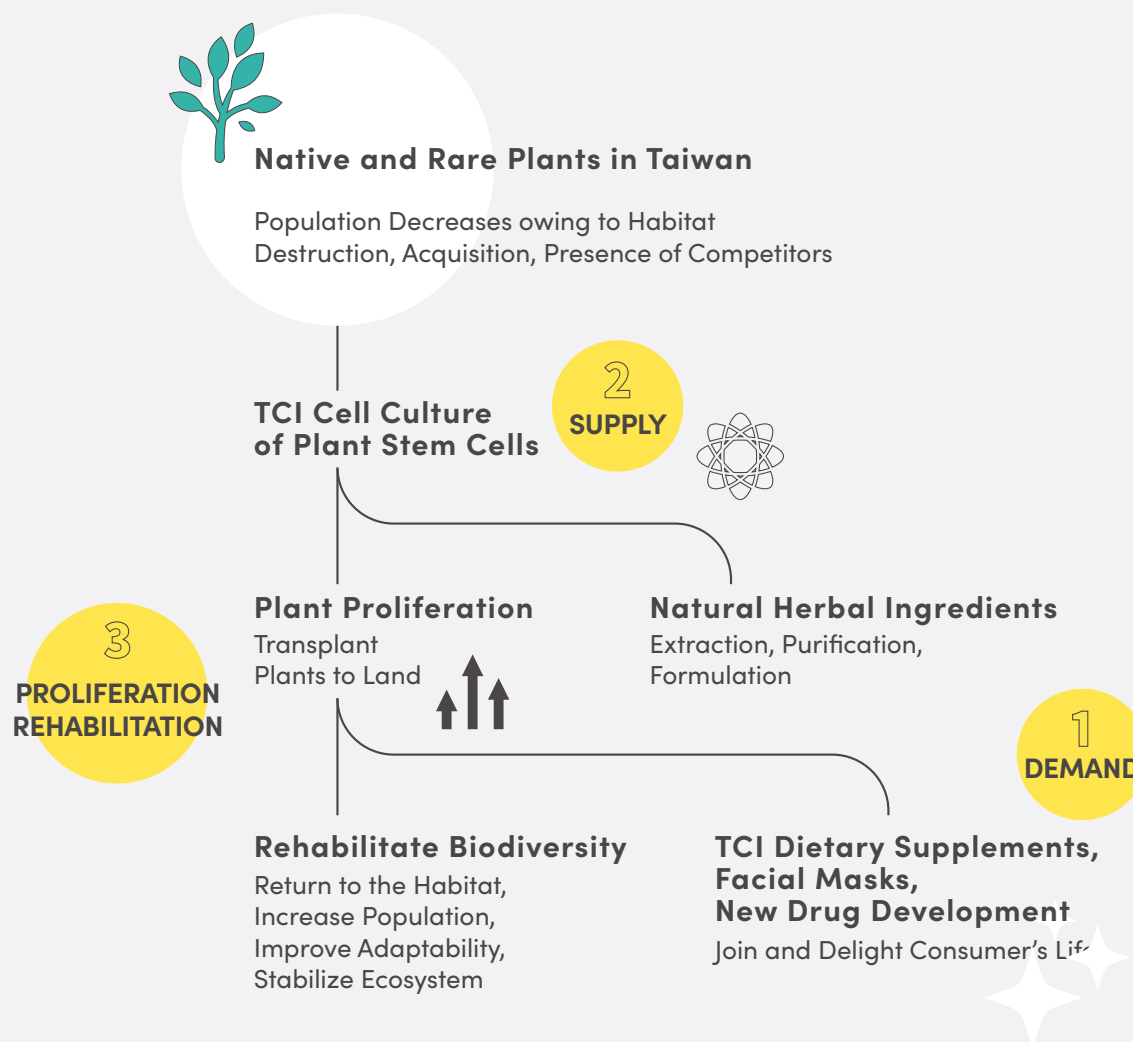
1.1.4.2 AI System Dance Created with Global Network Chain

TCI made all-out effort to promote the global network to build an artificial intelligence (AI) system DANCE and strengthen the plants' precise and intelligent manufacturing capabilities; the capabilities includes the connection and management of automated storage, production order management, formula control, electronic weighing and preparation, batch control, production equipment data collection, real-time monitoring of key production parameters, laboratory equipment integration, quality control in production, production traceability, etc. These capabilities are integrated with external information, such as market information and supply chain information, etc. in the Dance system to merge the internal and external global network chains and decentralize decision-making so that decision making can be accelerated.

1.1.4.3 The Business Model that Promotes Ecological Restoration

Revive 100

Many native plants in Taiwan have become rare plants due to long-term human collection, destruction of habitats, and invasion of competing species. Integrating its business model and the goal of ecological restoration, TCI launched the "Revive 100" project based on which TCI proliferates and mass-produces endangered or rare plants with advanced plant stem cell and tissue culture technology and brings the plants back to their native habitat to increase their population numbers and adaptability to the environment, stabilize the ecosystem and ultimately achieve the goal of biodiversity restoration. Moreover, TCI uses its core extraction technology to extract and purify the extra mass-produced plants to produce functional ingredients for the production of health foods and beauty products, creating commercial value and advantages in the industry. While pursuing business innovation, TCI is also committed to rehabilitating the endangered and rare species in their native habitat, restoring ecological diversity in Taiwan and protecting the sustainability of biodiversity.



1.1.5 Sustainable Products and Services

1.1.5.1 Business Model for Agricultural Circular Economy

Based on the application of agricultural biotechnology in research, development and production, TCI has created a business model of "agricultural raw materials recycling economy" business model to reuse agricultural by-products that were previously regarded as no value and turn them into resources with the original technology of "Bio-Resource Data Mining." By using the exclusive plant extraction technology, plant nutrition and ingredients with special effects are scouted, and these functional ingredients are then extracted to develop high-performance products and the net realized value of the by-product can thus be created. Agricultural by-products such as banana peels, banana stamens, the unripe fruit of jujubes, citrus and so on, peanut membrane, longan shell, red quinoa shell, etc. are used to create high added value with the advanced extraction technology in R&D. For example, longan shell is used to extract flavonoids with detoxifying effects to create the liver-protecting longan shell coffee.

Also, comprehensive recycling and reuse is realized with the 4 uses of djulis and its shell. First, djulis, planted organically in the Sunshine Park in Pingtung, can be used as a staple food after dehulled. Second, the shell of djulis can be used to make the djulis extract, which is used to produce the pomegranate djulis drink, a product that helps promote collagen proliferation and provides anti-aging and anti-wrinkle effects. Third, the residue of djulis shell after extraction is added to noodles to make the organic djulis noodles, which can be taken as a staple food that helps digestion with the content of dietary fiber. Last, the remaining residue of djulis shell was fermented into organic compost using microorganisms, and the organic compost is used to nurture the djulis field in the Sunrise Farm. Through the 4 uses, the concept of circular economy is fully realized.

TCI is committed to increasing resource recycling and reducing resource consumption in manufacturing processes. Today, it has achieved the application of circular economy in the production of raw materials by purchasing and recycling agricultural by-products from local small farmers and making use of the by-products as raw materials for production. TCI has successfully created a circular economy of agricultural biotech products in this model, bringing a lot of economic resources and community value to local small farmers. Thus, in 2018 Int'l Conference on Circular Economy: New Business Models for Circular Economy, TCI was recognized as Taiwanese Excellence in Recycling by the Industrial Development Bureau, MOEA.

1.1.5.2 Net zero carbon manufacturing: make products with sunlight

All the roofs of TCI factories are equipped with solar panels to supply renewable energy power (see Chapter 5 for details), which allows more energy use derived from solar power in the manufacturing processes in replace of the use of fossil fuels so as to commit itself to promoting the idea of "making products with sunlight". As a manufacturer, TCI is also devoted to the goal of reducing a certain percentage of carbon emissions. So far, TCI's S11 facial mask factory has been granted LEED Silver Certification by USGBC and the organic certification by ECOCERT. In addition to reducing the overall energy consumption and carbon emissions of its factories, TCI has been conducting ISO14064-1 greenhouse gas inventories of all factories every year since 2018, and the factories have met the PAS 2060 Standard for carbon neutrality with voluntary carbon reduction projects, such as air-conditioning energy-saving plans, afforestation programs, and carbon emissions trading. Through these actions, TCI aims to continue to create sustainable products with green manufacturing and net zero carbon processes.

1.1.5.3 Organic and Natural Sheet Masks Packed in New Eco-Friendly Materials

While aluminum foil cannot be completely decomposed through combustion, thus usually treated as buried garbage, and the combustion of it produces toxic gases such as dioxin, EVOH is mainly composed of carbon, hydrogen and oxygen, which can be completely burnt and decomposed at high temperature without producing harmful gases. Besides, recycled aluminum cannot be used in the manufacture of aluminum foil for aluminum foil packs, and it takes about 170 million BTUs (heat units) to produce one ton of aluminum, which is equivalent to the heat generated by burning 5,300 liters of gasoline, and emits 12 metric tons of carbon dioxide equivalent greenhouse gas. By using organic, natural and plant-based raw materials and adopting EVOH, the new environmentally friendly packaging material, TCI is committed to promoting the production of sustainable beauty products.

1.1.5.4 Net Zero Carbon Products

TCI launched a new sustainability-related service in 2019 to work with brand customers to develop net-zero carbon products. Meeting ISO 14067 for the carbon footprint of products and PAS 2060 Standard for carbon neutrality, TCI reduces the carbon emissions generated during the entire life cycle of products (including raw material production, product manufacturing, shipping and sales, consumer use and waste disposal) to net zero, creating "net zero carbon" health foods and facial masks to enhance the beauty and healthy life of consumers, while striving to reduce the impact on the environment and climate.

1.1.6 Business Management and Industry Participation

TCI adheres to the principles of trust, innovation, and intelligence in business management and adopts a “consumer-centric” core operational strategy. TCI has formulated its sustainable development policies according to the 17 sustainable development goals (SDGs) proposed by the UN and been cooperating with suppliers and brand owners to realize the operational goal to “join and delight consumer’s life.” Moreover, TCI has invested a lot of resources in the research and development of dietary supplements, beverages and skin care products. It has established nine laboratories to develop and validate the products in order to protect the health of consumers, and will continue to explore the unknown in the biomedical field and create new products. On the other hand, TCI also promotes industrial communication and exchanges by actively participating in associations of relevant industries. By the end of 2020, TCI has joined a total of 28 associations to share with its peers the operational experience and obtain the information about the latest market conditions, changes in supply and demand and technical information. With the active participation, TCI hopes to make contributions to the entire biotechnology industry.

External Initiative

In terms of environment, facing the impact and crisis brought by extreme climate changes, TCI has been actively promoting and implementing corporate sustainability strategy. In 2018, TCI joined the “Taiwan Renewable Energy Certificate Industry Development and Promotion Association” as a director to help promote the development of Taiwan's renewable energy market and also joined the international initiatives promoted by The Climate Group, including RE100, EP100 (see section 5.3.3 for details), etc., and committed to using 100% renewable electricity by 2030. TCI looks forward to working with influential international companies and organizations, such as Apple, Google, and IKEA, to promote sustainable actions and make concrete contributions to the environment and society.

§ Association Membership

Association	Purpose of Participation
1. Taiwan invention Association 2. Chinese Innovation & Invention Society	To enhance industrial innovation, patent development and market innovation.
3. Taiwan Central Science Park Association 4. Academia-Industry Consortium for Agricultural Biotechnology Park 5. National Innovation and Entrepreneurship Association, R.O.C. 6. Taiwan Sunshinebless Association	To promote industry-academia cooperation and youth development, integrate cross-sectoral technological innovation in industry-academia research and care for and assist young people and dropouts with academic and life problems, tobacco and drug issues.
7. Taiwan Renewable Energy Certification Association 8. European Chamber of Commerce Taiwan 9. Re100 (Companies committed to 100% renewable power) 10. EP100 (Companies committed to improving their energy productivity)	To connect the renewable energy supply and demand side, increase information exchange and help promote the development of Taiwan's renewable energy market and low-carbon economic network.
11. Taiwan Quality Food Association 12. Taiwan Association for Food Protection (TAFP) 13. Taiwan Halal Integrity Development Association 14. Chinese HACCP Development Association	To assist in promoting the development of food safety and quality standards and establish a comprehensive food safety protection network.
15. Taipei Cosmetic Industry Association 16. Taiwan Pharmaceutical Manufacturer's Association 17. Chinese Association For Pharmaceutical Agents 18. Taiwan Association for Food Science and Technology 19. Taiwan Health Food Industry Development Association 20. Chinese Health Food Association 21. Winner's Fellowship Affiliated with Taiwan Association for Food Science and Technology	To exchange the information about the latest market conditions and changes in supply and demand and technical information, maintain the balance in the market, increase opportunities for industrial cooperation, and strengthen the industrial structure.
22. Importers and Exporters Association of Taipei 23. Pingdong County Industrial Association 24. Taiwan Accreditation Foundation 25. GS1 Taiwan 26. National Association of Small & Medium Enterprises 27. Taiwan Listed company Association 28. Winner's Fellowship of the Award of Outstanding SMes Affiliated with National Association of Small & Medium Enterpriseszwxw	To grasp the changes in import and export patterns in the market, various industrial certifications, related regulations and policies of enterprises in order to respond to industry trends and comply with various regulations in a timely manner.

1.2 Operational Performance

HQ.Neihu Technology Park

(NTD)

18.5 billion
2020 net profit after tax

82.2 billion
consolidated
revenue in 2020

56

Serving customers in
56 countries around the world

1124+

global service
customer brand partners

632

Employees

95%

A repeat purchase rate
of 95%

1.2.1 Financial Performance

TCI's annual business budgets, capital expenditure budgets, and revenue targets are approved by the board of directors. The accounting unit will explain the financial performance at each board meeting, and it will review the operating conditions and improve the operating policies at the monthly supervisory meeting in order to ensure that the highest-level executives have control over and indeed monitor financial revenues and expenditures.

To establish the value of long-term investments, TCI has set up "actively investing in scientific research and development and technology and production capacity in manufacturing processes," "maintaining a good relationship of trust with the customers", "maintaining a good partnership with suppliers", "pursuing operating income growth and expand market share " and "enhancing profitability and return on investment " as the operating goals.

§ Financial Performance

Item	2018	2018	2019
Total Assets	10,286,740	10,828,618	11,964,858
Total Liability	4,517,698	3,621,117	4,376,455
Total Shareholders' Equity	5,769,042	7,207,501	7,588,403
Operating Revenue	8,098,414	9,566,132	8,223,851
Net profit after tax	1,807,379	2,037,966	1,852,738

1.2.2 Financial Supply In 2020, TCI also actively invested in research and development in accordance with the government's policy directions of “promoting industrial innovation”, “improving the industrial environment” and “improving industrial competitiveness.”

§ **Government Grants Received in 2020** (Unit: NTD)

Project Title	Received	Year of Revenue Recognition	Year of Cash Inflow
Council of Agriculture, Executive Yuan Red Quinoa Fermented Fertilizer Project Subsidy	450,000	2021	2020.12

1.2.3 Industrial Market Environment and Overview

TCI, in the middle and upper reaches of the overall supply chain, takes functional foods (including functional drinks and dietary supplements) and beauty care products as the core of the industry, focusing on research and development of effective ingredients and design, development and production of products. The main operations of the company include searching for biological raw materials in various places, developing new types of raw materials with professional analysis and efficacy verification, providing customized formulas according to customers' needs, and turning the ideas of the customers into competitive products that meet market demands with the patented technologies, coordinated global procurement system and raw material management.

With the popularization of the concept of preventive healthcare and the trend of aging population, the health and functional food market has grown steadily. In 2019, the global dietary supplement market valued at USD 391.8 billion, and it is expected to grow to USD 562.8 billion from 2018 to 2023 with a CAGR of 7.3%. The Asian market has also developed rapidly over past few years. The Chinese market reached CNY 140 billion in 2019, and the overall development trend of dietary supplement products can be expected.

As beauty and skin care are highly valued by female consumers, the beauty care industry has been one of the global giant industries for many years, with the global sales of beauty care products reaching US \$ 507.8 billion in 2019 and a CAGR of 2.2% from 2011 to 2018; it is expected that the CAGR from 2018 to 2021 will increase to 3.3% as consumers in the emerging markets have started to use cosmetics and are using beauty products at an earlier age, and also the popularity of natural and environmentally friendly products are driving industrial upgrade. The Asia-Pacific region is the world's largest market for cosmetics, accounting for 36% of the global market share. In 2019, China's retail sales of beauty and personal care products reached CNY 387 billion, increasing by 6.7% over the previous year.

1.2.3 Industrial Market Environment and Overview

It is expected that the CAGR from 2020 to 2021 will amount to 6.9% with a growth faster than the global market. In terms of products, China's facial mask market size reached CNY 23 billion in 2018 with a CAGR of 15.8% from 2010 to 2017, which is much higher than the 8.7% overall growth rate of the cosmetics industry over the same period, and a growth of the market with high momentum at a CAGR of 9.7% from 2018 to 2024 is expected.

In response to the changes and growth of the industry, TCI will strengthen its global presence, expand R & D investment across the entire value chain, and combine artificial intelligence with production management. It will continue to focus on the development of differentiated, high value-added and environmentally friendly green energy products to create sustainable market opportunities and build long-term competitiveness.

CHAPTER 2 /

Sustainable Operation

and

Management

2.1 Corporate Social Responsibility Policy and Organization

2.2 Response to the UN Sustainable Development Goals

2.3 2020 Sustainable Development History

Material Topic

- Sustainable development strategy and governance

Management Purpose and Approach

TCI shall take the ESG criteria, 3P concept and SDGs as its long-term sustainable strategies and management principles, and it should maintain industry leadership, respond to the needs and expectations of all stakeholders and create diversified values by strengthening the corporate social responsibility policies, optimizing the operation of the sustainability promotion committee, continuously tracking international trends in sustainable development, internalizing and improving specific sustainable blueprint planning and regularly reviewing the results of internal and external assessments.

In response to SDGs



Responsibility/ 2.1 Corporate Social Responsibility Policies and Organization

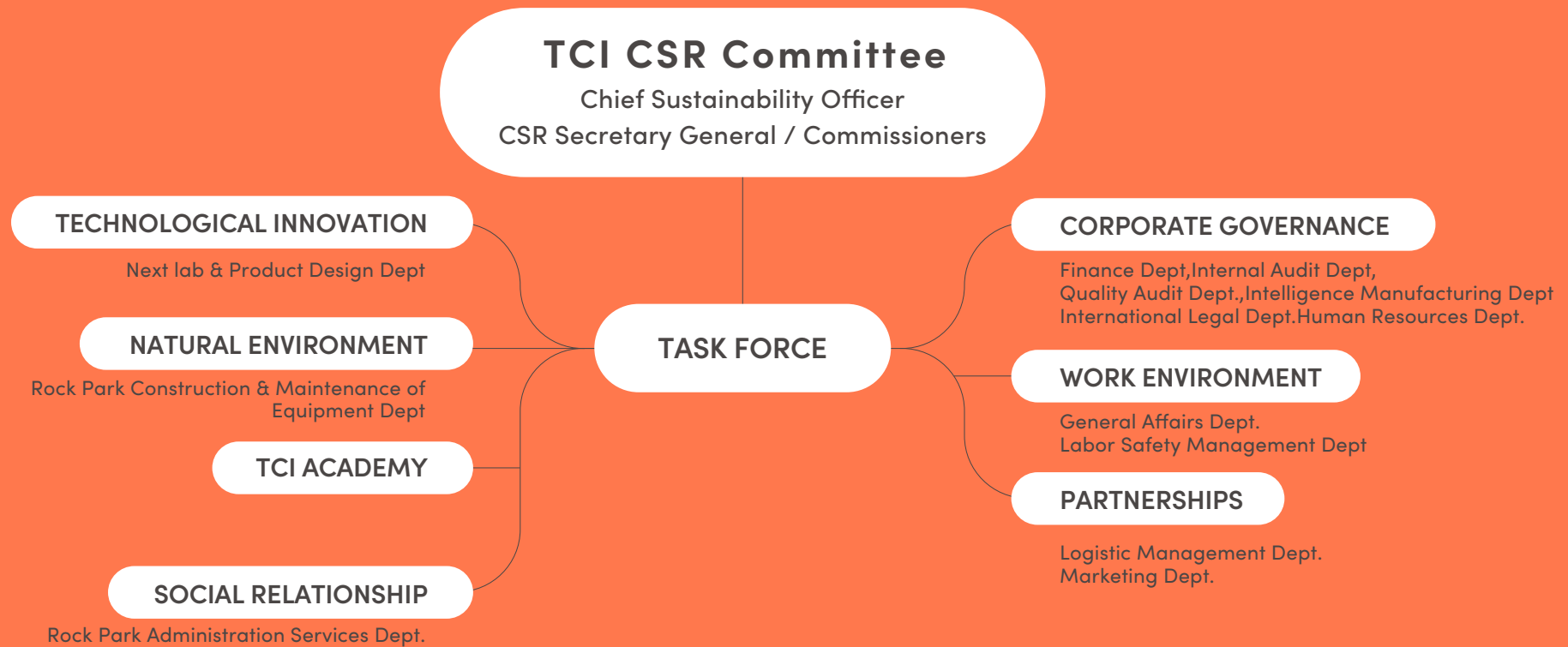
2.1.1 Corporate Social Responsibility Policies

TCI has devoted itself to the corporate sustainable development. Led by the board of directors, TCI comprehensively promotes sustainable governance, and the "Code of Corporate Social Responsibility Practices" has been formulated to implement environmental, social and corporate governance of all-round sustainable operations with "People, Planet, Profit" as the core value.

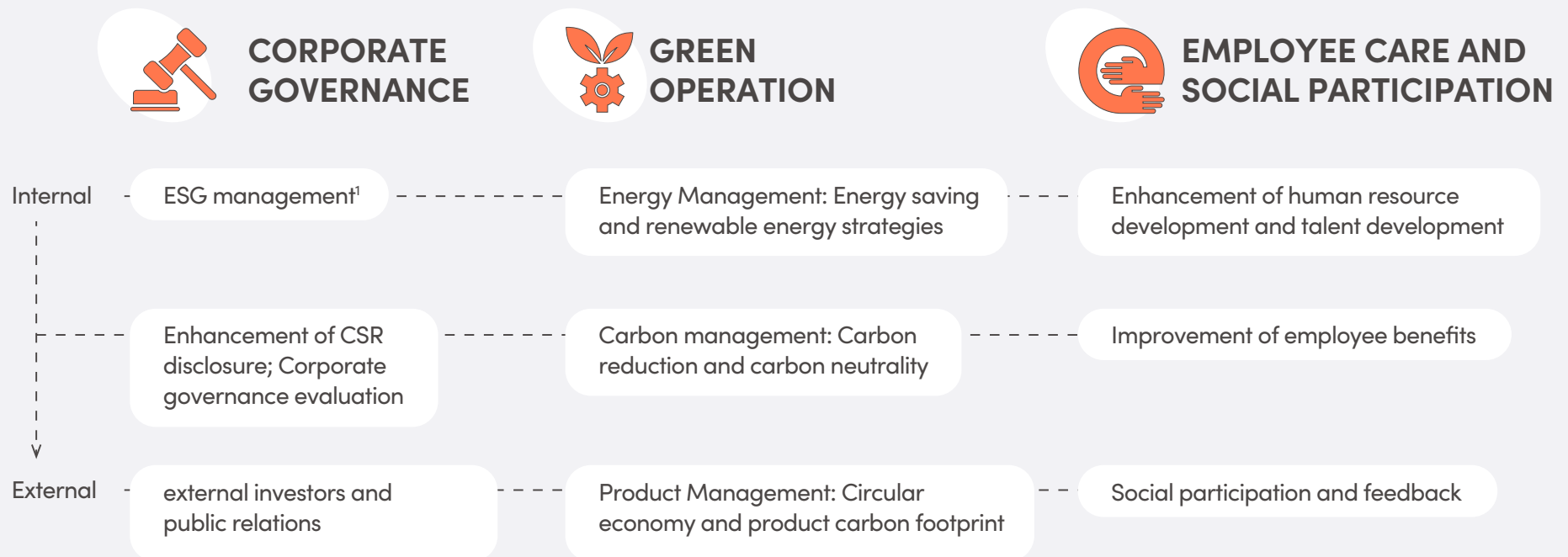
2.1.2 Sustainability Promotion Committee

Under the chairman's office, the Sustainability Promotion Committee takes the board of directors as the highest level. It embodies corporate social responsibility in four aspects: implementing corporate governance, promoting a sustainable environment, promoting social care, and strengthening information disclosure. The committee has one permanent director and one full-time chief secretary, who are responsible for overall planning, decision-making and implementation of the CSR annual strategic project and serve as the channel for internal and external coordination and communication. It studies the risks of related issues and comes up with practical risk response strategies based on its understanding of the needs of the stakeholders, and also it analyzes the trends in the international sustainable development to adjust the implementation policy in a timely manner to meet the consensus and expectations of sustainable management at home and abroad. The committee also has a total of nine representatives from various functional units, who are appointed by the chairman to participate in the discussion of CSR-related projects, provide sufficient cross-departmental implementation resources, report sustainable performance and communicate with stakeholders to jointly promote TCI's internal implementation of the corporate social responsibility system. The Committee prepares a corporate social responsibility report every year. For the economic, environmental and social impact issues arising from TCI's operating activities, the Committee reports the implementation results and future plans to the board of directors on a quarterly basis so that the committee's operation can be reviewed and its performance can be monitored.

§ Organizational Chart for Sustainability Promotion Committee



§ Management Scope of Sustainability Promotion Committee



2.1.3 Promotion Policies and Processes

The Sustainability Promotion Committee communicates with stakeholders through various functional units, identifies the major issues, includes corporate social responsibility into the company's operating activities and the development direction based on the attention the issues receive and proposes the company's goals of corporate social responsibility and vision for the year, which will be approved by the board of directors to promote the plan, and then the relevant policies, systems and management policies are specifically formulated. With the goal of “building a comprehensive carbon reduction and energy saving network” in 2018, a practical promotion plan for sustainable management will be specified. In addition, the Sustainability Promotion Committee will continue to consolidate the major issues of stakeholders' concern, the feedback, the trends in sustainable development at home and abroad and the practices of benchmarking companies and proposes applicable innovation strategies and improvement plans to continuously strengthen the company's sustainable development.

§ 2020 Achievements and 2021 Plan and Goals

Strategic Goal	2020 Achievements	2021 Plans and Goals
In line with International sustainable trends	<ul style="list-style-type: none"> • Responded to the DJSI Questionnaire for the first time • Improved the ranking in the Sustainability sustainable evaluation • Promoted the establishment of the Science Based Targets Initiative (SBTi) • Prepared for the CDP (Carbon Disclosure Project) and conducted CDP for the first time in 2020. 	<ul style="list-style-type: none"> • 10-year carbon-reduction plan in alignment with SBTi criteria • 30% renewable energy use; 100% renewable energy use by 2030
Green manufacturing layout	<ul style="list-style-type: none"> • Formulated renewable energy processes and methods according to energy regulations and energy market prices. • Newly built S12 automatic warehouse obtained the U.S. Green Building Council LEED certification and installed solar panels on the roof to generate power for self-use • Achieved net zero carbon emissions from all factories in Pingtung's Precise iManufacturing center in 2019 through carbon reduction measures and carbon neutrality (PAS 2060). • Cooperated with Sunny Founder to promote the construction of rooftop solar panels in nursing homes for the elderly and did business with Taiwan Renewable Energy Center (T-REC) to give back to nursing homes and integrate green electricity with public welfare. • Optimized the S5 and S9 functional drink and food factory with green renovation • Used the Life Cycle Assessment (LCA) to create zero-carbon products (PAS 2060) 	<ul style="list-style-type: none"> • Development of net-zero carbon products in compliance with PAS 2060 with Life Cycle Assessment (LCA)

§ 2020 Achievements and 2021 Plan and Goals

Strategic Goal	2020 Achievements	2021 Plans and Goals
To launch a green supply chain	<ul style="list-style-type: none"> Strengthened the circular economy business model of agricultural by-products and rare plants Required suppliers to sign and comply with the Sustainability Code of Conduct for Suppliers 	<ul style="list-style-type: none"> Reinforcement of the business model for a agricultural circular economy of raw materials; recognition as Taiwanese Excellence in Recycling by Industrial Development Bureau, MOEA
To improve corporate governance	<ul style="list-style-type: none"> Strengthened hierarchical management of information network security Implemented whistleblower protection policy and whistleblower system Set up company governance officer Established the company governance firewall Board of Directors performance outsourced scoring system Established a complaint filer system and complaint filer protection 	<ul style="list-style-type: none"> Top 5% of the evaluated OTC company governance and promoted to the comprehensive evaluation of listed companies to top 10% (currently top 35%) Followed the general data protection regulations and personal data protection law to stipulate the "Privacy Protection Policy" and published it on the company's official website Optimized internal control and internal audit system Strengthened anti-corruption policy Strengthened the confidentiality of the company's intellectual rights Published the "Prohibition of dishonest behavior and damage to interests of parties" policy Promoted personal information protection advocacy and training Integrity management and internal major information processing advocacy and training
To deepen employee awareness and organizational commitment	<ul style="list-style-type: none"> Promoted the succession plan for leaders and cultivated outstanding talents Provided job rotation opportunities for employees to transfer to offices across various countries and recruited talents from the inside by improving the internal promotion system and multiple promotion opportunities Promoted the proposal reward system and encouraged talent innovation and ideas Create a safe working environment with 0 work safety accident 	<ul style="list-style-type: none"> Provision of diversified training courses and professional on-the-job education and training Quarterly performance appraisal system for salary adjustment Dream Big Plans for employees Employee benefits better than prescribed by the law Activities to bring employees and their families together

2.2 (SDGs) Response to the UN Sustainable Development Goals

GOAL 2

**Zero Hunger**

Sponsored school lunches in elementary schools in Pingtung.

GOAL 3

**Good Health and Well-Being**

1. Implemented occupational safety and health management, maintained the safety of the working environment, no disability injury occurred
2. Established a diversified employee reward system, diversified community activities and welfare measures to promote positive corporate culture
3. Provided weekly sports classes and arranged gym classes at the company to encourage the employees to exercise
4. Provided regular health checks
5. Provided medical consultation, genetic testing and legal consultation for the employees and their families
6. Held the TCI 999 Marathon to encourage the employees to exercise



GOAL 4



Quality Education

1. Promoted industry-academia cooperation and set up Next Lab at ZTE University.
2. Invested in industry-academia collaborative R & D programs and issued a call for papers.
3. Provided diversified internship programs.
4. Provided the employees with online courses and employee training courses to improve the talent development.
5. Held experience camps for college students and science education activities at National Museum of Natural Science for elementary school students.
6. Set up "Corner Bookshelf" in 168 elementary schools in Pingtung, and promote story-telling for students by the employees.
7. Sponsored the Women's Football Team in Laiyi Junior School to support sports development.
8. Purchased 8,000 pineapples from the Shan-Dao Academy of Classical Learning on the Dragon Boat Festival to financially support disadvantaged children and improve their access to educational resources.
8. Cared for the disadvantaged students by providing student aid programs.

2.2 (SDGs) Response to the UN Sustainable Development Goals

GOAL 5



Gender Equality

1. Fostered a gender-friendly workplace environment.
2. Promoted the principles of equal employment opportunity and prohibited all forms of discrimination.



2.2 (SDGs) Response to the UN Sustainable Development Goals

GOAL 7

**Affordable and Clean Energy**

1. Supported the use of renewable energy and installed a solar power generation system on the rooftops of the factories in Pingtung.
2. Joined the international initiative RE100 and committed to 100% use of renewable energy by 2030.
3. Continued to develop renewable energy procurement strategies (self generation, Renewable Energy Certificate (REC), renewable energy power purchase agreement (PPA)) to meet the RE100 commitment.

GOAL 8

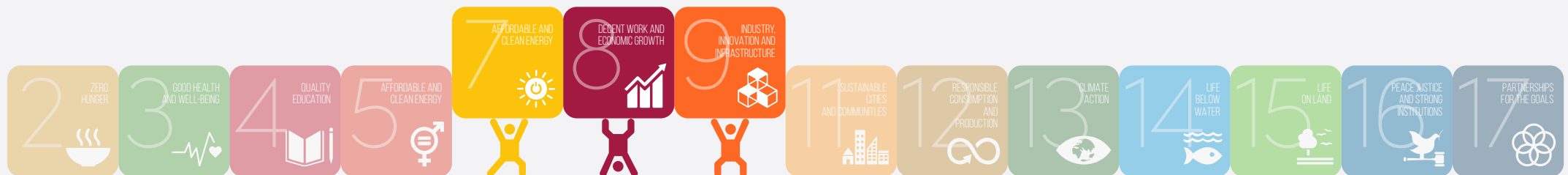
**Decent Work and Economic Growth**

1. Prohibited forced labor and child labor.
2. Reviewed suppliers' child labor prohibition policy.
3. Achieved steady revenue growth and created more employment opportunities.
4. Supported local farmers through contract farming.

GOAL 9

**Industry, Innovation and Infrastructure**

1. Promoted R&D and innovation in biotechnology and created the methodology "Bio-Resource Data Mining".
2. Recruited talents in the fields of biotechnology, R & D and design as an investment in industrial innovation.
3. Installed rainwater recovery systems and air-conditioning condensate water recycling systems in the plants in Pingtung.



2.2 (SDGs) Response to the UN Sustainable Development Goals

GOAL 11



Sustainable Cities and Communities

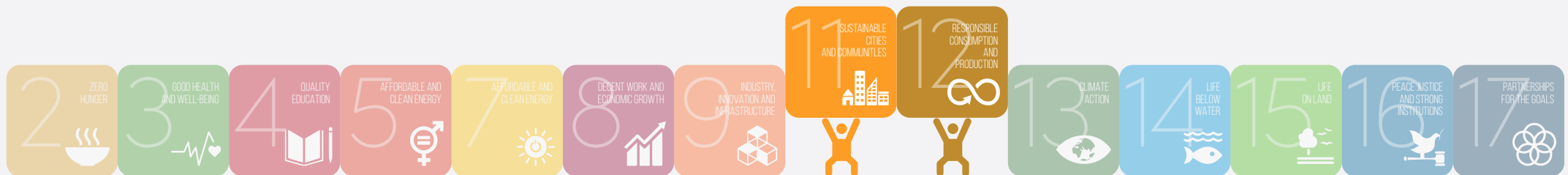
Gave back to local communities and small contract farmers in Pingtung, actively promoted social participation activities, and promoted community prosperity.

GOAL 12



Responsible Consumption and Production

1. Promoted a circular economy on the raw material side and reused agricultural by-products and agricultural waste.
2. Promoted ESG at the annual supplier conference and improved the climate change resilience of the supply chain.



2.2 (SDGs) Response to the UN Sustainable Development Goals

GOAL 13



Climate Action

1. Established an enterprise climate change adaptation system to respond to extreme climate change and reduce natural disaster losses.
2. Reduced carbon emissions voluntarily, reduced greenhouse gas emissions per unit of product, and joined the international initiative EP100 to commit to improving energy productivity and energy efficiency.
3. Disclosed information on climate change and participated in international and national climate policies.
4. Set up "Corner Bookshelf" in various elementary schools in Pingtung, with the employees introducing the students to books on climate change and environmental sustainability in order to help students understand the importance of sustainability.

GOAL 14



Life below Water

Participated in marine conservation and raised awareness of environmental protection awareness by releasing sea turtles in cooperation with National Museum of Marine Biology & Aquarium.

GOAL 15



Life on Land

Established the world's first eco facial mask factory to reduce negative impacts of company operations on the terrestrial ecosystem and obtained LEED Silver Certification from the U.S. Green Building Council.



2.2 (SDGs) Response to the UN Sustainable Development Goals

GOAL 16



Peace, Justice and Strong Institutions

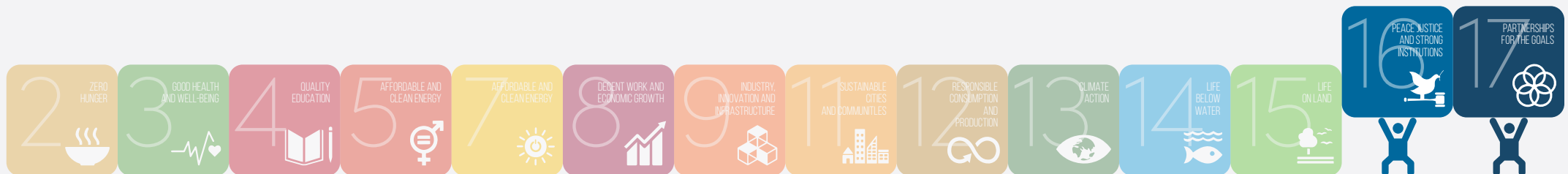
1. Formulated "Principles of Integrity Management" and "Code of Ethical Conduct" to respond to the Ten Principles of the UN Global Compact and proclaimed the importance of anti-corruption
2. Conducted employee education and training on professional ethics, anti-corruption, etc. and enhance the employees' awareness of legal compliance.
3. Provided multiple channels for communication and complaints.

GOAL 17



Partnerships for the Goals

1. Implemented corporate sustainability commitments and actively participated in international climate and carbon reduction initiatives

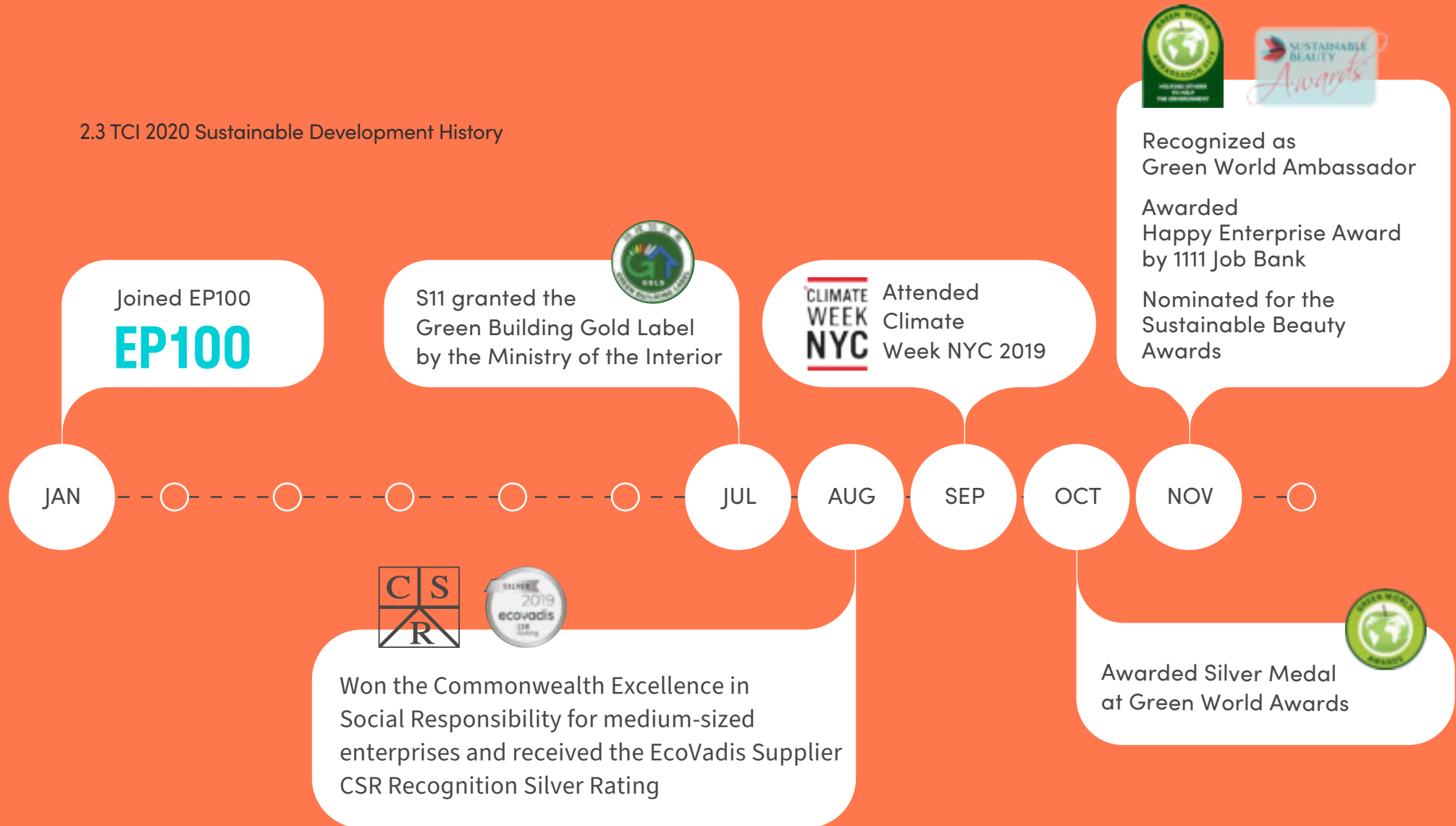


2.2.1 Response to The United Nations Global Compact

The United Nations Global Compact has developed 10 principles, which a company should apply to its operational strategies and policies in four areas: human rights, labor, environment and anti-corruption. Emphasizing integrity management, TCI has made a voluntarily disclosure and aligned itself to the 10 principles of The United Nations Global Compact. Based on its core values, TCI has been actively developing action plans for corporate social responsibility and integrating management strategies, corporate culture and daily operations to meet the international community's expectations for a responsible enterprise.

Area	10 Principles		Relevant Sections	Page
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights 4.5.2 Policy for Supplier Sustainability Management	105 111 62
	Principle 2	make sure that they are not complicit in human rights abuses.	6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights 4.5.2 Policy for Supplier Sustainability Management	105 111 62
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	6.2.4 Respect for Human Rights 4.5.2 Policy for Supplier Sustainability Management	111 62
	Principle 4	the elimination of all forms of forced and compulsory labour;	6.2.4 Respect for Human Rights 4.5.2 Policy for Supplier Sustainability Management	111 62
	Principle 5	the effective abolition of child labour; and	6.2.4 Respect for Human Rights 4.5.2 Policy for Supplier Sustainability Management	111 62
	Principle 6	the elimination of discrimination in respect of employment and occupation.	6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights 4.5.2 Policy for Supplier Sustainability Management	105 111 62
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	5 Environmental Protection 4.3 Risk Management and Legal Compliance 4.5.2 Policy for Supplier Sustainability Management	76 55 62
	Principle 8	undertake initiatives to promote greater environmental responsibility; and	5 Environmental Protection 4.3 Risk Management and Legal Compliance 4.5.2 Policy for Supplier Sustainability Management	76 55 62
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.	5 Environmental Protection 4.3 Risk Management and Legal Compliance 4.5.2 Policy for Supplier Sustainability Management	76 55 62
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	4.2 Integrity Management 4.3 Risk Management and Legal Compliance 4.5.2 Policy for Supplier Sustainability Management	53 55 62

2.3 TCI 2020 Sustainable Development History



CHAPTER 3 /

Stakeholder

Engagement

3.1 Stakeholder Identification and Communication

3.2 Materiality Analysis

Material Topic

- Comprehensive communication channels

Management Purpose and Approach

TCI shall establish multiple communication channels for the stakeholders to submit opinions or complaints and ensure that its operational strategies and development goals meet the expectations of the stakeholders by actively communicating with the internal and external stakeholders, establishing an independent complaint investigation mechanism, responding to their needs promptly and appropriately.

Related to (SDGs)



3.1 Stakeholder Identification and Communication

TCI has been actively promoting integrity management and corporate social responsibility and has managed to understand the expectations and needs of stakeholders through timely communication. TCI has strengthened the external disclosure of information on the climate change response and corporate social responsibility and ensured the timeliness and correctness of the information disclosure in order to timely and properly address important issues of concern to stakeholders.

3.1.1 Stakeholder Identification

Through internal meetings of the Sustainability Promotion Committee, TCI has listed the potential stakeholders, including the employees, the customers, the suppliers, the investors (including shareholders), the government, communities, the media, non-profit organizations, academic research institutions, associations, the competitors and banks. Then, according to the five major principles (Dependency, Responsibility, Attention, Impact and Diverse Perspectives) of the International AA 1000 Stakeholder Engagement Standard (SES) 2015 and based on the trends in sustainable development and operational requirements in combination with a materiality analysis, six categories of the major stakeholders in significant relation to TCI have been identified, including the employees, customers, suppliers, investors (including shareholders), communities and governments.

3.1.2 Stakeholder Communication and Response

To handle and respond to the issues of the stakeholders' concern, the CSR Sustainability Promotion Committee of TCI first collects information from all the contact persons and then distributes the information to the units or project teams responsible to respond to the issues in each department. TCI, through its diversified and unobstructed communication channels, ensures that it understands the stakeholders' expectations and reflects to the responsible units and the senior management all the information and feedback, which shall serve as an important reference for the formulation of operating policies and corporate social responsibility activities as well as the composition of the CSR report for the next fiscal year.

The regular communication channels include the official website of TCI, the Market Observation Post System, email, the annual reports, the investor meetings, the shareholder meetings, Facebook, TCI Industry Weekly Reports, the technical manuals, the exhibitions, the yearbooks and the CSR reports. Stakeholders can learn about the company's important information from the TCI official website and the Market Observation Post System at any time, make contact through email or Facebook, and also read the annual report issued every year and the corporate social responsibility report, which is issued for the first time this year to present the the financial performance and non-financial performance of TCI; for the performance of each issue, please refer to the relevant sections.

IR@tci-bio.com provided for the stakeholders can be found on: <http://www.tci-bio.com/>

§ Major Stakeholders

Stakeholders	Relations	Issues of Concern	Communication Channels	Communication Frequency	Contact Person
Employees	<ul style="list-style-type: none"> • Full-time employees • Contract employees • Part-time employees 	<ul style="list-style-type: none"> • Labor management consultation meetings • Employee salaries and benefits • Talent cultivation and employee training • Occupational safety and health • Employee diversity and equal opportunities • Innovation and R&D 	<ul style="list-style-type: none"> • Labor management consultation meetings • Employee performance • Career development assistance (including education training and lectures) • Meetings of the employee welfare committee • Internal website of the company • Email 	<ul style="list-style-type: none"> • Half-yearly • Quarterly • Irregular • Irregular • Irregular 	Remi Lee Remi.Lee@tci-bio.com
Customers	<ul style="list-style-type: none"> • Brand customers at home and abroad 	<ul style="list-style-type: none"> • Customer relationship management • Customer privacy • Innovation and R & D • Consumer health and safety • Green product liability • Labor rights 	<ul style="list-style-type: none"> • CSR website, CSR reports • Customer satisfaction surveys • Business review meetings with customers • Technical reports • Industry Monthly Reports • Customer audits • Company's official website 	<ul style="list-style-type: none"> • Yearly • Yearly • Yearly • Quarterly • Monthly • Irregular • Irregular 	Jack Chiu Jack.Chiu@tci-bio.com
Suppliers	<ul style="list-style-type: none"> • Suppliers • Contractors • Outsourced manufacturers 	<ul style="list-style-type: none"> • Risk management • Supplier sustainability management • Information system security management • Customer relationship management 	<ul style="list-style-type: none"> • CSR website, CSR reports • Questionnaires and annual audits and site visits • Supplier conferences • Regular business review meetings • Instructions for environmental health and safety management 	<ul style="list-style-type: none"> • Yearly • Yearly • Yearly • Quarterly • Irregular 	Christine Lin Christine.Lin@tci-bio.com

§ Major Stakeholders

Stakeholders	Relations	Issues of Concern	Communication Channels	Communication Frequency	Contact Person
Investors	<ul style="list-style-type: none"> • Institutional investors • Shareholders 	<ul style="list-style-type: none"> • Economic performance • Corporate governance system • Risk management • Customer relationship management • International participation • Energy saving and carbon reduction 	<ul style="list-style-type: none"> • CSR website, CSR reports • Annual shareholder meetings • Annual investor meetings • Financial annual reports • Presentations on quarterly results • Monthly revenue announcements • Company's official website • Email (for shareholder services) • Investor forums • Visits by institutional investors, individual investors and shareholders 	<ul style="list-style-type: none"> • Yearly • Yearly • Yearly • Yearly • Quarterly • Monthly • Irregular • Irregular • Irregular • Irregular 	Remi Lee Remi.lee@tci-bio.com
Communities	<ul style="list-style-type: none"> • Communities around the factories • Pingtung Agricultural Biotechnology Park 	<ul style="list-style-type: none"> • Social participation • Legal compliance • Environmental protection • Green product liability • Indirect economic impacts • Community giving programs 	<ul style="list-style-type: none"> • CSR website, CSR reports • Corporate donations or donations for welfare activities • Industry-academia-research cooperation • Company's official website • Email 	<ul style="list-style-type: none"> • Yearly • Irregular • Irregular • Irregular • Irregular 	Michael Chou Michael.Chou@tci-bio.com
Governments	<ul style="list-style-type: none"> • Competent authorities • City and county governments 	<ul style="list-style-type: none"> • Corporate governance system • Labor rights • Legal compliance • Energy management • mission management • Occupational safety and health 	<ul style="list-style-type: none"> • Official documents • Market Observation Post System • Company's official website • Government-organized events 	<ul style="list-style-type: none"> • Timely • Timely • Timely • Irregular 	Stanley Huang Stanley.Huang@tci-bio.com

3.1.3 Stakeholder Complaint Mechanism

Communication channels for stakeholders of TCI:

(1) To maintain smooth communication and effective interaction, an external stakeholder can send an email to the company (email address: tci@tci-bio.com) or send an anonymous letter to the headquarters in Taipei for any question, suggestion or complaint about any issue related to the operations of TCI. The International Legal Department will conduct an investigation within 2 working days as soon as possible after receiving a complaint. If any specific evidence is found in the investigation that proves that facts in the complaint, an interdepartmental investigation will be conducted to collect further evidence and the results of the investigation should be reported to the board of directors.

(2) An internal employee or manager of the company can submit a complaint or a whistleblowing report to the Audit Department via external email or by other means. An ad hoc group of investigators in the Audit Department will be established and conduct an interdepartmental investigation within 3 days and report the results to the board of directors. The ad hoc group of investigators and persons related to the investigation are required to ensure that the identity of the whistleblower, the investigation process and the content of the complaint or the whistleblowing report are confidential and prevent improper actions against the whistleblower. TCI did not receive any complaint or whistleblowing report in 2020.

§ Protection measures for whistleblowers

- The company shall ensure that the identity of the whistleblower is confidential and protect the whistleblower from retaliation by the organization or persons involved.
- The company shall not dismiss or reassign a employee who submits a whistleblowing report, or take any improper action against this employee or a supplier who submit a whistleblowing report unless the employee or the supplier commit an illegal act.
- The investigators in the ad hoc group and persons related to the investigation shall be obliged to keep the investigation process and the content of the whistleblowing report absolutely confidential.
- The ad hoc group of investigators should make a written record of the handling process of the whistleblowing report, keep the record sealed and store it with personnel data for five years.

3.2 Materiality Analysis In order to understand the degree of concern of stakeholders about TCI's sustainable issues and the impact of various sustainable issues on the company's operations and to enable the corporate social responsibility report to achieve effective communication with stakeholders, TCI, through a materiality analysis,

has organized the sustainability issues of major concern to stakeholders which would cause a significant impact on the company's operations; based on the analysis, TCI has arranged the order of the material issues, defined the boundaries for disclosure in the CSR report and set up the goals of internal sustainability management so as to continuously improve sustainable operational performance, strengthen information disclosure and take necessary measures.

As an international corporate citizen, TCI not only maintains smooth interaction with stakeholders through daily business, but it has also collected information as follows:

- External information: International trends and norms related to corporate social responsibility (including CDP, DJSI, Sustainalytics, MSCI, GRI, EcoVadis, etc.), international initiatives (including SDGs, RE100, EP100, EV100, etc.), customer requirements, the issues of concern of the industry, seminars, non-profit organizations, non-governmental organizations, third-party evaluation agencies, etc., information from the Environmental Resource Database of Environmental Protection Administration Executive Yuan, R.O.C.(Taiwan), information from Harvard Business Review, the Bloomberg ESG disclosure scores, material issues for international benchmarking companies and the domestic peers, Taiwan Corporate Sustainability Awards 2019, criteria for Commonwealth CSR Awards, the Global Views CSR Annual Survey, the Global Risks Report 2020 published by World Economic Forum (WEF), the Sustainability Topics for Sectors published by GRI, social events and current affairs;

- Internal information: TCI's business philosophy, technical reports, industry monthly reports, job descriptions and plans of each unit, Code of Conduct of CSR, employee communication channels, etc.;

Through the above-mentioned collection of external and internal information and the classification in accordance with the GRI Standards, the 23 sustainable issues of most concern of the stakeholders have been compiled and classified into environmental, social, and governance issues. And through the materiality investigation and analysis process of the Sustainability Promotion Committee, 14 major sustainability issues with high levels of attention from stakeholders and high impact on the company's operations have been identified.

§ Process for Identification of Material Issues

			Governance	Environmental	Social
Identification	<p>6 Types of stakeholders 6 types of stakeholders have been identified based on AA 1000 SES: employees, customers, suppliers, investors (including shareholders), communities and governments.</p> <p>23 Sustainability Issues 23 sustainability issues have been compiled through internal and external information collection, including CSR norms and standards, international initiatives, business strategies and goals, and major issues for benchmarking companies, etc.</p>	<p>CSR Norms/Standards : CDP, DJSI, Sustainalytics, MSCI, GRI, EcoVadis</p> <p>International Initiatives : SDGs, RE100, EP100, EV100</p> <p>Business Strategy : Business philosophy and goals</p> <p>Stakeholder Communication : Information collection of 6 types of stakeholders</p> <p>Benchmarking companies : Material issues for international benchmarking companies and the domestic peers</p>	<p>Business performance</p> <p>Business integrity</p> <p>Legal compliance</p> <p>Risk management</p> <p>Complaints and whistleblowing</p> <p>Innovation and R&D</p> <p>Customer relationship management</p> <p>Supplier sustainability management</p> <p>Food and cosmetics safety</p>	<p>Climate change</p> <p>Energy management</p> <p>Green product liability</p> <p>Environmental pollution management</p> <p>Water management</p> <p>Waste management</p>	<p>Labor/Management relations</p> <p>Equality of labor rights</p> <p>Talent cultivation</p> <p>Talent employment and retention</p> <p>Occupational health and safety</p> <p>Social participation</p> <p>International participation</p>
Analysis	<p>Investigation and Analysis by 11 Members of Sustainability Promotion Committee Based on the communication and interaction between the departments of the members and various stakeholders, the 11 members have rated the "degree of concern" that stakeholders show for various issues; and based on the impact of the issues on the economy, environment and society, five major factors (revenue, operational risk, customer partnership, environmental impact, and social impact) have been defined to evaluate the "impact levels" of various issues.</p>	<p>11 members of Sustainability Promotion Committee</p> <p>↓</p> <p>Communication with 6 types of stakeholders</p> <p>degree of concern</p> <p>Rating of 5 major factors - Revenue/Operational risk/Customer partnership/ Environmental impact/Social impact</p> <p>Impact level</p> <p>↓</p> <p>10 governance issues / 6 environmental issues / 7 social issues</p>			
Approval	<p>14 Material Sustainability Issues A matrix of major issues was created based on the results of the investigation and analysis on the degree of concern and impact level carried out by the members of Sustainability Promotion Committee; after the matrix was approved by the Sustainability Promotion Committee and the senior management, 14 key major sustainable issues have been identified as the issues to be disclosed in the TCI CSR Report.</p>				

§ Description of Material Sustainability Issues and Related GRI Standards, Management Policy and Relevant Sections

Area	Sustainability Issue	Description of the Issue	Related to (GRI Standards)	Management Policy	
				Relevant Sections	Page
Governance	Business performance	Economic performance of operations and investment gains and losses	201 Economic Performance	1.2 Operational Performance	19
	Business Integrity	Ethical integrity, political donations	102 Ethics and integrity 205 Anti-corruption 206 Anti-competitive Behavior	4.2 Business Integrity	54
	Legal compliance	Legal compliance of the company	307 Environmental Compliance 419 Socioeconomic performance	4.3 Risk Management and Legal Compliance	55
	Risk management	Risk identification and control at all levels, internal control, disaster emergency response mechanism	102 Governance 201 Economic Performance	4.3 Risk Management and Legal Compliance	55
	Complaints and whistleblowing	Whistleblowing channels, whistleblower protection system, stakeholder complaint channels and mechanism	102 Stakeholder engagement	3.1.3 Stakeholder Complaint Mechanism	41
	Innovation and R&D	Innovative products, patents, intellectual property, certification, R & D potential, industry-academia cooperation	201 Economic performance	4.6 Accumulation of Innovative Energy 1.1.4 Innovative Business Model	71 11
	Customer relationship management	Customer privacy, customer satisfaction and relationships of trust	418 Customer privacy	4.4 Customer Partnership	61
	Supplier sustainability management	Supply chain relationships, procurement standards, local and green procurement ratios	308 Supplier Environmental Assessment 414 Supplier Social Assessment	4.5 Supplier Sustainability Management	62
	Food and cosmetics safety	Quality management and continuous improvement, compliance with international standards and norms	416 Customer Health and Safety	5.4 Green Product Liability	95
	Information system security management	Information security policy and system implementation	418 Customer Privacy	4.4 Customer Partnership	61

Note: the 14 material sustainability issues highlighted in different colors are the issues primarily disclosed in the TCI CSR Report.

§ Description of Material Sustainability Issues and Related GRI Standards, Management Policy and Relevant Sections

Area	Sustainability Issue	Description of the Issue	Related to (GRI Standards)	Management Policy	
				Relevant Sections	Page
Environment	Climate change	Greenhouse gas emissions and reductions	201 Economic Performance 305 Emissions	5.1 Risk Management of Climate Change 5.2 Greenhouse Gas Management	78 86
	Energy management	Energy use management, renewable energy use progress, and implementation of energy saving measures	302 Energy	5.3 Energy Management	85
	Green product liability	Resource consumption and recycling practices, circular economy	301 Materials	1.1.5 Sustainable Products and Services 5.4 Green Product Liability	15 95
	Environmental pollution management	Legal compliance with environmental regulations, environmental pollution control, prevention and management status	306 Effluents and Waste 307 Environmental Compliance	5.5 Environmental Pollution Management	98
	Water resource management	Water intake, water conservation and water recycling management	303 Water and Effluents	5.5.3 Water Resource Management	100
	Waste management	Waste reuse and recycling	306 Effluents and Waste	5.5.2.2 Waste Management	99

Note: the 14 material sustainability issues highlighted in different colors are the issues primarily disclosed in the TCI CSR Report.

§ Description of Material Sustainability Issues and Related GRI Standards, Management Policy and Relevant Sections

Area	Sustainability Issue	Description of the Issue	Related to (GRI Standards)	Management Policy	
				Relevant Sections	Page
Society	Labor/Management relation	Salaries, benefits, rewards and retirement systems, labor-management communication channels	201 Economic Performance 402 Labor/Management Relations 407 Freedom of Association and Collective Bargaining	6.2 Labor/Management Relations and Protection of Human Rights 6.4 Salaries, Benefits and Employee Care	108 117
	Equality of labor rights	Gender equality, ethnic diversity, youth labor, prohibition of child labor, etc.	406 Non-discrimination 408 Child Labor 409 Forced or Compulsory Labor 412 Human Rights Assessment	6.2.4 Respect for Human Rights	111
	Talent cultivation	Employee performance evaluation, education and training, organizational learning and career development	404 Training and Education	6.3 Talent Management and Career Development	113
	Talent employment and retention	Talent attraction, employment, employee communication, organizational commitment and sense of belonging	401 Employment 405 Diversity and Equal Opportunity	6.1 Talent Employment	103
	Occupational health and safety	Prevention and management of disasters and occupational diseases	403 Occupational Health and Safety	6.5 Management of Occupational Health and Safety	123
	Social participation	Social welfare activities, community building, cooperative education, social relations, etc.	203 Indirect Economic Impacts 413 Local Communities	7 Social Participation	126
	International participation	International climate action participation and cooperation	302 Energy 305 Emissions	2.3 TCI 2019 Sustainable Development History	36

Note: the 14 material sustainability issues highlighted in different colors are the issues primarily disclosed in the TCI CSR Report.

Business Integrity

CHAPTER 4 /

4.1 Corporate Governance Structure

4.2 Business Integrity

4.3 Risk Management and Legal Compliance

4.4 Customer Partnership

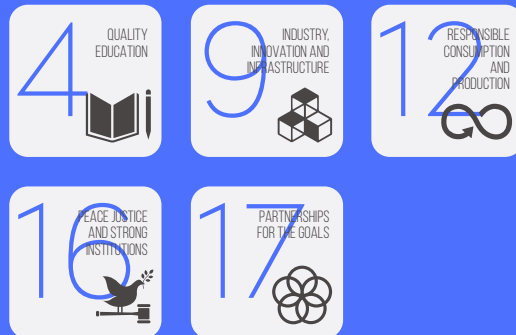
4.5 Supplier Sustainability

4.6 Accumulation of Innovative Energy

Material Topics

- Corporate governance
- Risk management
- Legal compliance
- Sustainable supply chain development
- Industry innovation

Related to (SDGs)



Management Purpose and Approach

- TCI shall reduce the potential risks of corporate operations and avoid goodwill impairment and financial and asset losses by implementing corporate governance principles, strengthening the supervisory mechanism of the board of directors, promoting risk management systems, and performing external evaluations and internal controls.
- TCI shall ensure the sustainable development of the supply chain by requiring suppliers to follow the Supplier Code of Conduct issued by TCI, signing the Supplier Declaration, and requiring that during the manufacturing process, suppliers must comply with laws and regulations (including labor, human rights, health and safety, and environmental protection standards).
- TCI shall proactively invest resources to promote scientific R & D and innovation, with differentiation, high-tech intelligence, big data and high added value as the core values, combined with the global deployment of patents and trademarks to consolidate the position of the leader in the biotechnology industry and become a preferred partner for leading international brands.



865

Patents Pending
Worldwide

391

Patents Granted

1275

Trademarks
Pending Worldwide

931

Trademarks
Registered

70

Awards at Top 12
International Invention
Exhibitions

6.04%

of Total Revenue
Spent on R&D

4.1 Corporate Governance Structure

TCI has committed itself to strengthening the company's system, facilitating the effective operation of the board of directors and ensuring financial transparency. With the operational strategies developed on the basis of “Trust,” “Intelligence” and “Creation,” TCI has enhanced corporate governance and risk management to protect the shareholders' rights and ensure sustainable development.

4.1.1 Operations of the Board of Directors

Board of Directors The board of directors of TCI comprises 5 to 9 directors in accordance with the Articles of Incorporation, and the term of office is 3 years. The directors are elected by the shareholders' meeting from the nominees nominated by The Nomination Committee by implementing the “Candidate Nomination System”; the nomination is first reviewed in accordance with the regulations concerning the diversity and independence on the board as stipulated in the Corporate Governance Code and agreed by the current board of directors before election. The directors are eligible for re-election. The current board of directors is composed of 7 directors with extensive experience and professional qualifications required for business, legal, financial, accounting or corporate operations. In order to effectively manage and avoid conflicts of interest, 4 of the 7 directors are independent directors, each providing objective opinions and supervision on their professional fields and assisting the board in making the most beneficial decisions for the company and shareholders. A total of 8 board meetings were held in 2020 with an average attendance rate of 100%. Important resolutions were immediately announced on the Market Observation Post System launched by the Taiwan Stock Exchange Corporation (TWSE) and the "Investor Relations" section of the official website of TCI. The board of directors conducts a performance self-evaluation based on the “Self-Evaluation or Peer Evaluation of the Board of Directors” every year and publishes the results of the self-evaluation on the official website of TCI.

In order to improve the supervision function and strengthen the management mechanism, the board of directors abides by internal control and risk management rules and authorizes the establishment of the Audit Committee, Remuneration Committee and Audit Department to assist the board of directors in fulfilling their supervisory duties. The Audit Committee and Remuneration Committee are composed of independent directors. In addition, the Chairman's Office is a specific unit in charge of promoting corporate governance with a full-time corporate governance staff member who must have experience in the management of the board affairs of a public company. In order to promote the diversity of the board of directors, TCI placed 2 female directors in 2020 to strengthen the value of diversity and equality.

§ Members of the Board

Title	Name	Main education and experience	Gender
Chairman	Yongxiang Lin	Bachelor of Botany, National Chung Hsing University, Taiwan Deputy General Manager, TCI Co, Ltd.	Male
Director	Bishu Li	PMBA, NTU Deputy General Manager, PwC Taiwan Senior Manager, Ernst & Young Taiwan	Female
Director	Tomiya Takamatsu	Bachelor of Economics, Kyoto University, Japan Director at Dydo Group Holdings, INC.	Male
Independent Director	Shu-Min He	Master's Degree in Accounting, National Taiwan University Certified Public Accountant, PwC	Female
Independent Director	Shih-Ming Li	Bachelor degree of Medicine, National Defense Medical Center Physician at Liming Obstetrics and Gynecology Clinic Director of Obstetrics and Gynecology Department, Air Force General Hospital Head of Reproductive Medicine Center, Air Force General Hospital	Male
Independent Director	Songyuan Liao	Ph.D., National Chung Hsing University, Taiwan Associate Professor of Life Sciences, National Chung Hsing University, Taiwan	Male
Independent Director	Zhenyi Gao	Ph.D. in Chemistry, Tufts University Professor at Graduate Institute of Biochemistry, National Chung Hsin University, Taiwan	Male

Note: For the detailed background, experience, adjunct positions, intersect holdings and relationship disclosure of the directors; please refer to TCI 2020 Annual Report and the Market Observation Post System.

Audit Committee

The Audit Committee shall consist of all independent directors, at least one of whom has accounting or financial expertise. The meetings of the Audit Committee are held quarterly before the board meetings to review the implementation of the company's internal control system and major financial operations and to communicate and interact with certificated public accountants to effectively monitor the company's operations and risk management. With the professional division of labor and independent positions of the members, the Committee assists the board of directors in carrying out their supervisory duties and increase the company's financial reliability and credibility. The audit committee mainly assists the board of directors in fulfilling the company's quality and integrity in the execution of accounting and auditing, financial reporting processes and financial controls. It has the right to conduct any appropriate audits and investigations and communicates with the company's internal auditors, certificated public accountants and all employees. There are direct channels for communication; the Audit Committee also has the right to hire and supervise lawyers, accountants or other consultants to assist them in performing their duties. A total of 6 meetings were held in 2020, with an average attendance rate of 100%. Information about the meeting was disclosed in TCI 2020 Annual Report and on the Market Observation Post System.

Remuneration Committee

The Remuneration Committee is composed of all independent directors. In order to pursue business integrity and avoid improper collusion and unreasonably high remuneration, the Remuneration Committee assists the board of directors in formulating, regularly reviewing the performance evaluations of the directors, supervisors and managers, as well as policies, systems, standards and structures for salaries and remuneration, evaluating and approving the directors' and managers' salaries and remuneration. At the beginning of each year, the evaluation items, goals and weighting percentages are determined based on the internal and external business development status with the performance and salary levels in the industry taken into consideration, and the Remuneration Committee reviews and reports the evaluation items, goals and weighting percentages to the board of directors for resolution. In addition, the committee regularly reviews the linkage between salary and welfare measures and the industrial market and company performance to set wages and benefits based on the average level in the industry. A total of 4 meetings were held in 2020, with an average attendance rate of 100%.

§ Director's Remuneration

Interval of Remuneration	Full Name of Directors
Less than NT\$ 1 million	Yongxiang Lin, Bishu Li, Tomiya Takamatsu, , Shu-Min He, Shih-Ming Li, Songyuan Liao, Zhenyi Gao
NT\$ 50 million to 100 million	Yongxiang Lin

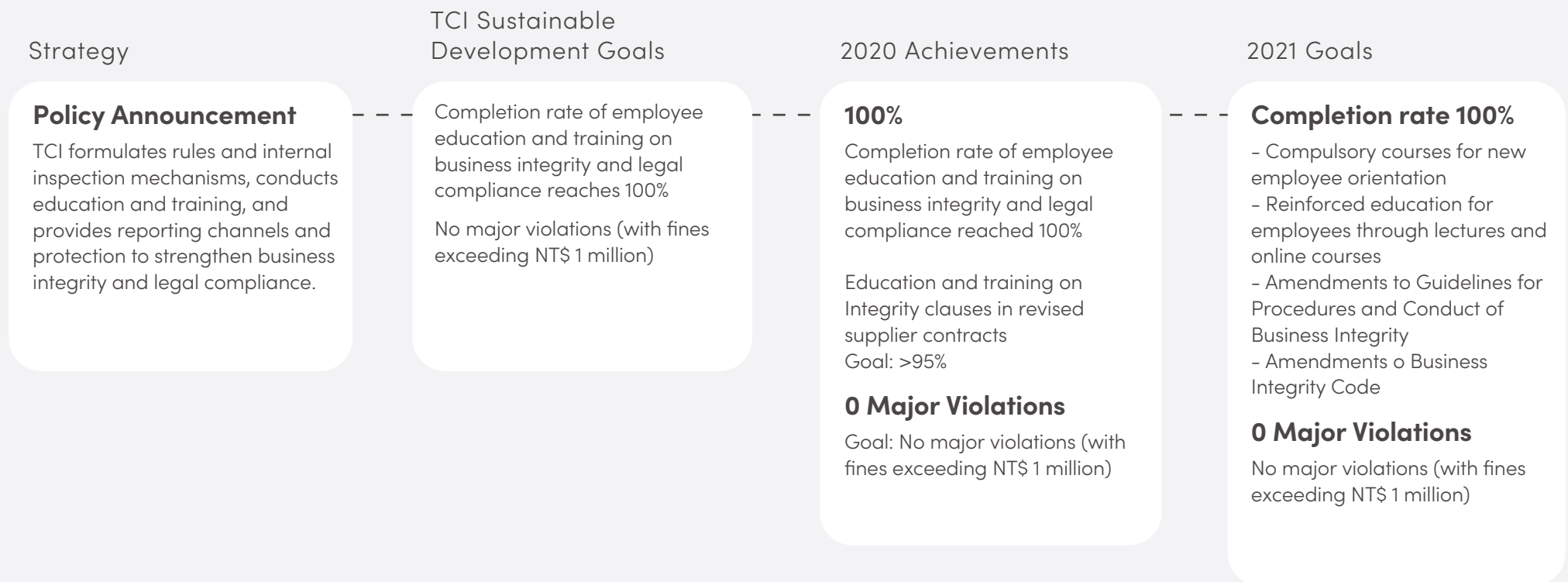
Audit Department

The Audit Department is directly subordinate the Board of Directors. According to the Internal Audit Regulations, the Internal Audit Implementation Rules and the Internal Audit Operation Manual, the Department conducts internal audits in TCI and the reinvested subsidiaries over which TCI has substantial control and tracks the improvement. Based on the results of the risk assessment, the Audit Department formulates annual audit plans, which are then approved by the board of directors. The director of the Internal Audit Department is required to report existing deficiencies or potential risks to management immediately and also report important findings discovered during audits to the board of directors on a regular basis. If necessary, reports can be presented to the chairperson and the Audit Committee at any time.

Enhancement of Information Disclosure and Communication with Shareholders

TCI values information disclosure in both Chinese and English and communication with its domestic and foreign investors. TCI embarked on the enhancement of information disclosure in English in 2018, the Document Management Department was thus established with a direct subordinate unit, the Translation Room, to ensure overall translation quality and efficiency. TCI holds investor meetings every year to announce its financial performance and business overview and directly explain its long-term strategic planning and future development blueprint to the investors and the media, and also on the "Investor Relations" section of its official website, TCI updates its business information and financial performance, which is explained by the deputy general manager cum spokesperson in charge of investor relations in audio-visual mode, every month so that investors at home and abroad can keep abreast of the latest information and progress of the company.

4.2 Business Strategy



4.2.1 Code of Business Integrity

TCI takes "Integrity" as the highest principle of business operations and establishes an audit department to implement a complete internal audit mechanism. TCI has formulated internal rules and regulations, such as the "Business Integrity Code," "Guidelines for Procedures and Conduct of Business Integrity," "Code of Corporate Governance Practice," "Code of Conduct of Directors and Senior Management," "Statement of Internal Control." These rules and regulations all clearly disclose the company's business integrity policy and require that the overall operations of the company and its subsidiaries should comply with regulations stipulated by the government or related to the industry, adhere to a high standards of professional ethics, respect for the market economy, refrain from unfair and anti-competitive practices, meet its tax obligations, anti-bribery and corruption, and establish appropriate management systems to maintain robust market mechanisms and structures and create a level playing field, thereby reducing economic risks and promoting overall economic stability and prosperity. Since 1980, TCI has not been involved in any anti-competitive, anti-monopoly and corruption incidents.

§ Specific regulations for business integrity

- TCI prohibits any bribery.
- TCI prohibits any unlawful political donation.
- TCI prohibits any improper donation or sponsorship.
- TCI prohibits the offering or acceptance of any unreasonable gift, unreasonable hospitality, or any improper benefit..
- TCI prohibits the leakage of trade secrets to protect customer data.
- TCI prohibits insider trading.
- TCI prohibits deception, misleading, fraud, and any behavior that undermines consumer trust and harms consumer rights.
- Directors and managers shall abide by the principles for avoidance of conflict-of-interest infringement with regard to personal interests related to business affairs.

4.2.2 Anti -Corruption Codes

Every year, TCI regularly or irregularly provides anti-corruption courses and training for its employees and requires all new recruits to participate in 8 hours of training courses for new employee orientation. Among these courses, a 1-hour course on integrity and ethics is arranged, and the training rate for newcomers reaches 100%. In 2020, a 30-minute course on insider trading prevention and business with 960 participants and a 1-hour advanced course on insider trading, taken by 170 employees, was provided.

4.3 Risk Management and Legal Compliance

4.3.1 Risk Management Mechanism

TCI manages risks related to corporate operations through its corporate governance structure and internal control mechanisms. Each department conducts risk identification according to professional division of labor, draws up management strategies and corresponding measures to prevent, reduce, transfer or avoid risks and strengthens emergency response and recovery capabilities; each Tuesday and Wednesday, the senior management of each department also regularly holds a senior executive meeting during which the internal and external variables of the company's operations are reviewed through weekly work reports containing matters such as the overall economy, industry and technology, customers and markets, supply chain, internal personnel, and operational processes to analyze potential impacts and opportunities. If a senior manager judges any impact to be a significant risk after careful assessment, an ad hoc team will be set up quickly to resist the risk.

In addition to the risk management and control measures promoted by the senior management and each department, TCI continuously strengthens its internal risk management and control mechanisms and enhances emergency response and recovery capabilities; and through mutual learning and cooperation with suppliers, TCI helps each other improve the resilience of various risks to cope with changes of situations in the market.

4.3.1.1 Business Risk Management

TCI complies with national policies and the laws and regulations stipulated and promulgated by the government, such as the Company Act, Securities and Exchange Act and Business Mergers and Acquisitions Act. According to these policies, laws and regulations, TCI timely adjusts the company's internal systems to ensure that the company's operations are legal, compliant, and continuously effective. Besides, for the information transparency of the company, TCI holds regular shareholder meetings and meetings for investors at home and abroad and regularly prepares financial reports, annual reports and corporate social responsibility reports to fully demonstrate the company's operating conditions. On the other hand, TCI has been devoting itself more actively in a sustainable environmental practices and participation in social welfare to truly fulfill the responsibilities and mission as a corporate citizen based on the spirit of "Take from society, give back to society". In order to protect the rights and interests of the employees, customers, shareholders, and other stakeholders, simultaneously responding to the rapid changes in the communications industry, such as the popularization of the Internet, TCI always actively evaluates the risks and benefits of new technologies, new equipment and new systems and grasps and enhances various risks Contingency measures. In addition, TCI takes sustainable development as an important business goal, thus actively participating in international sustainability activities and climate actions. In addition to expanding the Europe, the United States, the Asia and other green product consumer markets, it also keeps abreast of all market trends and makes effort to raise its global profile and enhance the brand value.

4.3.1.2 Financial Risk Management

TCI mainly engages in research, design, and OEM operations and makes no high-risk or high-leverage financial investments. Capital investment is conducted after proposals have been presented by the Finance Department and risk has been evaluated by the Audit Committee and the board of directors. Bank loan interest rates are periodically assessed. Moreover, the company also conducts appropriate financial hedging according to the financial indices (including ROIC, cash reinvestment ratio, and average annual growth rate of corporate internal value) compiled by the Finance Department each quarter and financial data of leading enterprises and corporate peers in the country.

As the pace of globalization picks up, TCI customers and brand businesses have become more internationalized and competition in certain markets has also intensified. Negotiations with some customers, with regard to credit period for instance, are necessary in order to obtain long-term orders, and the Finance Department transfers such risk to insurance companies for accounts receivable. So far, TCI has found insurance companies willing to cooperate. In addition to including customers likely to entail risks as part of insurance policies, the company also takes insurance on transactions with customers with good potential to stimulate placement of orders and the strategy appears quite successful.

4.3.1.3 In terms of Environmental Changes

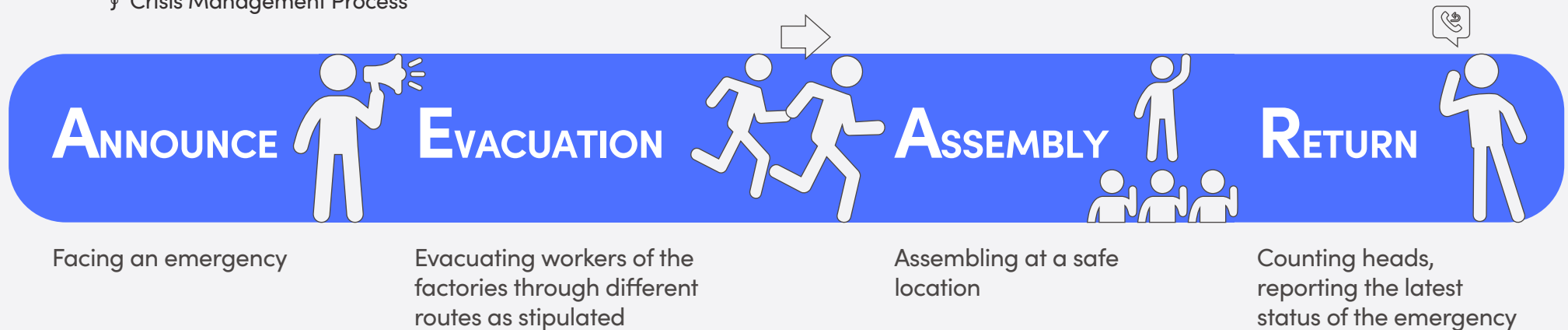
TCI understands that the global temperature rises and extreme weather caused by climate change will affect the normal operations and production capacities of enterprises and may also cause financial losses or threats to labor health and safety. Therefore, TCI must integrate its upstream and downstream supply chain partners to jointly improve the ability to improve and respond to climate change. In addition to implementing Integrated Bioscience Design (IBD), Bio-resource Data Mining, agricultural waste recycling and circular economy business models, TCI also enhances its inter-industry competitiveness and strengthen the prevention against the impact of climate change and the risk management capabilities through carbon management practices such as eco-design at the factories and greenhouse gas inventory (Scope1, Scope2) as well as various carbon reduction plans.

In 2018, TCI joined the International Renewable Energy Initiative "RE100", which is an inter-company organization jointly established by the Climate Group and the Carbon Disclosure Project (CDP). The participating companies must be publicly committed to using 100% renewable energy globally, and TCI has promised to reach 100% renewable energy use by 2030. In response to the transparent disclosure of environmental information, TCI has disclosed on the company's official website and CSR report in detail how TCI manages climate change impacts and environmental impacts and has demonstrated its goals in terms of environmental risks, simultaneously assessing the risks and potential opportunities related to carbon management in both regulatory and physical aspects (see section 5.1.1 for details).

4.3.1.4 Crisis risk response mechanism

To ensure that the company can properly handle any emergency situation, including fire accidents, earthquakes, typhoons, power failures, explosions, machine failures, food poisoning and other industrial safety accidents, which may cause loss of life and property, environmental pollution, or prevent the company from returning to work quickly, and that the company can quickly restore normal operating procedures to prevent and reduce the impact on the environment, maintain employee safety and reduce property damage to the company and customers, TCI has implemented strict emergency management and has managed to immediately respond to various emergency accidents that may occur or outside the company due to natural disasters or human factors through regular and non-scheduled education and training and work safety drills. In 2020, neither the TCI Headquarters nor the Pingtung Precise iManufacturing Center suffered any natural or man-made disasters, including terrorist attacks or labor disputes.

§ Crisis Management Process



4.3.2 Legal Compliance TCI has established internal regulations in accordance with the local laws. In addition, TCI pays close attention to administrative orders announced by the competent authority, domestic and international laws and regulations, and trends in investment markets to make timely revisions to company regulations in the areas of environmental protection, occupational health and safety, anti-bribery and anti-corruption, fair competition, imports and exports, internal control, information security, intellectual property, and the public interest. Also, TCI provides regular and irregular online and face-to-face employee training courses and updates the internal website information at any time. In 2020, the courses on compliance with internal regulations included Intellectual Property Rights, Civil Law, Consumer Protection Act, Business Secret Protection and Anti-Corruption. Courses like Control Measures in Response to Related Risks, R&D and Patents, Introduction to Trademarks were also provided.

In 2020, TCI did not violate any local laws or regulations in Taiwan. In order to improve the service quality in the value chain and fulfill social responsibility, TCI requires suppliers to follow international and local laws and regulations to hire employees and follow the ISO 9001 standard for quality management systems, the ISO 14001 standard for environmental management systems and the OHSAS 18001 standard for occupational safety and health management systems (In response to the correction of international standards, TCI will adopt the new version of ISO 45001 in 2021) as well as other international standards to actively create a safe and healthy working environment and to protect employees during the processes of research and development, production, operations and waste disposal by minimizing threats and injuries.

4.3.3 Internal Control Based on the principles of corporate governance, TCI has established its internal control and internal audit system to ensure the reliability of its financial reporting, legal compliance and operational effectiveness. The implementation of the internal control and internal audit system is to periodically and independently check the operating procedures and check the results through internal control and external audits to confirm the design of TCI's internal control system and the effectiveness and implementation of the supervision and management of subsidiaries. Based on the working paper of the audits and the corroborating internal control self-assessment questionnaire for the head of each department, a statement of internal control was prepared; the statement then was reported to the competent authority on time in compliance with the laws after being approved by the board of directors.

§ Framework of Internal Control Standards



4.4 Customer Partnership

4.4.1 Customer Privacy Protection

As an B2B company engaged in professional R&D and product design, TCI has committed to protecting the rights and interests of customers. TCI attaches great importance to the protection of customers' privacy and confidential information, which is listed as an important goal of information security management. Strictly abiding by the contract content and confidentiality commitments of the customers, TCI uploads the customer-related and confidential business information, documents and data to the internal system to control the access to them rigorously through an encryption mechanism; to browse through them, one must first log in to the internal system with his or her account and password to and apply for decryption online. Moreover, in order to strengthen the confidentiality of customer information, more confidential information protection measures, such as customer code management, hierarchical and encrypted management of data files, are implemented, and courses such as "Information Security Policy" and "Information Security General Training" are also provided. Suppliers are also required to sign supplier integrity clauses and confidentiality agreements to strengthen the information security management on the supplier side.

TCI has complied with the Personal Data Protection Act and the General Data Protection Regulation (EU GDPR) since 2018 and has stipulated that the Privacy Protection Policy promulgated on the company's official website. TCI also provide on the official website the information about communication channels and the person in charge of the privacy policy for the application for the inquiry, viewing and deletion of personal data. In addition, TCI ensures the privacy and confidential information of customers in accordance with the highest standards. In 2020, TCI did not have any complaints of violations of customer privacy.

4.4.2 Customer Satisfaction

"Customer-centric" is the core value of TCI, which is committed to providing the highest quality products to its brand customers. TCI has a specific unit in charge of the after-sales services, including new product replacement, quality inspection, customer complaint handling and reporting and annual customer satisfaction surveys. Contact persons in relevant units such as the Quality Assurance Department, R&D Department, and other units in charge of packaging materials and manufacturing so that regular communication meetings can be held with customers according to the needs of each project to review the progress of product development and the achievement rate of various goals; each business department also assign representatives to participate in quarterly supplier business review meetings with the customers, communicate with customers promptly and cement and strengthen customer trust relationships.

4.4.2 Customer Satisfaction

In addition, TCI regularly conducts customer satisfaction questionnaire surveys for brand owners and distributors and uses a Likert scale as a quantitative method to ensure that customers' feedback and needs are promptly and properly responded. In this way, we can understand the customer's recognition and expectations of various business projects in business services, product research and development, product quality, after-sales services and cooperative relations. The content and goals of the annual customer satisfaction assessment are formulated in regular quality management system review meetings, and the goals that are not met as indicated in the questionnaires are reported to various business units and relevant authorities. Moreover, based on customer instructions and recommendations the problem is analyzed, improvement plans and implementation plans are drawn up to report to the customer through the contact persons.

4.5 Supplier Sustainability Management

4.5.1 Supplier Sustainability Management Policy

In order to improve the sustainable development of the supply chain, TCI has promulgated the Supplier Code of Conduct to ensure that the suppliers can comply with laws and regulations in the process of providing products and services (including labor, health and safety, and environmental standards) and at the same time actively respond to current environmental protection and social issues and have the courage to assume corporate social responsibility and continue to achieve improvement. From January 2020, TCI fully require cooperating suppliers to sign the Supplier Declaration as one of the supplier selection criteria.

4.5.2 Supplier Sustainability Management

In order to ensure that the working environment in the supply chain is safe, that the employees' rights are respected and protected and that the business operations promote environmental conservation and comply with ethics. TCI requires suppliers to abide by the Supplier Code of Conduct stipulated by TCI, and their local laws and regulations. TCI will regularly or irregularly audit the relevant standards of labor, health and safety, environmental standards and business ethics provided by the supplier and hopes to promote continuous improvement through close cooperation, communication, audits and follow-up evaluation with the supplier. Suppliers' incompliance with the guidelines issued by TCI or reluctance to cooperate with TCI's auditors may result in the termination of their business relationship with TCI.

§ Supplier Code of Conduct Section A. Labor

The provisions in this Code are formulated by TCI based on the standards recognized by the international society and are derived primarily from the UN Guiding Principles on Business and Human Rights, as well as other international human rights instruments including the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Universal Declaration of Human Rights.

A. Prohibition of Unfair Labor Practice	TCI prohibits suppliers from using forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities.
B. Labor Freedom	All employees of a supplier shall work voluntarily, and workers have the right to freely resign from or terminate the employment at any time. The employer or intermediary shall not detain, destroy, conceal, or confiscate the employees' ID cards or entry/exit permit, such as the government-issued identity certificate, passport, or work permit, or restrict their access to the certificates, with the exception of the law requiring employers to hold work permits for their employees.
C. Working Hours	Suppliers shall ensure that a workweek of a worker shall not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off every seven days.
D. Prohibition of Child Labor	Child labor is not to be used by suppliers in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country. However, the use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize the health or safety of young workers, including night shifts and overtime. Supplier shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations
E. Wages and Benefits	Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All hiring of temporary, dispatch and outsourced labor will be within the limits of the local law.
F. Humane Treatment	TCI demands that suppliers avoid harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers. Suppliers should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and gender-related behavior, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices.
G. Freedom of Association	TCI also demands that suppliers ensure the workers' freedom of association. In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

§ Supplier Code of Conduct Section B. Health and Safety

TCI demands that suppliers recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace. TCI also demands that suppliers abide by management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health.

A. Safety and Operating Environment Specifications	Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal. Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. Supplier shall conduct routine monitoring of the performance of its air emission control systems. In terms of material restrictions, suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.
B. Emergency Preparedness	Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: appropriate fire detection and suppression equipment, clear and unobstructed egress adequate exit facilities and recovery plans, emergency reporting, employee notification and evacuation procedures, and worker training and drills. Such plans and procedures shall focus on minimizing harm to life, the environment and property.
C. Safeguarding	Production and other machinery shall be evaluated by suppliers for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.
D. Education and Training	Suppliers shall be aware of the natural disasters, such as earthquakes, droughts, floods, typhoons, etc., relevant to its facilities, and assess their likelihood and impact of personnel injury, property damage, and operational disruptions. The risks should be mitigated through establishing hardware protection, developing emergency response procedures, training and drills, and conducting emergency plans.

§ Supplier Code of Conduct Section C. Environment

TCI demands that suppliers, in manufacturing operations, minimize adverse effects on the community, environment and natural resources while safeguarding the health and safety of the public. Thus, TCI also demands that suppliers abide by recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS).

A. Environmental Conservation	Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals and virgin forest products, is to be conserved or by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling or other means.
B. Labeling of Hazardous Substances and Safe Operating Specifications	Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal. Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. Supplier shall conduct routine monitoring of the performance of its air emission control systems. In terms of material restrictions, suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.
C. Water Management	Supplier shall implement a water management program that documents, categorizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. All wastewater is to be characterized, monitored, controlled, and treated as required prior to discharge or disposal. Supplier shall conduct routine monitoring of the performance of its wastewater treatment and containment systems to ensure optimal performance and regulatory compliance.
D. Management Policy for Greenhouse Gas Emissions	Energy consumption and all relevant Scope 1, 2 and 3 greenhouse gas emissions are to be examined, tracked and documented, at the facility and/or corporate level. Suppliers are to look for cost-effective methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

§ Supplier Code of Conduct Section D. Code of Ethics

To meet social responsibilities and to achieve success in the marketplace, Suppliers and their agents are to uphold the highest standards of ethics. In terms of business integrity, suppliers shall have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement. Also, bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage. Monitoring and enforcement procedures shall be implemented to ensure compliance with anticorruption laws.

A. Information Disclosure and Prohibition of Falsification and Misrepresentation

To ensure the transparency of information, information regarding supplier labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentations of conditions or practices in the supply chain are unacceptable.

B. Fair Competition

In terms of fair business advertising and competition, TCI demands that suppliers shall uphold standards of fair business, advertising and competition.

C. Employee Whistleblowing Channels

Programs that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers (any person who makes a disclosure about improper conduct by an employee or officer of a company, or by a public official or official body) are to be maintained. Suppliers should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

D. Privacy and Information Security Policy

Suppliers shall commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees. Suppliers are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

E. Avoid Conflicts of Interest

Conflicts of interest, such as situations where a TCI employee or a close relative (parent, child, spouse or sibling) is a significant investor or shareholder in your company (as non-publicly traded stock), should be avoided to prevent misconduct. Excessive or overly-frequent socializing with your TCI business contacts may also create a conflict of interest, or the appearance of a conflict of interest. Social contact must be within accepted cultural business norms, and relationships that become conflicts of interest must be reported. If a potential conflict is discovered, you should report such incident immediately to TCI and take corrective actions to ensure that no inappropriate actions result from the conflict and relationships that become conflicts of interest must be reported and suspended or resolved.

F. Assignment of Right

Employees of TCI shall not require suppliers to subcontract the products or services provided under a contract to a specific third party or specify that they shall purchase materials or purchase from a specific third party without special authorization. Therefore, suppliers shall notify TCI immediately after receiving a similar request. In terms of contract performance, TCI expects suppliers to make personal appointments (including contracts or purchase orders). Without the consent of TCI, suppliers shall not subcontract or act for third parties.

G. Legal Compliance

Suppliers shall know and follow all laws related to the shipping, handling and transportation of products to or on behalf of TCI. This includes source country export and customs laws, destination country import and customs laws, paying all necessary duties and taxes and following local transportation laws. Procedures and training will be provided to employees and contracted service providers to ensure safe handling of materials to, from and at TCI.

§ Supplier Code of Conduct Section E. Management System

TCI shall demand that suppliers shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the participant's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continual improvement. Moreover, suppliers shall clearly identify senior executive and company representative[s] responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

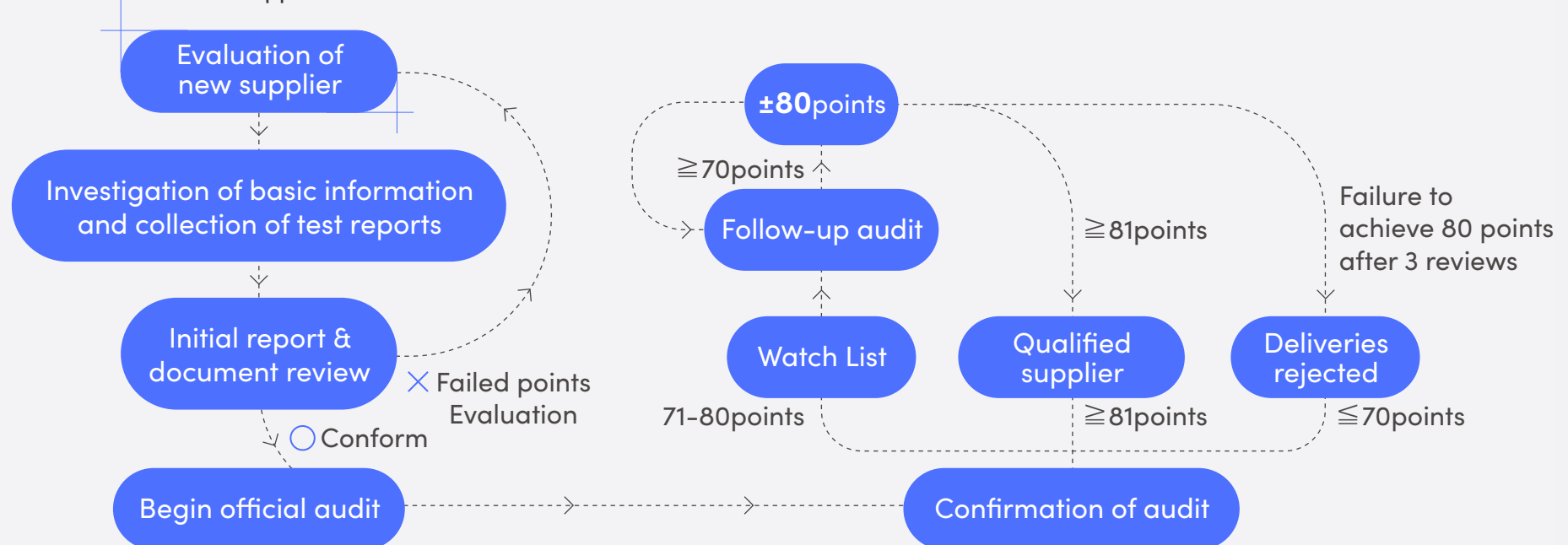
4.5.3 Search for Good Suppliers

To ensure that all procurement operations are smooth, that suppliers are able to offer the best quality and prices and make punctual deliveries and that the company's OEM factories have decent production capacities and skills, apply strict quality control, and are capable of analyzing product defects, TCI is constantly on the lookout for new qualified suppliers.

Domestic suppliers are given priority to ensure that the materials and services provided comply with TCI production, packaging, storage, transportation and quality regulations. Concerned departments (procurement, production management, R&D, etc.) are assigned to check the basic information of new suppliers and OEM factories and also acquire related proof documents (including business registrations, international certificates, product specifications, test reports, and so on) for the relevant professional units to confirm whether they meet TCI's production needs before the quality assurance personnel officially conduct an audit.

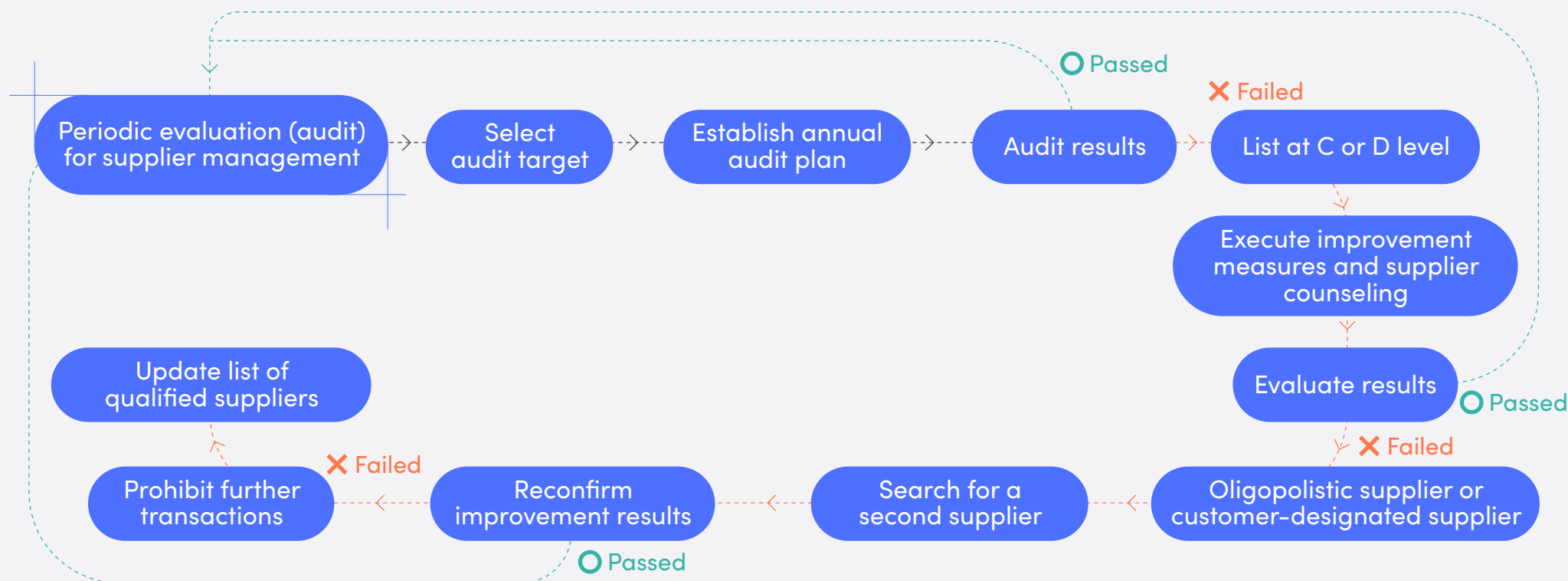
Every six months, visits are paid to the key suppliers to inspect their quality system, source management, environmental sanitation, personnel training, equipment maintenance, fulfillment of social responsibility, transportation and waste disposal. Suppliers and OEM factories must comply with all laws and regulations in all of their operations, and they must also value employee safety and labor rights and abide by the Labor Standards Act and occupational safety and environmental protection regulations to practice sustainable management.

§ Process of Evaluation for New Suppliers



4.5.4 Supplier Evaluation TCI conducts periodic supplier evaluations to ensure the long-term quality and safety of materials and services provided by its suppliers. At the end of each year, the procurement department establishes a list of qualified suppliers based on the rate of punctual deliveries, timeliness and compliance in provision of required documents, and the yield rate provided by the quality assurance department. Based on the performance of each supplier during the year, a list of at least 30 suppliers is produced in May of every year and given to the quality assurance department to prepare audit plans for the following year. After the quality assurance unit presents the audit contents and results, the procurement department then adjusts or suspends its transactions with the suppliers accordingly to make sure the materials provided by suppliers will continue to meet the needs of TCI. The audit results are one of the factors that are taken into consideration when TCI decides whether the company will continue to cooperate with a supplier.

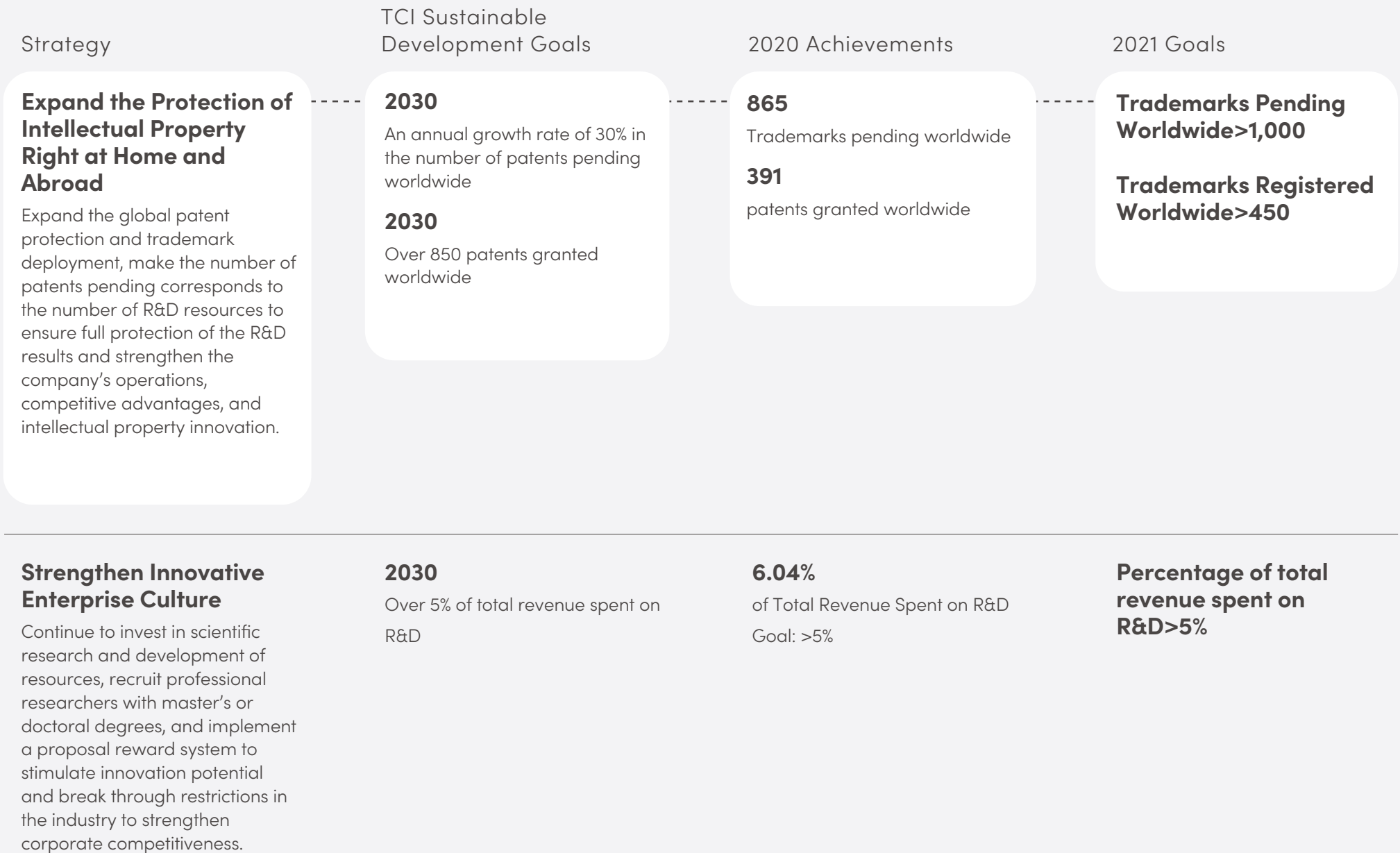
§ Process for Regular Supplier Evaluation



4.5.5 Supplier partnership

TCI attaches great importance to communicating with and learning from its suppliers. To fulfill social responsibilities together with its suppliers, apart from hosting quarterly business review meetings, TCI has also formulated the Supplier Code of Conduct and required the suppliers to sign Supplier Declaration. Moreover, TCI presents trophies to suppliers to reward outstanding performance or special contributions at its annual supplier conference, which it hosts to express thanks to and support for the company's suppliers. During the conference, it reviews product and service quality and sets future goals with suppliers. In addition, TCI and its suppliers share the latest updates on industry trends to ensure that joint product launches and services meet market demand. Due to the impact of the pandemic in 2020, the supplier conference was suspended in accordance with the government's epidemic prevention policy. However, in 2021, we will host 2-3 online conferences invite suppliers to join.

4.6 Accumulation of Innovative Energy



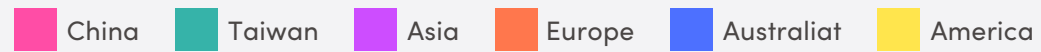
Intelligent Manufacturing

TCI has been continuously investing in advanced manufacturing processes, R & D and raw material development. Through rigorous scientific verification, TCI confirms the unique functions and efficacy of raw materials. For the upgrading of manufacturing processes, TCI has started to use AI machines and big data to infuse cutting-edge technology into its science-based R&D processes. With the technique of “Bio-Resource Data Mining” connected with the global networks, TCI has maintained its leading position in the biotechnology industry. Manufacturing is also the foundation of TCI. Since 2018, TCI has been integrating all resources at the factories based on the goal of “Intelligent Manufacturing” and the framework of Industry 4.0 by automatizing the machines, the production lines and then the whole factories and combining software and hardware to achieve real-time monitoring, remote management and risk prediction. With this real-time monitoring system as the foundation of the factories, new production lines and equipment can be developed and the production capacity of each production line can be increased.

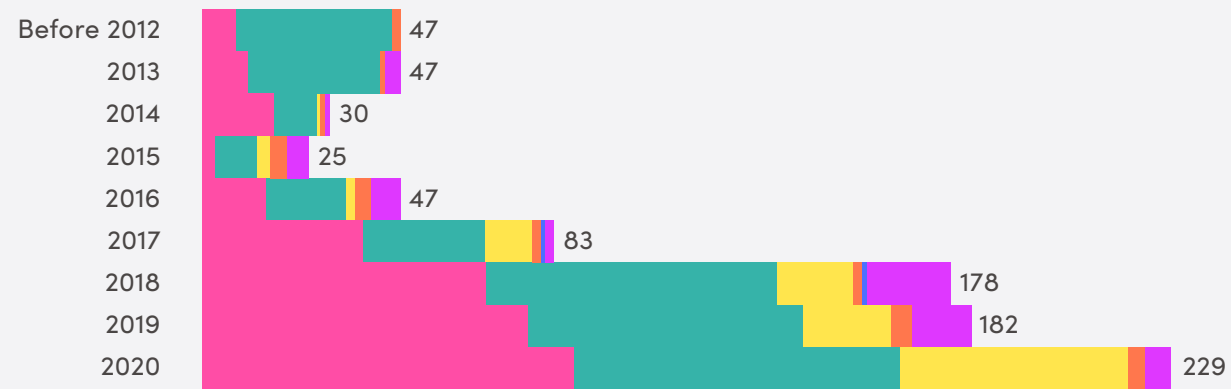
Acquisition of Intellectual Properties

In order to boost the competitiveness of its products, TCI conducts a market assessment for each IBD raw material to understand the consumer market and the future development potential of the product. The company also conducts a comprehensive evaluation of issues associated with patents, trademarks, copyrights, and fair trade to work out global strategies, maximize protection of its intellectual property, and ensure that no infringement of the rights of competitors will occur when the products of TCI or TCI customers are released on the market. The numbers of patents and trademarks pending correspond to the number of the R&D resources of the company to ensure that the research and development results are fully protected. As of the end of 2020, there were 868 patents pending and 391 patents granted, and the patent applications were filed in 17 countries around the world, including Taiwan, China, Hong Kong, Japan, India, Indonesia, Singapore, Malaysia, South Korea, Thailand, Russia, Germany, France, the UK, the United States, Brazil, Australia. In terms of trademarks, as of the end of 2020, there were 1,275 trademarks pending and 931 trademarks registered, with trademark applications filed in 28 countries around the world.

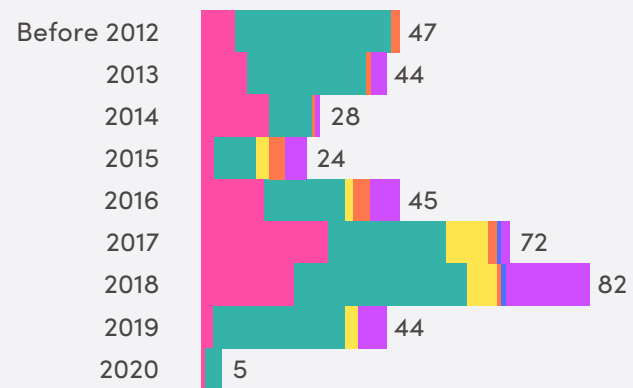
In 2020, TCI's investment in innovation and R&D accounted for 6.04% of the total revenue; 79.5% of the total R & D staff members had masters or doctoral degrees. TCI also provided an employee training course on the protection of patent and trademark rights with a total training time of 3 hours and a total of 150 participants. In addition, since 2011, TCI has been investing heavily in developing innovative resources and strives for innovation in four areas (raw materials, manufacturing processes, formulas and packaging) and international and domestic invention awards at various exhibitions; by attending these exhibitions, TCI achieves its goals of technical exchanges and learning. In 2020, TCI won a total of 70 international invention awards; from 2011 to the end of 2020, TCI accumulated a total of 226 awards at home and abroad, and in 2020 TCI was awarded the National Innovation Award (in the category of Enterprise Startup Group/Agriculture and Food Biotechnology).

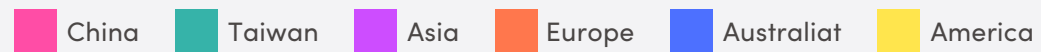


§ Patent Applications in Different Regions, by Year

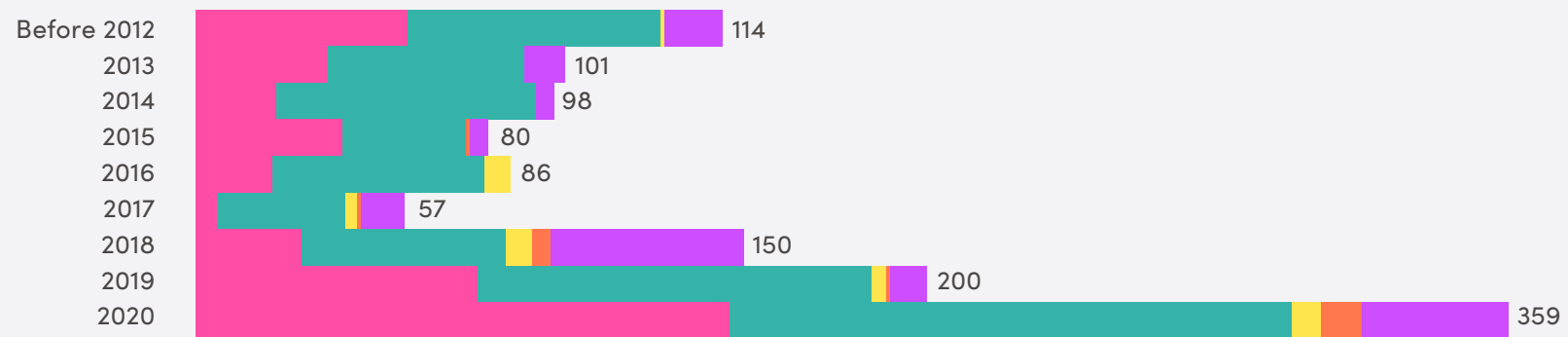


§ Patents Granted in Different Regions, by Year

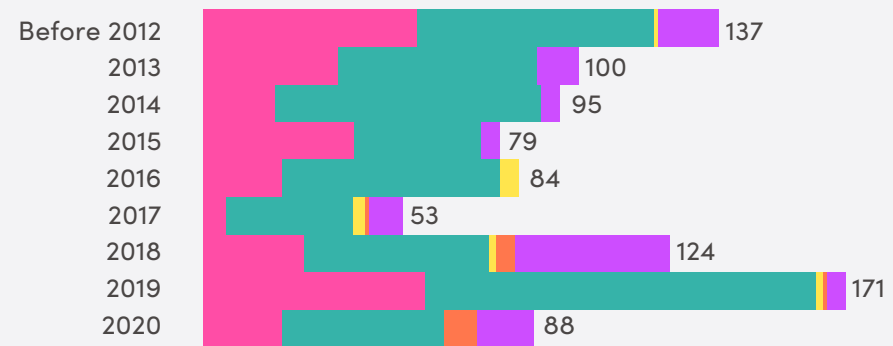




§ Trademark Applications in Different Regions, by Year



§ Trademarks Registered in Different Regions, by Year



Source of Innovation : 9 TCI Labs

NEXT LAB

1. Development of the plant stem cell technology
2. Development of the extraction technology for nature-derived raw materials
3. Research on active ingredients
4. Development of the microbial fermentation technology



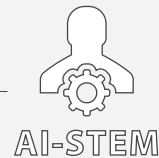
ATP

Research on the interaction between fragrance and the human body, utilizing scientific data to create a fragrance database in creating healthcare products with unique formulas and fragrances.



AI-STEM

Produces cell preparations of the highest quality for the treatment or prevention of diseases.



ISO 17025 LAB

Inspection of finished products and raw materials, quantitative detection of active ingredients in accordance with ISO 17025 standard.



E.V.E. LAB

Cooperating with various medical centers and professional institutions to conduct experimental design for product development, perform experimental verification on product efficacy, and provide scientific data and certification.



MIA LAB

Analysis and identification of active substances in natural products and microbial metabolites.



GENE LAB

Research and development of the accuracy of genetic testing, research on the relationship between genes and genetic diseases, and related clinical trial projects.



Q-ODM LAB

1. Design and development of new products (functional drinks, jellies, capsules, tablets, powders, beauty care products, etc.)
2. Commercialization of projects
3. Stability database



EAGLE EYE LAB

Product monitoring by the precision monitoring equipment with visual identification, online monitoring of product lines and generation of Cloud data.



CHAPTER 5 / ENVIRONMENTAL PROTECTION

Material Topics

- Response to climate change
- Energy resource management
- Environmental pollution management
- Raw material and product innovation
- Circular economy

Management Purpose and Approach

•Through identifying, mitigating and adjusting climate change risks, and using energy resource management and green processes, TCI shall reduce production costs, enhance competitiveness and promote environmental and energy management related verifications, while ensuring the compliance with environmental regulations and avoiding environmental pollution to reduce The impact of operations on neighboring communities and society and achieve environmental and corporate sustainability.

•TCI shall lead international climate actions by actively cooperating with environmental-related international organizations, disclosing climate-related commitments and goals, and promoting corresponding sustainable environmental strategies.

•Through the innovation of agricultural circular economy model, TCI shall promote green solutions that promote resource recycling and reuse, create innovative sustainable production models and green business opportunities in the industry chain.

5.1 Risk Management of Climate Change

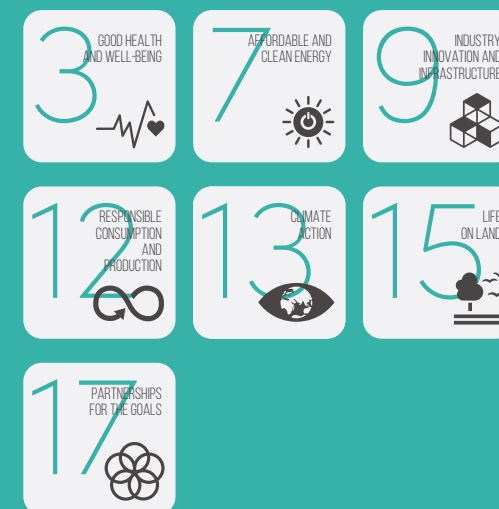
5.2 Greenhouse Gas Management

5.3 Energy Management

5.4 Green Product Liability

5.5 Environmental Pollution Management

Related to (SDGs)



EP100

A global initiative by the Climate group bringing together a group of energy-smart companies

Factory that Achieved Net-Zero Carbon Emission

Achieved carbon neutrality in compliance with the PAS 2060 specification for the fourth consecutive

S11 factory granted the

Green Building

Gold Label by the Ministry of the Interior

1,122,534^{GWh}

Green power generation in 2019

The World's First
Eco Facial Mask Factory with

ECOCERT & LEED

Silver Certifications

LEED Silver Certification
by U.S. Green Building Council
(USGBC)

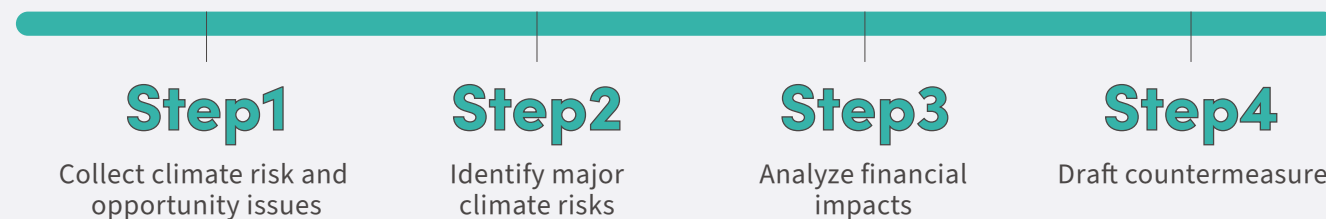
5.1 Risk Management of Climate Change

TCI very well knows that climate change will affect a corporation's normal operation and may bring about financial loss, hazards to employee health and safety, etc. Therefore, we established the Corporate Social Responsibility (CSR) Committee to analyze risk and opportunities (including risk transformation and physical risk) based on structural guidelines from the Task Force on Climate-related Financial Disclosures (TCFD) as stated in 5.1.1 Analysis of Risk and Opportunities of Climate Change. The committee developed countermeasures and executed energy-saving and carbon-reducing management measures to increase response and problem solving ability in the face of climate change, stated in 5.1.2.

5.1.1. Analysis of Risk and Opportunities of Climate Change

In 2020, the CSR Committee implemented the structural guidelines from the Climate-related Financial Disclosures to analyze climate-related global trends, industry concerns, recognize the risks and opportunities of physical risk and risk transformation. TCI advocates the TCFD process which includes 4 main steps. (1) Collect climate risk and opportunity issues; (2) Identify major climate risks; (3) Analyze financial impacts; and (4) Draft countermeasures. Detailed explanation can be found below:

TCI's Advocation of TCFD Process



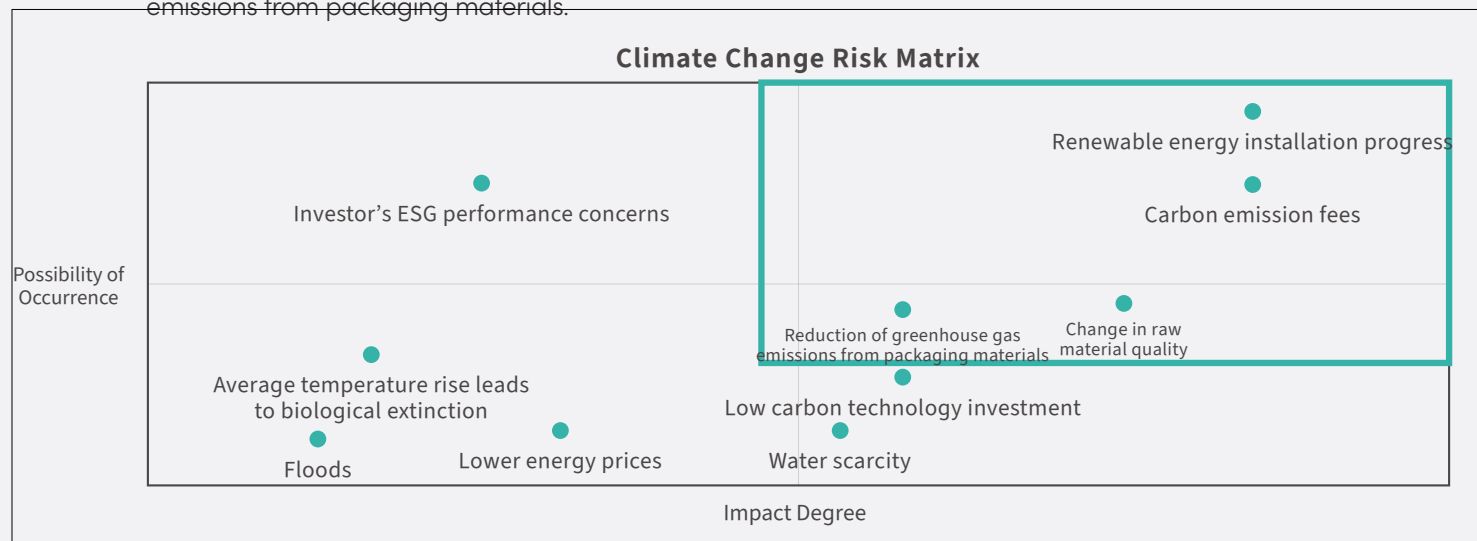
Step1. Collect climate risk and opportunity issues

To comprehensively identify the climate risk of TCI's business operation, environment, and product, we collected risk and opportunity issues TCI may face under different climate scenarios via research reports on climate change published by international research institutions and CDP climate change survey responses by biotech industries.

Step2. Identify major climate risks

Following the ISO 30001 risk management process, TCI consolidated 10 items and 5 items about climate risk and opportunity issues that may affect business operation by interviewing each department in 2020 to design a climate change risk and opportunity evaluation survey. We described the possible impacts on TCI in each question group of the survey and explained the climate scenario that was used. We used the RCP8.5 revealed in the 5th Assessment Report (AR5) published by the Intergovernmental Panel on Climate Change (IPCC) as the scenario used in our physical risk. For risk transformation, we used Stated Policies Scenario STEPS.

We asked each department member to answer the possibility of occurrence and impact degree of each climate issue in the survey. Utilizing the top 4 main climate risk issue, we consolidated the climate change risk matrix. The top 4 main climate issues include carbon emission fees, renewable energy installation progress, change in raw material quality, and reduction of greenhouse gas emissions from packaging materials.



Step3. Analyze financial impacts

Further analyze and identify the 4 main climate risks under given scenarios to understand how it will impact business operation and quantify the impact to adjust the current risk management procedures accordingly. We will regularly report the main climate risks and countermeasures to the Board of Directors in the future.

Step4. Draft countermeasure

We propose management actions and plans in regards to the 4 main climate risks identified as well as other climate change risk and opportunity items, which is detailed in the table below. Refer to the 5.1.2. Climate Change Responses for corresponding explanations.

§ Analysis of the Financial Impact of Climate Change (Risk)

TCFD Risk Type	Climate Change Risk	Impact on TCI	Financial Impact in Climate Scenarios	Corresponding Chapter
Transformation - Policy and Regulation	Renewable energy installation progress	TCI committed to joining the RE100 initiative and has promised to reach 100% renewable energy by 2030.	Continued investment in renewable energy generation equipment or countermeasures will result in higher operating costs.	5.3.3 Promote Renewable Energy
Transformation - Policy and Regulation	Carbon emission fees	Taiwan will establish a carbon fee system in the amendment to the Greenhouse Gas Reduction and Management Act, and TCI may be required to pay a carbon fee in the future.	Based on the carbon fee set by LSE and the World Bank's carbon price report, this will result in higher operating costs.	5.2.2 Scope 3 Emissions and Science Based Targets
Transformation - Market	Change in raw material quality	The raw materials of TCI's products may be affected by climate change. TCI may need to change the purchasing area or find alternative raw materials.	Fluctuations in the quality or price of raw materials may lead to higher raw material cost	4.5.3 Search for Good Suppliers
Transformation - Technology	Reduction of greenhouse gas emissions from packaging materials	TCI product packaging materials account for 80% of green house gas emissions of the value chain, becoming the focus on reducing greenhouse gases	Reduce the carbon footprint of packaging materials in the future and pay related operation costs	1.1.5 Sustainable Products and Services

§ Analysis of the Financial Impact of Climate Change (Risk)

TCFD Risk Type	Climate Change Risk	Impact on TCI	Financial Impact in Climate Scenarios	Corresponding Chapter
Transformation - Technology	Low-carbon technology investment	TCI continues to implement various research and development to combine innovative clean technology development and investment	Invest in low-carbon manufacturing technology innovation and related green manufacturing research and development progress, which affects equipment purchase, manufacture process planning or capital expenditure	TCI will continue to track possible impacts and formulate countermeasures in regards to risks not identified as major climate risks by TCFD in 2020.
Transformation - Goodwill	Investor's ESG performance concerns	TCI may face pressure from investors and other stakeholders on climate commitment	If TCI does not actively respond to ESG related risks, investment institutions may be reduced, resulting in a loss of market value	
Transformation - Market	Lower energy prices	TCI mainly uses natural gas as fuel. A report by the International Energy Agency (IEA) indicated that in the context of zero net emissions, natural gas prices is predicted to decrease by approximately 20% in 2050 compared to 2020.	Lower fuel prices may extend the payback period of TCI's energy saving project	

§ Analysis of the Financial Impact of Climate Change (Risk)

TCFD Risk Type	Climate Change Risk	Impact on TCI	Financial Impact in Climate Scenarios	Corresponding Chapter
Entity - Long Term	Water scarcity	According to a study by the National Science and Technology Center for Disaster Reduction, under RCP 8.5 circumstances, drought risk is level 2 at TCI Changzhi Township, Pingtung County *Disaster risk level 5 represents that the disaster risk is the highest	Once subject to third-stage water restriction by the Water Resources Agency, TCI will activate the water shortage response project and increase the cost of water use	TCI will continue to track possible impacts and formulate countermeasures in regards to risks not identified as major climate risks by TCFD in 2020.
Entity - Long Term	Average temperature rise leads to biological extinction	When global temperature rises by 1.5° C, plants and animals may face the risk of extinction and reduced production. TCI uses animal and plant extracts as raw materials, which will be affected.	Due to climate change, it will be harder to obtain raw materials. Thus, resulting in limited production capacity.	
Entity - Immediate	Floods	According to a study by the National Science and Technology Center for Disaster Reduction, under RCP 8.5 circumstances, drought risk is level 2 at TCI Changzhi Township, Pingtung County *Disaster risk level 5 represents that the disaster risk is the highest	Assets that suffer from heavy rain will risk facing equipment damage	

§ Analysis of the Financial Impact of Climate Change (Opportunities)

TCFD Risk/ Opportunity Type	Climate Change Opportunity	Management Measures	Corresponding Chapter
Market	Expand ESG exposure to increase investor's attention	TCI committed to joining the RE100 initiative and passed the Science Based Targets initiative organization audit. Responding specifically to the goal of controlling global warming within 2° C and strengthen our attention to the risks of climate change.	2.1.3 Promotion Policies and Processes
Product/ Service	Continue ecological restoration to obtain new raw materials for products	Promote the "Revive 100" project to obtain new raw materials for products and expand the potential market scale by applying for patents	5.4.2 Raw Material Management and Circular Economy
Product/ Service	Provide low carbon products and services	Work with brand customers to develop net-zero carbon nutraceuticals and masks through ISO 14067 carbon footprint products and carbon neutral products and PAS2060 to continue to respond to environmental protection and increase competitiveness	1.1.5 Sustainable Products and Services
New Energy	Reduce the risk of greenhouse gas emissions	TCI has formulated its energy management policy. Not only has the factory obtained ISO 50001 standard for energy management systems certification and actively purchased renewable energy certifications, TCI has obtained the LEED certification from the United States Green Building Council (USGBC) to improve its resilience changes in carbon prices	5.3.2 Energy Saving Measures 5.3.3 Promote Renewable Energy
Resource Efficiency	Implement AI manufacturing	TCI aims for AI manufacturing. We joined EP100 to continue to replace high efficiency equipment and gradually transform to production line automation. Thus, realizing real-time monitoring, remote management, and comprehensively increase production and distribution efficiency.	5.3.3 Promote Renewable Energy

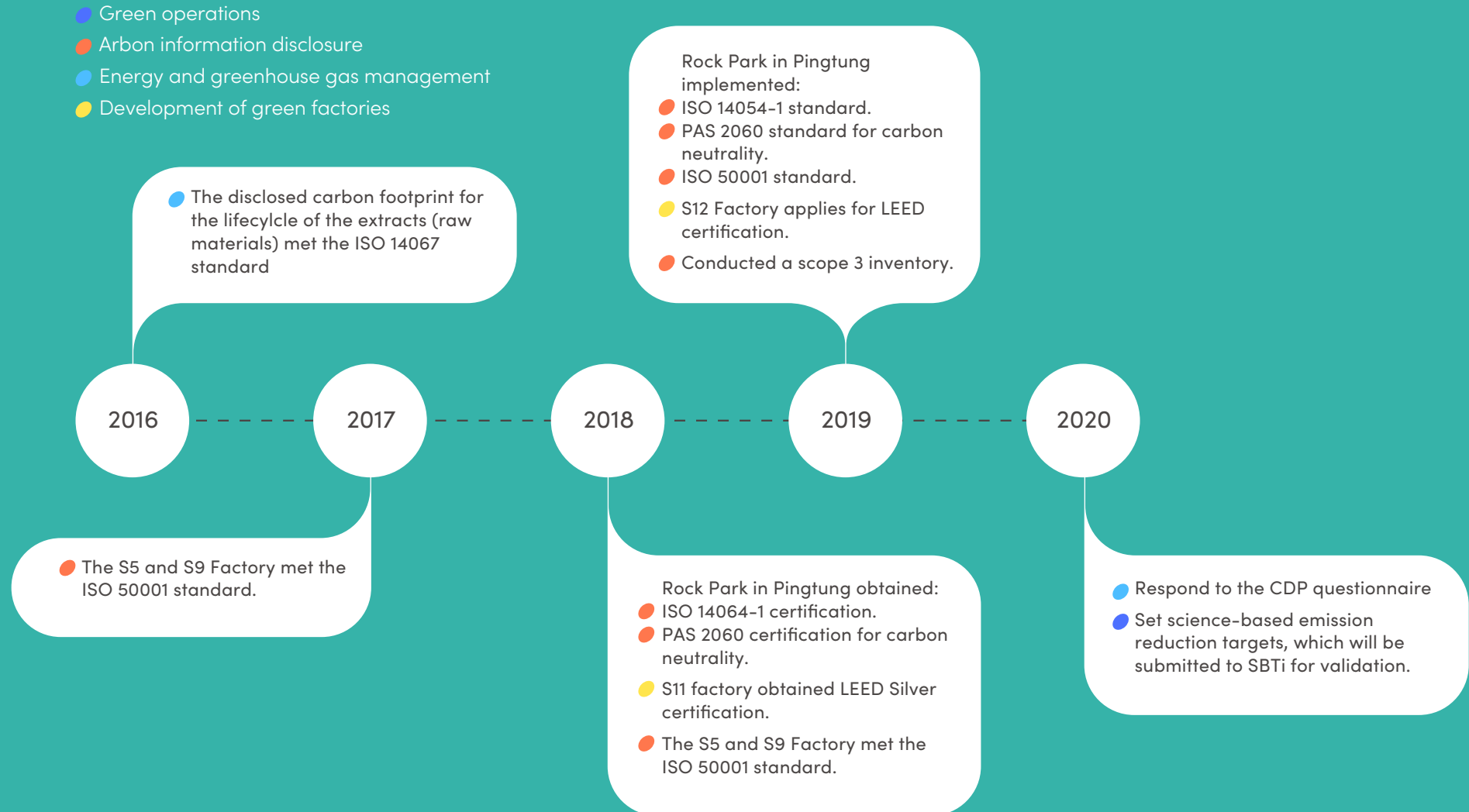
5.1.2 Response to Climate Change

In order to mitigate the risk of climate change and improve climate change adaption, TCI has reduced production costs and enhanced competitiveness through energy resource management and green processes. In addition, in order to reduce the impact of operating activities on neighboring communities, TCI strives to avoid environmental pollution and achieve environmental and corporate sustainability. Apart from pursuing corporate growth and breakthroughs, TCI hopes to become an executor of green power and enhance environmental protection and increase its social value. TCI integrates green management into business operations and continuously makes improvements in the areas of climate change, energy management and air pollution prevention. TCI hopes that its business operations will develop and prosper in harmony with the global environment.

Using vertical integration, TCI transmits the concepts of energy saving and environmental protection to its suppliers and brand customers and enables them to participate in eco-friendly practices. TCI has created a green supply chain, which has improved energy productivity. This supply chain is not only a point-to-point carbon reduction and energy saving mechanism, but also a comprehensive carbon reduction and energy saving network. In the future, TCI will promote carbon reduction action plans such as ecological design, clean production and green factories based on the results of the organization's greenhouse gas inventory and product carbon footprint inventory.

§ Mitigation of Climate Change

TCI's achievements and future plans in the mitigation of climate change, categorized into green operations, carbon information disclosure, energy and greenhouse gas management, and development of green factories, are shown below:

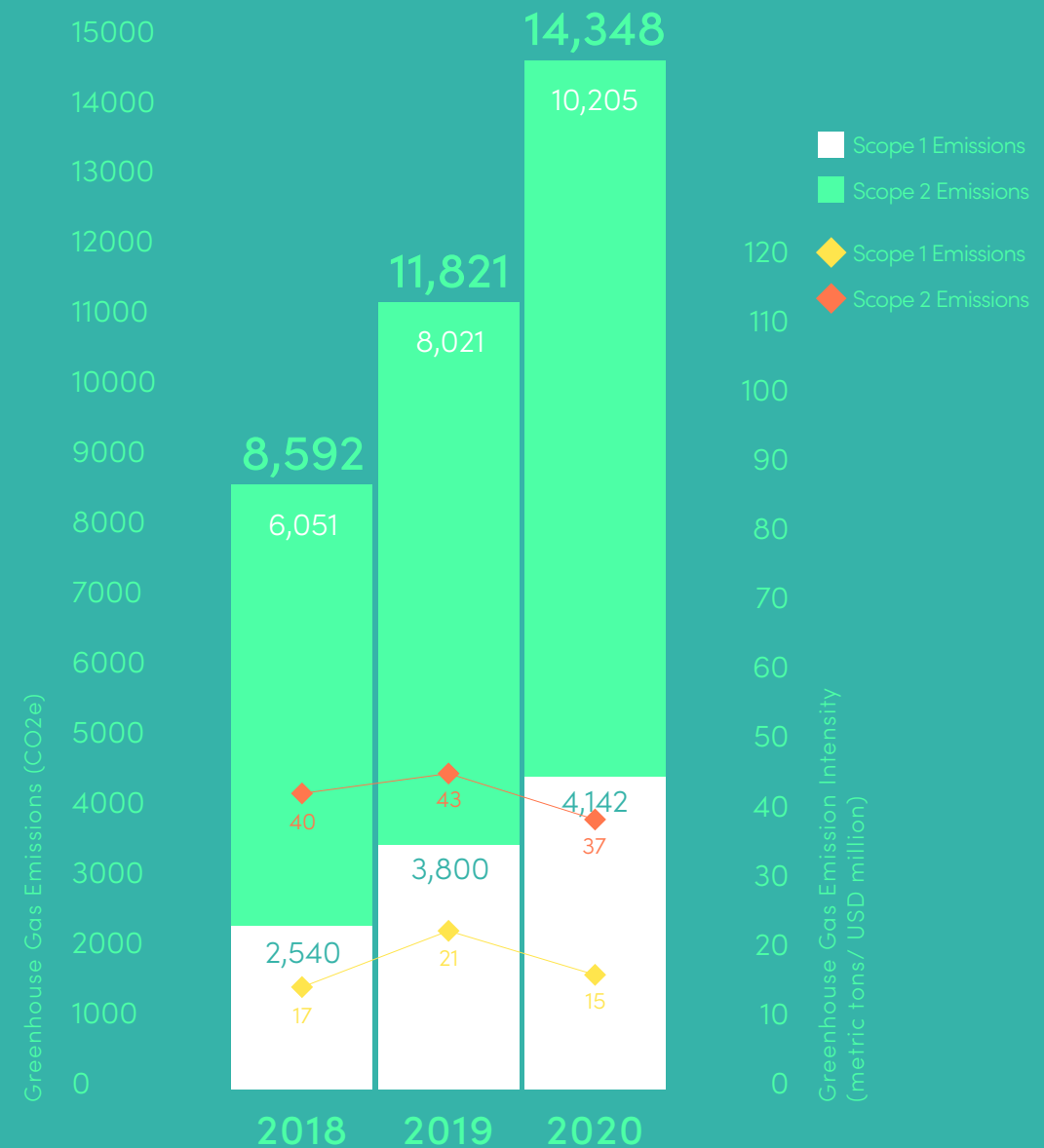


5.2 Greenhouse Gas Emissions

5.2.1 Scope 1 and Scope 2 Emissions

With the rise of international awareness about climate change, the disclosure of climate change risk management, greenhouse gas management and greenhouse gas emissions information have become important topics in business operation management. According to the Greenhouse Gas Reduction and Management Act enacted in Taiwan, TCI is not obliged to report its greenhouse gas emissions to the government. However, to respond to international trends and government policies on energy conservation and carbon reduction, TCI has voluntarily started to conduct organizational greenhouse gas inventories, which indicate direct (scope 1) emissions and indirect (scope 2) emissions, in the Precise iManufacturing Center in Pingtung in accordance with the GHG Protocol every year since 2018, and has gained third-party verification against ISO 14064-1. Moreover, in line with the Voluntary Carbon Standard for VERs and the Gold Standard for Kyoto Protocol Projects, TCI has achieved PAS 2060 certification for carbon neutrality and set 2017 (with 5,959 tons of carbon emissions) as the base year for greenhouse gas management and data construction..

§ Greenhouse Gas Emissions from Precise iManufacturing Center in Pingtung



5.2.2 Scope 3 Emissions and Science Based Targets

TCI launched an organizational scope 3 greenhouse gas inventory in 2019. Based on the inventory results, TCI committed to setting science-based carbon reduction targets, which are submitted to and validated by SBTi, to effectively implement carbon emission reductions and respond specifically to the control of global Target within 2oC.

5.2.3 Afforestation for Carbon Reduction

TCI also signed a contract with the Forestry Bureau in May 2017 to adopt land and carry out afforestation. The area of the adopted land is 17.25 hectares. Through the carbon sequestration of forests, greenhouse gas can be reduced, and the atmospheric environment can be improved accordingly. In the future, TCI will continue to cooperate with the Forestry Bureau to afforest or reafforest more land in Taiwan, help the global environment to store more greenhouse gases and reduce emissions so as to slow down climate change.

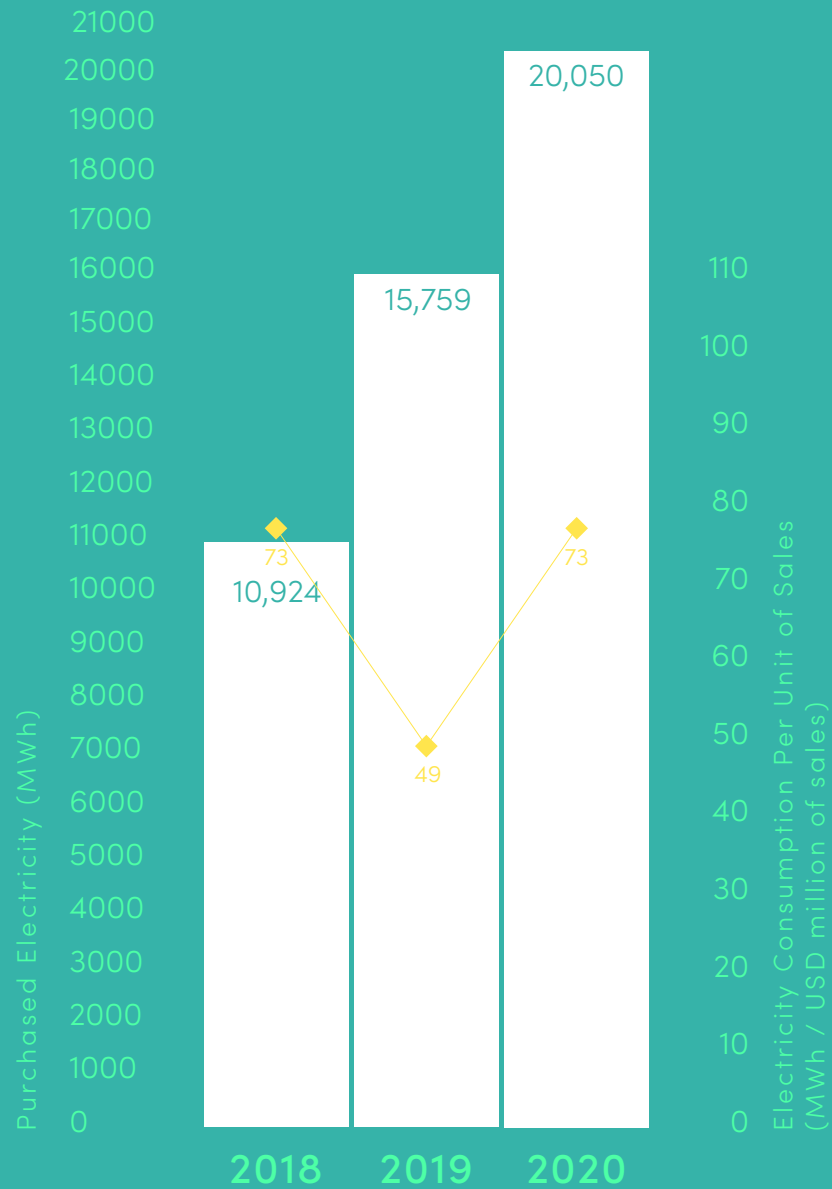
5.3 Energy Management

TCI has formulated its energy management policy, which applies to not only the existing factories but the new factories to be built in the future. According to the policy, in the future, the new factories in the Precise iManufacturing Center in Pingtung will be fully equipped with solar power generation systems on the rooftops. So far, the design of the new factories has been ensured to meet the ISO 50001 standard for energy management systems, and TCI have obtained the LEED certification from the United States Green Building Council (USGBC).

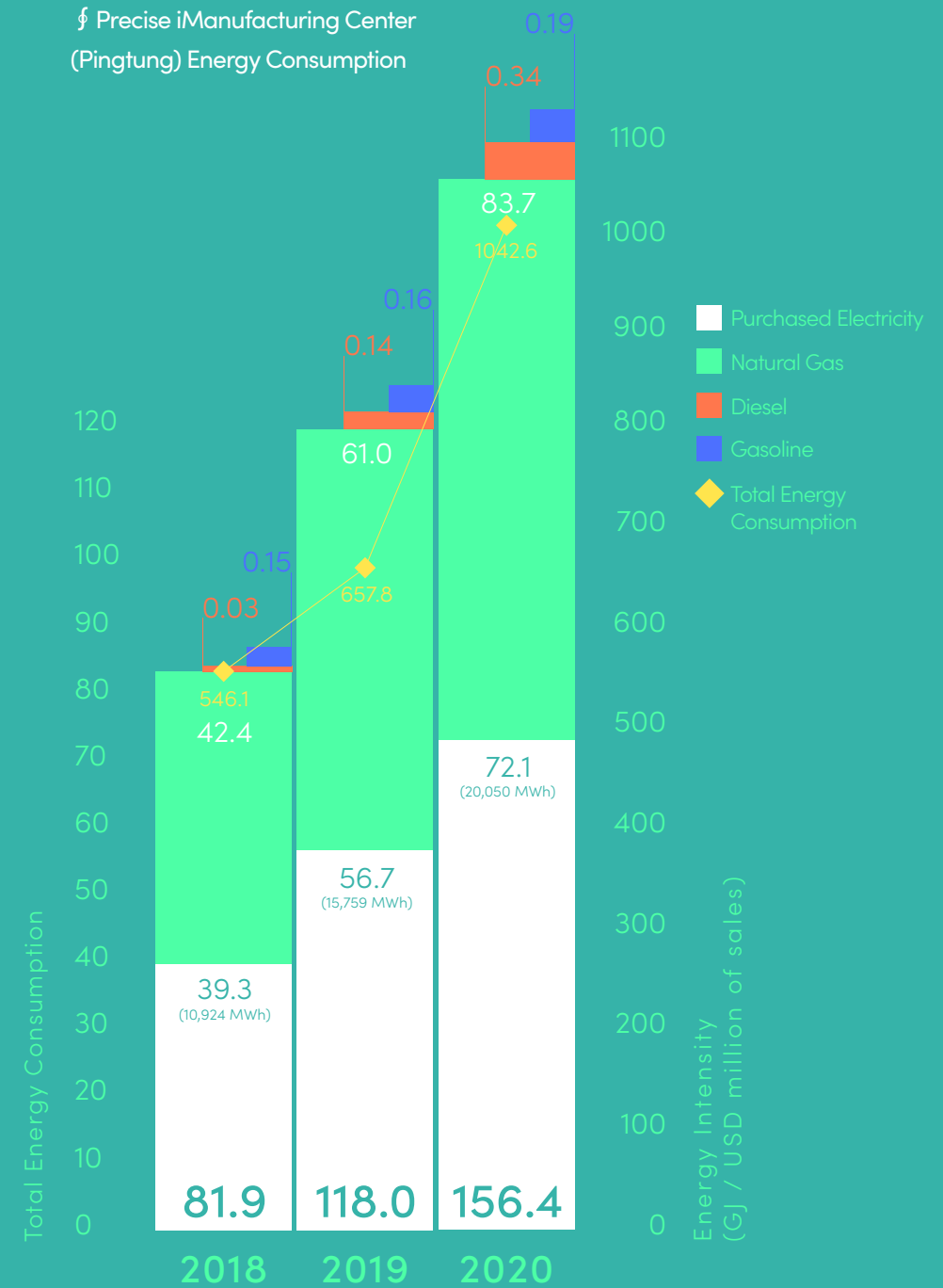
5.3.1 TCI's Use of Energy

The sources of TCI's energy use at the Precise iManufacturing Center in Pingtung include fossil fuels (natural gas, diesel, gasoline) and purchased electricity. Diesel is mainly used for generators, stackers and official cars, while natural gas is used for gas boilers. According to the analysis of greenhouse gas inventory results, purchased electricity was the largest source of TCI greenhouse gas emissions. The increase in TCI's energy consumption was mainly due to the expansion of the production lines and the operation of the S11 mask factory from September 2017; however, due to the upgrade of production equipment and improvement of the manufacturing process flow line, the production efficiency of the production lines has been greatly improved. The energy consumption rate increased by 27% due to the establishment of the S12 cutting-edge intelligent factory, which started operation at the beginning of 2020. As TCI continued to optimize the energy consumption rate, the product unit cost decreased by 27% compared to 2019.

§ Precise iManufacturing Center
(Pingtung) Electricity Consumption



§ Precise iManufacturing Center
(Pingtung) Energy Consumption



5.3.2 Energy Saving Measures

TCI continued to implement the ISO 150001 energy management system, and cooperated with the Energy Bureau of the Ministry of Economic Affairs to implement the energy-saving plan. TCI's screw-type water chillers and air-conditioning systems in the S5 and S9 factories that produce functional drinks and food have been improved. In addition, the air-conditioning systems (CHP, CWP, CT) have been changed from fixed frequency operation to variable frequency operation without the use of any "ZP" compressor; in addition, the plate heat exchanger for reheated steam solution dehumidification system has also been replaced. Compared with 2017 (before improvement), the total power consumption of air conditioners in the 10 months of 2018 (after improvement) was reduced by 259,243 kWh, which is equivalent to a reduction of approximately 143.620 metric tons of carbon emissions. In addition, a large piece of daylighting glass in the central roof of the lobby of the S11 eco facial mask factory has also been affixed with an insulation film to reduce indoor temperature and reduce air conditioning energy consumption.

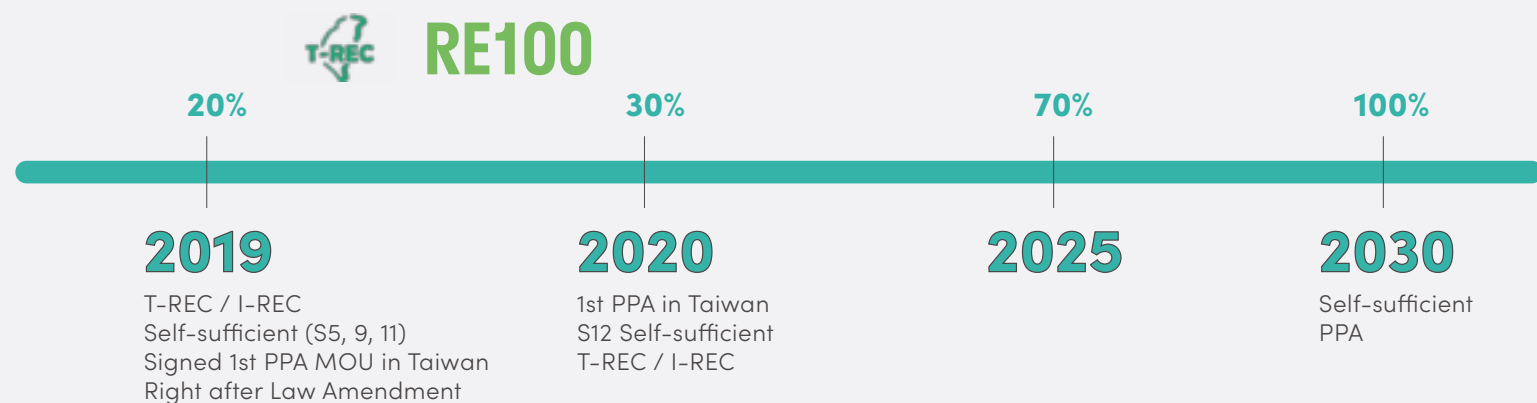
In addition, TCI also joined the international initiative, "EP100", in early 2019, promising to increase energy productivity and energy efficiency by 35% by 2040 with 2016 as the baseline, and will use equipment with higher energy efficiency, replace the LED lighting system, install smart meters and energy monitoring systems, etc., to more effectively use energy and enhance energy efficiency. In 2020, we increased the frequency of air-conditioning cleaning to reduce the load rate on the motors and main engines. Thus, reducing the annual electricity by 42,478 kWh and achieving the energy-saving plan. In addition, the natural gas boiler was switched to the smallest operation mode to reduce expected energy consumption.

Note 1: The carbon emission coefficient of electricity in Taiwan is 0.554 kgCO₂e/kWh.

5.3.3 Promote Renewable Energy

5.3.3.1 External initiatives TCI is committed to going green, practicing environmental protection and energy saving, promoting and supporting the development of renewable energy through the construction of green energy in the plant, responding to the national renewable energy development plan actively implemented by the government, and becoming the "first Taiwanese company" and "the first biotechnology company "In Asia" took the lead in joining the global corporate leadership initiative, "RE100", jointly launched by The Climate Group and the Carbon Disclosure Project (CDP) in 2018. Companies participating in RE100 must publicly commit to 100% use of renewable energy within a customized timeframe to accelerate the global low-carbon transformation. And TCI promises that the factories in Pingtung Rock Park by 2030, including S5 functional beverage factory, S9 functional food factory and S11 eco facial mask factory, will use 100% of green electricity, and will be in line with international green energy standards. With the expectation that Taiwan's green energy manufacturing experience and global profile can be promoted, and that domestic awareness and practice of environmental protection and energy conservation can also be promoted.

In order to achieve its commitment to RE100, TCI continues to develop green power promotion strategies to strengthen the application of renewable energy. In order to promote green power and strengthen renewable energy, three methods will be used: purchasing Taiwan Renewable Energy Certificate (T-REC) together with International Renewable Energy Certificate (I-REC), signing renewable energy power purchase agreements (PPA) with renewable energy generator, and using electricity generated on-site by the solar power systems installed at the factories. Also, based on the regulations related to renewable energy that have related restrictions on the renewable energy market, TCI will work out a substantial implementation policy in accordance with the regulatory updates.



5.3.3.2 Green Power and Social Welfare

In 2019, TCI cooperated with Sunnyfounder, which was in charge of cooperating with non-profit organizations by installing solar panels on the rooftops of their buildings suitable for the installation of solar power systems, especially the long-term care centers, mental and physical education institutions, etc., and applying for renewable energy certification (T-REC) with the generated green power. The T-REC were purchased by enterprises and the revenue was given back to the organizations.

TCI has signed a Memorandum of Understanding (MOU) as a cooperation project with Sunnyfounder. In 2019, TCI purchased the T-REC issued under this cooperation project, achieving the goals of corporate social care and green energy use. This is the best example of combining environmental and social sustainability. Through diversified green power promotion strategies, TCI is committed to implementing the goal of 100% renewable energy use.

5.3.3.3 Internal construction

TCI continues to expand solar panel installations and promotes the full installation of solar power systems on rooftops in the Precise iManufacturing Center in Pingtung. Currently, the total installed capacity is 961 kW. Due to the high insolation in the Pingtung area, the solar panels can generate about 1 million kilowatt-hours (1 GWh) of electricity per year, which can reduce greenhouse gas emissions by nearly 554 metric tons of carbon dioxide equivalent. The rooftops of the S12 automatic storage plant, which was completed in 2019, is also equipped with 400kW solar panels for self-use. It is estimated that about 400,000 kWh (0.4 GWh) of green power can be generated for self-use.



§ Renewable Energy Equipment at Precise iManufacturing Center (Pingtung)

	Start Date of Power Generation	Solar System Capacity (kW)	Area of Solar Panels (m ²)	Total Input Cost (TWD 10 Thousand)	Remark
S5 Functional Drink Factory	Dec 27, 2016	265.50	1,530	4,586	---
S9 Health Food Factory	Dec 27, 2016	484.98	2,795		
S11 Eco Facial Mask Factory	Nov 16, 2017	210.93	1,215		
S12 Automated Warehouse	Nov, 2019	400.83	2,400	Estimated 1,500	<ul style="list-style-type: none"> •Accumulated solar power generation(kWh) Estimated 400,000 per year •Carbon reduction (kgCO₂e) Estimated 208,000 per year
Total	-	961.41	5,540	4,586	

§ Total Renewable Power Generation at Precise iManufacturing Center (Pingtung)

	Yearly Solar Power Generation (kWh)			Accumulated Solar Power Generation (kWh)	Accumulated Carbon Reduction (kgCO ₂ e) ¹
	2018	2019	2020	As of 2020/12/31	As of 2020/12/31
S5 Functional Drink Factory	307,874	298,331	223,581.04	1,144,919	604,293
S9 Health Food Factory	554,512	529,268	479,230.27	2,132,011	1,124,039
S11 Eco Facial Mask Factory	247,627	240,466	146,231.67	656,149	340,905
S11 Eco Facial Mask Factory	-	-	273,491.53	273,491.53	139,207
Total	1,110,013	1,068,065	1,122,534.51	4,206,571	2,208,444

Note 1: The carbon emission coefficient of electricity in Taiwan is 0.554 kgCO₂e / kWh.



5.3.3.4 Promotion of green building factories

TCI has been implementing green building concepts in new factories since 2017. The S11 facial mask factory in Pingtung Panshi Park obtained the LEED Silver Certification from the United States Green Building Council (USGBC) in 2018, becoming "the world's first Eco Facial Mask Factory" and the world's leading mask manufacturer that has been certified by the organic certification organization, ECOCERT. LEED is an international credible green building scoring and certification system with the aim of effectively reducing the negative impact on the environment and the community through sustainable design in building construction while standardizing and practicing a complete and accurate green building concept. The S12 automated warehouse completed in 2019 has been granted the LEED certification.



5.3.3.5 Appealing for Green Partners' Participation

In order to encourage more Taiwanese companies to participate in the promotion of renewable energy development, TCI held a "TAIWAN Leadership Enterprise Vision Plan, Industry, Government and Academic Exchange Meeting" at TCI headquarters on November 12, 2018. At the conference, with the theme of "2100," TCI and other companies and associations committed to sustainability, including Delta, TSMC, and the European Business Association in Taiwan, etc., jointly encouraged Taiwanese companies to aim for 100% renewable energy use and 100% carbon neutrality, undertake corporate social responsibility, set positive carbon reduction targets, implement precise execution strategies to effectively promote the domestic renewable energy development and be in line with international sustainable actions, so that the efforts of Taiwanese companies will be witnessed by the world.

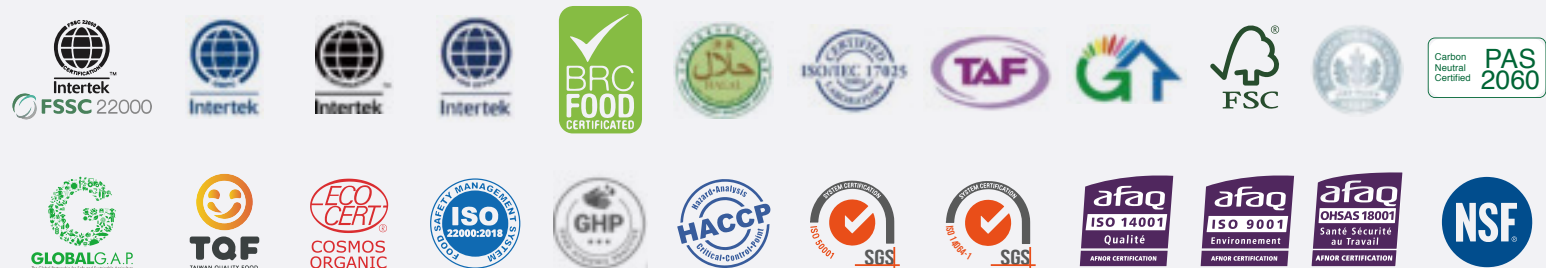
5.4 Green Product Liability

5.4.1 Compliance with International Standards and Regulations

5.4.1.1 Food Safety Control

TCI regards "food safety standards, committed to product quality improvement, and ensure customer satisfaction assured" as the policy for food quality and safety. TCI, with integrity and conscience, produces and provides customers and consumers with safe health foods in a sanitary condition. With food safety certifications at home or abroad, TCI ensures product quality and enhances consumer trust. Also, TCI has a food safety team that maintains quality and food safety systems to the highest standards. Through continuous improvement, TCI improves customer satisfaction and pursues sustainable business operations.

TCI strictly controls product quality for the health and safety of customers and consumers. The dietary supplements and skincare products produced by TCI all meet international standards in terms of raw materials, manufacturing processes and food safety management; besides, the product development, production, and sales service processes at the S5 Functional Drink Factory, S9 Health Food Factory and S11 Facial Mask Factory in Pingtung all comply with ISO 14001 standard for international environmental management systems, ISO 9001 standard for international quality management systems and OHSAS 18001 standard for occupational safety and health management systems (in conjunction with the correction of international standards, TCI will replace it with the new version of ISO 45001 in 2020). Moreover, the production of masks conforms to the Guidelines for Good Manufacturing Practice of Cosmetic Products (GMPC), including GMPC (ASEAN), GMPC (Council of Europe) and GMPC (U.S. Food and Drug Administration), ISO 22716 Good Manufacturing Practice Guidelines, and the CNS 22716 Standard for Good Manufacturing Practice (GMP) for Cosmetics formulated by Taiwan Ministry of Health and Welfare, and TCI is the first to produce facial masks accredited with the ECOCERT – Cosmos Organic certification (recognized by EU). On the other hand, TCI's health food production is in line with the BRC Global Standard for Food Safety, the ISO 22000 standard for international food safety management systems and the HACCP specifications for food safety control systems, Taiwan Quality Food (TQF) Product Certification Scheme, the ISO / IEC 17025 standard for laboratory quality management systems, GMP guidelines by NSF International, GMP guidelines by Taiwan Ministry of Health and Welfare, GHP guidelines, Halal food standard by Taiwan Halal Integrity Development Association and SEDEX standard.



5.4.1.2 Raw Material and Production Control

At TCI, the information on raw material feeding is controlled by the WMS cloud storage management system. The inspection results are transmitted to the SAP system through the TINS system, and the quality inspection is performed according to the inspection standards. TCI adopts a product data cloud management system, ERP and SAP information management system, and a barcode system for production management. Each TCI-produced product has a complete "product resume", which details the manufacturing process and specifications of the product, including the batch numbers and manufacturers of raw materials, and inspection records, etc. so that all raw materials, semi-finished products, finished products, and packaging materials can be tracked and strictly and comprehensively controlled.

5.4.2 Raw Material Management and Circular Economy

5.4.2.1 Circular economy of agricultural by-products

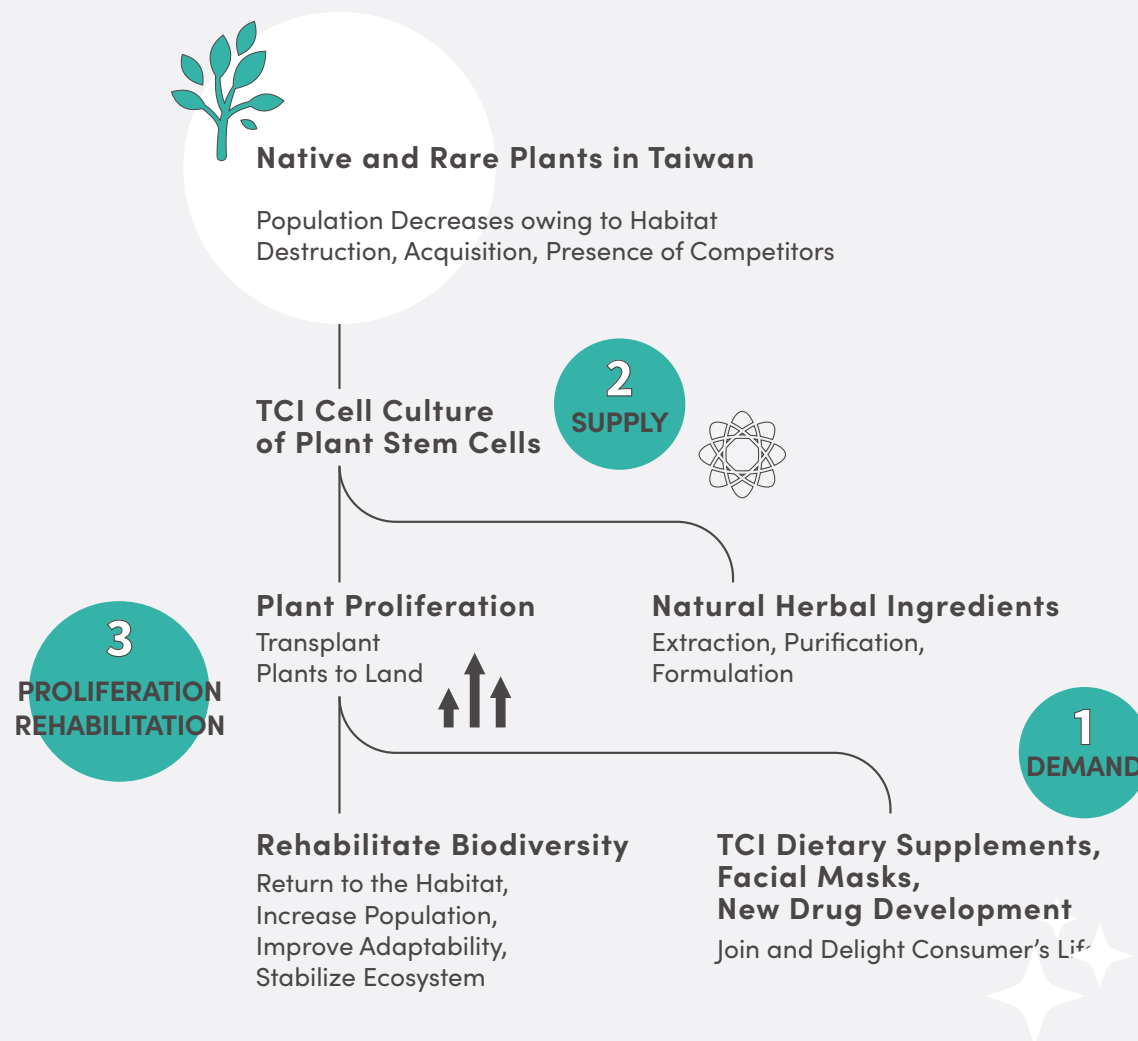
As an original design manufacturer (ODM) in the biotechnology industry, TCI makes use of a large number of agricultural raw materials to extract active ingredients with the methodology of Integrated Bioscience Design (IBD) and develops high-performance dietary supplements and skincare products featuring these active ingredients; TCI devotes itself to finding out methods to improve the resource recycling and waste reduction during manufacturing processes. Currently, TCI has succeeded in applying a circular economy model for the use of raw materials. By recycling agricultural by-products and agricultural wastes as raw materials for production, TCI has set an example of the circular economy of agricultural biotechnology products. TCI was therefore recognized as 2018 Taiwanese Excellence in Recycling by Industrial Development Bureau, MOEA at the 2018 Conference on Circular Economy: New Business Models for Circular Economy.



5.4.2.2 The Business Model that Promotes Ecological Restoration

Revive 100

Many native plants in Taiwan have become rare plants due to long-term human collection, destruction of habitats, and invasion of competing species. Integrating its business model and the goal of ecological restoration, TCI launched the "Revive 100" project based on which TCI proliferates and mass-produces endangered or rare plants with advanced plant stem cell and tissue culture technology and brings the plants back to their native habitat to increase their population numbers and adaptability to the environment, stabilize the ecosystem and ultimately achieve the goal of biodiversity restoration. Moreover, TCI uses its core extraction technology to extract and purify the extra mass-produced plants to produce functional ingredients for the production of health foods and beauty products, creating commercial value and advantages in the industry. While pursuing business innovation, TCI is also committed to rehabilitating the endangered and rare species in their native habitat, restoring ecological diversity in Taiwan and protecting the sustainability of biodiversity.



5.5 Environmental Pollution Management

5.5.1 Compliance with Environmental Regulations

TCI is concerned about global environmental issues and trends, as well as the risks and crises that extreme climate change may bring. Therefore, in addition to complying with environmental regulations and regulations in the locations of the global offices, TCI actively coordinates relevant management measures and promotes environmental management systems and green product management systems in cooperation with customers and suppliers. TCI also implements energy saving and carbon reduction in the working environment and improves manufacturing process and production management, and implements pre-employment education for new employees on disaster prevention and environmental maintenance to ensure effective use and management of limited resources. TCI has formulated its policy for environmental safety and health management based on which TCI promotes various management measures and conducts internal and external audits and third-party verifications every year to ensure compliance with the ISO 9001 standard for quality management systems, the ISO 14001 standard for environmental management systems, the ISO 50001 standard for energy management systems, the ISO 14064-1 standard for greenhouse gas inventories, the PAS2060 specification, the OHSAS 18001 standard for occupational safety and health systems (in line with international standard corrections, TCI replace this with the new version of ISO 45001 in 2020) and relevant environmental protection regulations. In 2020, TCI did not violate any environmental protection laws. In addition, TCI set up its factories in the agricultural science park and minimized the impact on the local ecological environment in daily operations.

5.5.2 Pollution Prevention

5.5.2.1 Air Quality Management

In order to maintain the air quality of the factories and ensure the safety and health of personnel who have access to the factories, TCI has equipped all the factories with qualified exhaust test cabinets, which operate around the clock. For experiments that may generate odors, it is required to operate in the exhaust cabinet to avoid affecting indoor air quality. The air extraction volume of an air extraction cabinet is regularly tested by professional units to confirm the function of the air extraction cabinet; the exhaust gases emitted by the air extraction cabinet are collected by independent pipes and discharged after activated carbon filtering; the filter devices are regularly repaired and maintained by professional institutions to ensure that the quality of the exhaust gases meets specifications. As for air pollutants, volatile organic compounds (VOC) are not produced at the TCI production sites; the emissions of trace amounts of nitrogen oxides (NOx) and sulfur oxides (SOx) are from plant generator testing or emergency use, the use of fire pumps and stackers, the use of diesel for business vehicles and the use of natural gas combustion in gas boilers. Therefore, TCI regularly reviews existing facilities and manufacturing processes to check the equipment that processes pollutants, and regularly inspects boiler equipment and discharge pipelines to ensure that all discharged substances are in line with laws and regulations.

5.5.2.2 Waste Management

In terms of waste management, TCI aims to increase the recycling rate of waste in the process, reduce the amount of waste generated from the start of the whole manufacturing processes, dispose of waste in accordance with laws and regulations, apply for permits and declare quantities in accordance with the law, and entrust qualified manufacturers to clear and handle. The management principle of waste is "everyone practices garbage classification, and there will be little garbage; turn priceless into valuable, valuable to high price". The production unit strictly implements waste classification management. Valuable waste is sold externally by the procurement department and reused by external organizations and the treatment of invaluable waste is entrusted to qualified manufacturers. TCI strictly examines the qualifications of waste disposal manufacturers. In addition to GPS tracking, it also irregularly checks the status of waste removal and disposal. Hazardous industrial wastes are uniformly stored in storage sites for hazardous waste, and then qualified manufacturers are entrusted to transport and dispose of the waste, and manufacturers' trucks are randomly tracked to ensure that the manufacturers meet the specifications.

On the other hand, in terms of packaging materials, environmentally friendly materials will be TCI's priority; also TCI will implement recycling and avoid over-packaging; in addition to recycling packaging materials for reuse, it will also cooperate with recycling manufacturers, and qualified contracted recycling manufacturers will sell the recycled packaging materials to domestic customers. The packaging materials in good condition will be reused. TCI calculates the number of recycled packaging materials, the recovery rate and the completion rate on a monthly basis, and reviews the items that have not reached the target. Through the packaging material recovery management mechanism, TCI extends the life cycle of packaging materials, reduces the consumption of packaging materials and costs, and reduces waste generation.

5.5.2.3 Noise management

From time to time, TCI publicized and posted the "Precautions for the Prevention of Noise Hazards" at the factories. According to the results of self-monitoring and regular inspection by relevant units, the noise of the headquarters of the Neihu Science Park in Taipei and the Panshi Center in Pingtung has not exceeded the standard.

5.5.2.4 Wastewater management

TCI built wastewater treatment facilities in S5 functional drink factory and S9 health food factory in 2018. The quality of discharged water is in compliance with the current laws and regulations, and wastewater inspections are carried out regularly to ensure that there is no significant negative impact on the water bodies within the scope of influence. The treatment of the wastewater of S11 eco facial mask is assigned to the wastewater plant of the Agricultural Science Park Management Office.

5.5.3 Water Resource Management

The industrial water sources of TCI Precise iManufacturing Center in Pingtung are all tap water. The approved water consumption is $330 \times (S5 + S9) + 70 \times (S11) = 400 \text{ CMD}$, of which S5 is a functional drink factory, S9 is a health food factory, S11 is an eco facial mask factory. The S5 functional drink factory uses warm water, and the water recovery is about 60 tons of water per year (estimated at 20 liters per hour). In the future, TCI will continue to formulate water conservation measures and water recovery plans to effectively manage water resources.

§ Water Consumption

	2018	2019	2020
Water Consumption (tonne)	208,939	297,939	322,164
Water intensity (tonnes/million USD output)	1,392.09	1,659.94	1,175.78

CHAPTER 6 /

A POSITIVE AND CARING WORKPLACE

6.1 Talent Employment

6.2 Labor/Management Relations and Protection of Human Rights

6.3 Talent Management and Career Development

6.4 Salaries, Benefits and Employee Care

6.5 Management of Occupational Health and Safety

Material Topics

- Protection of human rights
- Employee care and benefits
- Talent cultivation
- Labor environment and safety

Management Purpose and Approach

- TCI shall protect employees' legitimate rights and interests through the establishment of human rights protection norms and ensure compliance with labor human rights regulations and the goal of diversity and equality.
- Through the performance appraisal system and salary review system, TCI shall provide employee education and training, rotation opportunities and multiple promotion channels; TCI shall be committed to recruiting talents from the inside, guaranteeing employees' reasonable salaries, and improving the company's human capital and competitiveness so as to achieve the benefits of talent retention.
- TCI shall provide a high-quality work environment and employee benefits through the establishment of employee welfare committees to promote employee physical and mental balance and improve work efficiency.
- TCI shall reduce employees' work environment risks by providing employees with comprehensive safety and health management and employee education and training, and aim for zero accidents.

Related to (SDGs)



157 Hours
**Education and
Training per capita**

100 %
Retention Rate

1.02 %
Injury rate (IR)
(IR = number of occupational
disasters x 1,000,000 / total working hours)

0 %
**Occupational Disease
Rate (ODR)**
(ODR = total occupational diseases /
total working hours x 1,000,000)

In terms of corporate operations, in addition to focusing on profits and management, companies' frequent interaction with multiple stakeholders at all levels usually bring varying degrees of impact on them. TCI is not only concerned with its own interests; TCI considers the employees to be family members; as for upstream and downstream suppliers and customers, TCI regards them as partners; also, TCI takes Pingtung as its root. Making great efforts, TCI hopes to improve the environment and life quality of these stakeholders; this is not only about TCI's gratitude but about practicing what it preaches because TCI believes that giving to others will not only make changes but also form greater positive feedback.

6.1 Talent Employment

6.1.1 Labor Structure By the end of 2020, the total number of TCI employees was 632, with male employees accounting for 60% and female employees accounting for 40%. The Taipei headquarters had a higher proportion of women than men. On the other hand, Precise iManufacturing Center in Pingtung had a higher proportion of men than women, which was 66% compared to 34%. In the future, more emphasis will be placed on the employment and job security of female employees, increasing the proportion of female employees in the factory area, and gender equality. All employees are hired full-time and provided with employment security.

§ Labor Structure

Category	Item	Male		Female		Subtotal	
		Number of employees	Percentage of All Male Employees	Number of employees	Percentage of All Male Employees	Number of employees	Percentage of All Male Employees
Region	Taipei	64	40%	92	60%	156	25%
	Taichung	0	0%	0	0%	0	0%
	Kaosiung	0	0%	0	0%	0	0%
	Pingtung	308	66%	159	34%	479	75%
Employment type	Regular Employees	372	60%	251	40%	623	100%
	Temporary employees	0	0%	0	0%	0	0%
Age	Equal to or under 30	155	56%	120	44%	275	44%
	31 - 50	212	63%	123	37%	335	54%
	Over 50	5	38%	8	62%	13	2%
Subtotal		372	60%	251	40%	623	100%
Total		632					

44% of TCI's employees are under 30, 54% are aged 31 to 50, and 2% are over 50. TCI actively communicates with younger generations. The younger labor structure brings innovation energy and vitality to TCI, strengthens the diversified and differentiated development advantages of products and services, and forms the courage and flexibility to face the company's rapid growth challenges. TCI uses "Trust", "Creation" and "Intelligence" as the core value of the company to attract working partners with the same philosophy, unite the centripetal force, and strive to provide high-quality, competitive career development for the young generation.

6.1.2 Diverse Talent and Equal Employment

Committed to creating an inclusive work environment, TCI upholds the principles of respecting human rights and employing talented professionals in complete compliance with the Labor Standards Act and Act of Gender Equality in Employment. Candidates' professional ability is the primary factor of consideration and are not discriminated against due to gender, age, ethnic group, religion, marital status, or political views.

In the recruitment process, through open and transparent selection, all talents have equal opportunities for screening; recruiters also continue to receive interview-related training, including recruitment training for diversified talents, improvement of interview skills and the use of candidate screening tools, etc.

The Human Resources Department closely cooperates with all departments throughout the recruitment process, continuously recruiting outstanding talents with the same values and professionals in various fields, and emphasizes diversity and equality. In addition to open recruitment through internal and external recruitment websites, the HR Dept. also actively cooperate with colleges and universities to help undergraduates and fresh graduates understand the industrial structure in advance through the Campus Talent Cultivation Plan and recruiting alternative service R&D specialists and hire young talents from all parties with potential for development.

In order to enable new employees to quickly integrate into colleagues and partners and adapt to the corporate culture, TCI has established a 6-Month Mentorship Program to assign 2 mentors to each new recruit, one from the same department and the other from a different department. New employees and mentors can have lunch every month. Through communication and exchanges, new employees can consult and seek assistance at any time to accelerate workplace adaptation. To retain outstanding professionals, TCI offers new employee training, employee care and motivation, seniority and performance awards, internal job transfers, promotions, and other rewards, salary adjustments, and so on for workers at every level. TCI continuously strives to improve its management system because it is passionate about creating a positive, caring, professional workplace.

In addition, in order to encourage employees to communicate and communicate with each other, TCI provides a proposal reward system, so that employees can propose improvement policies and suggestions for internal operating processes and related systems based on actual operating experience, and those whose proposal is adopted will receive additional rewards. TCI also has set up the "Always Here for You Center" in the company's communication software for internal communication. Employees can ask questions at the "Always Here for You Center" for any day-to-day business processing and get the immediate response. During 2020, we received a total of 1408 miscellaneous issues and 48 suggestions from employees. "Always Here for You Center" became the center of epidemic prevention and protected the health of all employees.

6.1.3 Turnover Rate Due to the company's tremendous growth and continuous upgrading and transformation of its operating model, the turnover rate of employees was not low. In the future, TCI will continue to adjust and stabilize the workplace environment and work patterns to match the drastic changes brought about by upgrades and transformations, which will effectively reduce the turnover rate of employees.

§ Employment Rate and Demission Rate

Category	Item	Number of Employees at the End of the Year	New Employee		Former Employee ²	
			Number	Employment Rate	Number	Employment Rate
Region ¹	Taipei	156	77	49%	101	65%
	Taichung	0	0	0%	0	0%
	Kaosiung	0	0	0%	0	0%
	Pingtung	467	107	23%	194	42%
Gender	Male	372	104	28%	173	47%
	Female	251	80	32%	122	49%
Age	Under 30	275	105	38%	149	54%
	31 – 50	335	78	23%	144	43%
	Over 50	13	1	8%	2	15%
Total				623		

Note 1: Taipei is the headquarters, Taichung, Kaohsiung, Pingtung are R & D centers, and Pingtung is also the production site.

Note 2: Demission includes "involuntary resignation": resignation due to retirement, legal dismissal, termination of employment contract or end of the internship.

Industry-academia Cooperation, Connected to the Local

As early as 2011, TCI established the Next Lab in cooperation with National Chung Hsing University (NCHU). In 2017, TCI established H & M Lab at NCHU, MIA Lab at National Sun Yat-sen University (NSYSU), and cooperated with Biotechnology Center, NCHU to establish an industry-academia R&D center, which combines technical consultants, research facilities, efficacy verification platforms and researchers in various fields. TCI continues to pursue innovations in raw materials, manufacturing processes, and service models through close industry-academia cooperation mechanisms and global patent deployment and further investigate and realize the foundation of R&D and innovation. In addition, since 2016, TCI has started long-term Industrial-Academic Cooperation Projects with Tung Fang Design University, National Pingtung University of Science and Technology and Ta Jen University to design university courses so that students can reduce the gap in academic and practical work needs and to provide internship opportunities so that through the actual operation of the production line, students can learn related professional technology, improve workplace competitiveness, and those with high performance can directly work in TCI; this industry-academia cooperation model is closely linked to local academic institutions in Pingtung production site to cultivate promising talents.

6.2 Labor/Management Relations and Protection of Human Rights

6.2.1 Labor/Management Communication

TCI is committed to promoting open and transparent two-way communication between supervisors and employees, creating a highly engaged work environment, and providing a variety of unobstructed communication channels, including labor-management meetings, employee opinion mailboxes, online "Always Here for You Center", and human resources announcements, cross-level communication meetings of various units, meetings of the Welfare Committee, employee complaint mailboxes, etc., provide a platform for effective discussion of welfare planning and various employee rights and interests, and allow employees to express opinions, reflect problems and provide improvements to all management levels. As for the complaint and whistleblowing channels, employees can appeal or report to the audit department through internal mailboxes, online "Always Here for You Center" or other methods, and the audit department will accept the report across the departments within 3 days and report the results to the board of directors. The audit department will take corresponding measures for the content of the complaint or report, such as requiring relevant authorities to issue improvement measures and notify the parties and supervisors of the investigation results to carry out related punishments. TCI did not receive any employee complaints or whistleblowing reports in 2020.

Free Participation and Labor Conferences

TCI complies with relevant ILO conventions, including UN Guiding Principles on Business and Human Rights, and other internationally adopted human rights regulations, including ILO Declaration on Fundamental Principles and Rights at Work and UN Universal Declaration of Human Rights. TCI also complies with locally applicable regulations that all employees can freely participate in activities and labor conferences within the organization and can conduct collective negotiation and discussion in accordance with relevant laws and regulations.

TCI will not interfere in any way with the establishment, operation, or management of organizational activities or collective bargaining. In 2020, TCI did not violate the freedom of association or participate in labor meetings and collective bargaining. At present, TCI has set up labor-management meetings at all business locations to ensure that employees can fully exercise their right to participate in free organizational activities and collective bargaining. Employee representatives can openly, without fear of discrimination, retaliation, threats or harassment, communicate with management and share their thoughts and concerns about work conditions and management methods. The supervisors of all units regularly attend the company's labor and capital meetings, and relay, handle, negotiate and respond to the matters reflected by employees; the records of all the currently held labor and capital meetings will be announced.

6.2.2 Parental Leave TCI encourages employees to take care of the family while they contribute their strength in their positions to achieve a work-life balance. When employees need more time to raise their new family members and cannot handle their jobs, TCI, complying with Act of Gender Equality in Employment, provides a comprehensive system of parental leave and assists employees to smoothly adapt to the workplace when they return to their positions. The reinstatement and retention rate have remained 100% in the past three years.

§ Application for Parental Leave and Retention

		2018	2019	2020
Number of People Eligible for Parental Leave	Male	12	13	27
	Female	10	9	13
	Total	22	22	40
Actual Number of Applicants	Male	0	0	1
	Female	5	9	10
	Total	5	9	11
Number of Employees that Should be Reinstated	Male	0	0	1
	Female	5	9	10
	Total	5	9	11
Number of Employees that were Actually Reinstated	Male	0	0	1
	Female	5	9	10
	Total	5	9	11
Reinstatement Rate ¹	Male	-	-	-
	Female	100%	100%	100%
	Total	100%	100%	100%
Number of Employees that had been Reinstated for 1 Year in the Previous Year	Male	0	0	0
	Female	3	1	8
	Total	3	1	8
Retention Rate ²	Male	-	-	-
	Female	100%	-	89%
	Total	100%	-	89%

Note 1: Reinstatement rate = actual number of reinstated employees / number of employees who should be reinstated

Note 2: Retention rate = number of employees who have been reinstated for one year in the previous year / number of employees who have been reinstated in the previous year

6.2.3 Taking Care of Employees' Physical and Mental Health

As a manufacturer of health foods and skincare products, TCI pays more attention to the physical and mental health of employees. Every year, it regularly plans health checkup programs for different age groups, including genetic testing, disease prevention and tracking to check the health of employees. In addition, TCI handles health lectures every month and provides functional drinks, dietary supplements, skincare products and nutrition special mix produced by the company for free in daily work to supplement the energy and nutrition of employees, improve their long-term eye fatigue, and regulates facial skin conditions. TCI also provides employees and their families with instant and free health consultation and care, effectively promoting employee health management at the "Genius Clinic" of the TCI Group. And in order to let employees relieve the pressure of work, TCI arranges masseurs to provide massage for employees every week.

TCI encourages employees to actively engage in interpersonal communication and regulate their work-life balance; thus, TCI invites family members of employees to take part in various company activities, such as marathons, employee travel, etc., to share the enthusiasm and vitality of the company culture. Each year, "Family Day" is held with different themes and locations to create a new experience and happy memories for the employees and family. The 2018 Family Day was held in the National Museum of Natural Science in Taichung. The company's employees and their families were invited to experience overnight stays at the Museum and participate in parent-child activities to strengthen family bonds and motivate employee partnerships.

6.2.4 Respect for Human Rights

Talent is the most important asset and the basis of the competitiveness of the company. TCI is committed to safeguarding the basic human rights of employees, protecting their legitimate rights and interests, strictly abiding by relevant labor regulations, and complying with international human rights conventions and internationally recognized basic labor human rights principles, including UN The "Universal Declaration of Human Rights", "ILO Convention", "The United Nations Global Compact, UNGC" (see section 2.2.1 for details). TCI prohibits any form of discrimination, forced labor, and child labor, obeys the principles disclosed in international human rights conventions such as not hindering the freedom of association of employees, and eliminates discrimination against women while protecting the rights of persons with disabilities and adopting diversity when hiring talent by giving equal opportunities. In 2020, TCI did not receive any complaints about human rights violations or discrimination, child labor, or forced labor.

In terms of employment, TCI is committed to complying with national laws and regulations related to corporate social responsibility, the Labor Standards Act and the Act of Gender Equality in Employment. TCI adheres to the principles of "respect for human rights" and "right person in the right position". TCI will not unequally treat or discriminate against any person based on their "gender, sexual orientation, age, race, color, nationality, religion, disability, marital status or political position, etc." TCI is committed to adjusting and developing a reward system with industrial advantages, and to working to establish an operating environment of integrity, health and safety, and ensuring safety and health conditions and working environments that meet international standards. In order to implement labor rights advocacy, TCI strengthened human rights concepts and policies in the employee orientation courses and reviewed the effectiveness of various issues such as child labor and underage labor, forced labor, sexual harassment, labor communication, and freedom of expression according to customer needs.

TCI's focus on human rights protection has extended to upstream and downstream supply chains. It regularly reviews the human rights protection measures of internal and supply chain manufacturers and requests adjustments as appropriate. In addition, it also strengthens the transparency of human rights-related information and practices the common goal of international human rights protection.

§ Specific Regulations for Human Rights Protection

Employees are the foundation of business development. In terms of human rights protection, TCI complies with all relevant laws and regulations and clearly sets out company policies and procedures. The human rights protection management mechanism applies to all employees, and suppliers are also required to comply with all relevant regulatory requirements.

- Employment must be voluntary.
- Child labor should be prohibited.
- Ensure that employees are paid at least the local minimum wage and provide benefits.
- Ensure that employees do not work overtime and that overtime working must be voluntary and in compliance with relevant labor regulations and laws, and be compensated with a relative salary.
- Ensure employees have 24 hours of rest every 7 days.
- Show respect for employees' choice, formation, joining or refusal to join any union or other types of employees' organizations.
- Ensure that there is no sexual, mental, physical, or verbal harassment, abuse, intimidating or otherwise uncomfortable or unsafe behavior in the workplace.
- Respect, equality, and non-discrimination
- Implement occupational safety and health protection for female employees.

In order to implement the protection of employees' human rights, new employees are provided with a seven-hour course on human rights and labor-related laws and regulations, and regular reviews of employee codes and corporate values are conducted. TCI reviews the reports of overtime working and working hours of all business locations monthly and investigates if there is any abnormality. In addition, through the implementation of legal compliance at each business location every quarter, compliance with relevant human rights norms is ensured; if there are violations, investigations should be and improvements should be tracked.

6.2.4.1 Prohibition of Child Labor

TCI complies with the Labor Standards Act and does not hire employees under the age of 15. In order to support the technical and vocational education system and reduce the gap between academic and practical work needs, since 2018, TCI and Tung Fang Design University and National Pingtung University of Science and Technology started long-term Industrial-Academic Cooperation Projects to arrange students to practice on the production line and learn relevant techniques. In accordance with the regulations of the central authority, TCI employs technical students aged 15-18 and can provide them with vocational training to assist them in acquiring work skills, but they are not made to perform heavy and dangerous work or to work at night and on regular holidays; their work schedule must meet the restrictions of working hours as stipulated in laws and regulations. At the same time, TCI also cooperates with the schools under the Industrial-Academic Cooperation Projects to strengthen the discipline management of juvenile workers to ensure their physical and mental development and labor rights.

6.3 Talent Management and Career Development

6.3.1 Performance Management System

TCI has formulated "Assessment Measures for Employees" and "Examination Mechanism for Passing the Probation Period". After new employees are registered, they will obtain their own task cards. TCI uses the task card management mechanism to establish career records and project tasks for new employees through a three-month continuous project assessment to assess the eligibility and performance of the employees, and then determine whether the employees meet the company's culture and requirements. The cards mainly detail employees' work performance and the mechanism is used to evaluate each employee fairly and fairly in a transparent manner. Employees who pass the probation period are assessed once a year for their work performance, which is called annual performance appraisal, serving as the basis for rewards, punishments, promotions, and job transfers. The performance appraisal adopts a two-way communication method: comments are written by employees and they can fully communicate with supervisors so that the employees can understand the feedback of supervisors on their performance, and allow supervisors to deeply understand employees' thoughts, feelings, work attitudes and potentials, and then submit the appraisal to the reward and punishment committee. The heads of the centers will discuss and decide the eligibility and arrangement of the employees so that colleagues can have the opportunity to be appropriately assigned with job responsibilities so as to implement the integration of corporate value culture, stimulate morale, and serve as a reference for training and planning employees' career development. In addition, the company conducts promotion and job transfer planning based on the capabilities, work performance and characteristics of each employee, recruits talents from the inside, and through rotation opportunities and diversified promotion channels, allows employees to work in appropriate positions, have diversified contacts and sustainable development.

§ Number of Employee Appraisal

	Male	Female	Total	Percentage of Employees Appraised ²
Direct Appraisal ¹	308	155	463	100%
Indirect Appraisal	64	96	156	
Contractor/ Temporary Employee	0	0	0	
Total	372	251	623	

Note 1: Direct Appraisal is defined as the TCI factory full-time employee; Indirect Appraisal is defined as the TCI non-factory full-time employee; Contractor / Temporary Employee is defined as a part-time worker and intern, which can be converted to full-time employees after assessment.

Note 2: The total number of employees is 623.

6.3.2 Employee Training

In order to encourage employees' lifelong learning, allow employees to enrich their professional knowledge and improve their professional skills and humanistic literacy, thereby improving service quality, performance and innovation energy, TCI provides various training channels for employees through the "Continuing Education Methods for Employees" to achieve differences based on individual needs. All full-time employees who apply for on-the-job education should explain the training subject, methods and professional relevance that may help improve the employees' performance in the future. The employees will be supported by the company to participate in various on-the-job education and training courses after approval of the application. The key to TCI's strong employee bonding is that the company attaches great importance to the career development of colleagues, encourages employees to grasp various learning opportunities and that the employees are also willing to give back what they have learned to the company, forming a benign learning cycle within the organization.

TCI provides diverse employee education and training courses, the topics of which include "TCIology" (Eight Creeds of the Company, core values, learning from mistakes, TCI leadership), technical courses (Lipomask, Synergene, Cell Young, DoubleNutri), product courses (product knowledge, formula design, Proposal design, packaging materials technology), raw materials section (IBD raw materials, IBD new product meeting), sales courses (product sales and selling points, sales skills, experience sharing), industry analysis courses (monthly special report, Dajiang Industry Weekly, monthly publication), legal courses (legal disputes, business secrets, contract and trademark practice), process courses (business process, delivery confirmation, product development process, MES) and general education courses (knowledge forum, health nutrition, English class, tax declaration class), etc. Through the integration of comprehensive learning resources, employees can expand their knowledge, cultivate professional skills, apply what they have learned to practical work, and improve work efficiency, communication skills, and problem-solving capabilities.

The education and training courses in 2020 are divided into seven major categories: newcomer training, professional training, regulatory and regulatory training, general education courses, business training, factory training, and data application forums. The cumulative number of courses in the whole year has increased significantly from 81 in 2018 to 156 courses in 2020, including real-person lectures and digital online courses. The annual cumulative hours of courses totaled 666.5 hours, and the total number of course participants reached 11,118.

§ Education & Training Courses and Participants

Course category	Number of courses started	Cumulative hours	Number of participants
Newcomer training	59	374	271
Professional training	8	8	3268
Legal education	3	3	1228
General education	41	42.5	4631
Sales representative training	37	111	1043
Factory training	8	128	677
Total	156	666.5	11118

Leadership Development

TCI continues to strengthen employee career education and training systems to deepen employees' professional skills, provide internal and external training and self-learning opportunities and channels, and plan different career learning paths based on "management skills", "professional functions" and "general learning": "Supervisor training" according to the management abilities required by supervisors at all levels, plan corresponding seminars and lectures to strengthen team leadership and strategic thinking skills; "Professional Function Training" that mainly strengthens the professional and technical capabilities of daily business to enhance various Handling and efficiency of unit affairs; "General Studies Training" that provides heuristic learning, encourages diverse development of employees, and stimulates potential and creativity.

§ Employee Education and Training

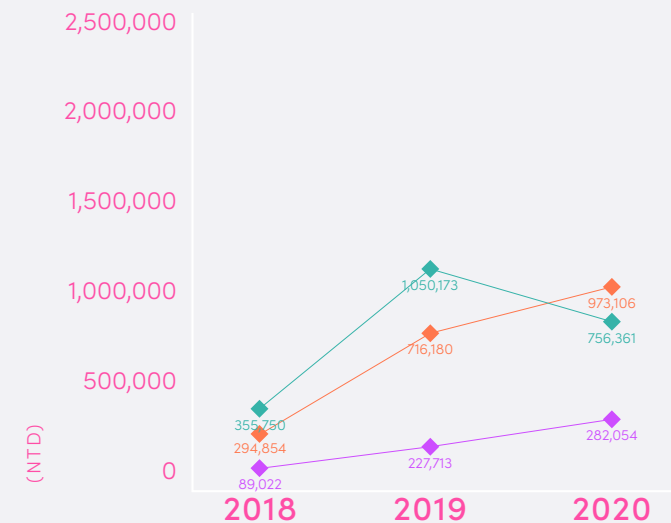
	Supervisor		Specialist		Total	Percentage of Employees Participating in Training ¹
	Male	Female	Male	Female		
Number of Employees	42	40	331	210	623	
Training Hours in Total	6547	6280	51,979	33,005	97,811	100%
Training Hours on Average	157	157	157	157	157	

Note 1: The total number of employees is 623.

§ Yearly Expense of Employee Education and Training

Item	Expense (NT\$)
Regular Training and Lectures	756,361
External Training	973,106
Scholarship for On-The-Job Education	282,054
Total	2,011,521

Yearly Expense of Employee Education and Training



6.4 Salaries, Benefits and Employee Care

6.4.1 Competitive Compensation

In order to provide employees with reasonable rewards, attract and retain outstanding talents, and take into account shareholders' rights and employees' living standards, and maintain the company's long-term stable development, the average annual salary of TCI non-executive positions reaches TWD 1.02 million. In addition to the salaries better than the average in the industry in Taiwan, TCI issues more year-end bonuses and mid-year operating dividends based on the current year's operating performance. In addition, in order to ensure that the company's salary competitiveness is higher than the market, implement equality and fairness in salary, and avoid gender discrimination in the workplace, TCI regularly adjusts salary levels based on relevant factors such as price levels, market supply and demand, salary standards and local legal requirements; other than annual salary adjustments, TCI also provides a sound promotion system and salary adjustment opportunities for quarterly performance reviews. On the other hand, TCI also timely establishes various reward systems to reward formal employees and units with superior performance, including performance appraisal bonuses, annual performance bonuses, special contribution bonuses, proposal bonuses, patent bonuses, employee bonuses, restricted stocks and other employee stock option incentive plans, as well as the award of long-term employees, excellent team awards, outstanding employee awards, etc., to provide employees with the corresponding rewards for recognition. The average salary adjustment in 2020 was 7.1%. The annual employee welfare expenses was a total of 961,005 (NTD thousand); with an average of 1,469 (NTD thousand) per employee. The average employee salary was 1,271 (NTD thousand).

6.4.2 Retirement System

TCI handles retirement-related matters in accordance with the Labor Standards Act and the Labor Pension Act. The old system is only applicable to a very small number of long-term employees. Most employees adopt new pension schemes stipulated in the Labor Pension Act based on which each employee's 6% of monthly salary is paid to a special pension account for individual workers, which complies with statutory retirement protection.

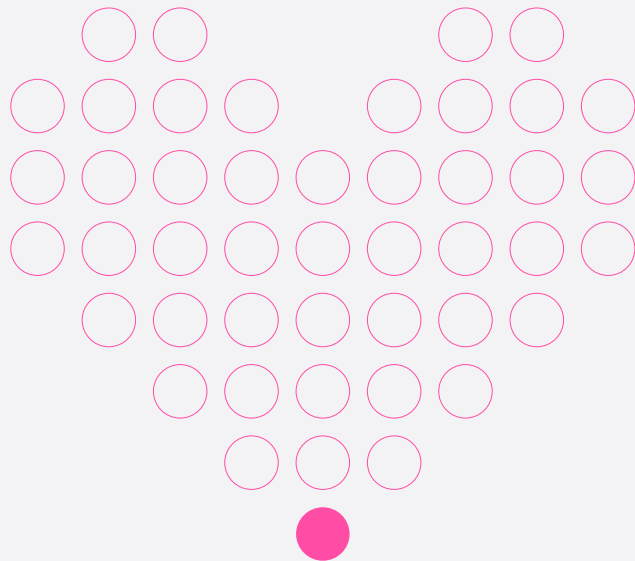
1. According to the "Labor Pension Act", if they choose to continue to apply the "Labor Standards Act" pension schemes or retain the working years that the labor retirement regulations have not yet applied to, their retirement benefits will be issued in accordance with the previous paragraph.

2. For employees who are subject to the "Labor Standards Act" retirement pension schemes and are forced to retire in accordance with Article 35, Paragraph 1 (2), whose loss of mind or physical disability is caused by the performance of their duties, the pension shall be increased by 20% according to the provisions of the preceding paragraph.

For employees who are subject to the "Labor Pension Act" retirement benefits, the company will withdraw 6% of their monthly salary to a special pension account for individual workers. For employees who are subject to the "Labor Pension Act" retirement benefits, the company will withdraw 6% of their monthly salary to a special pension account for individual workers.

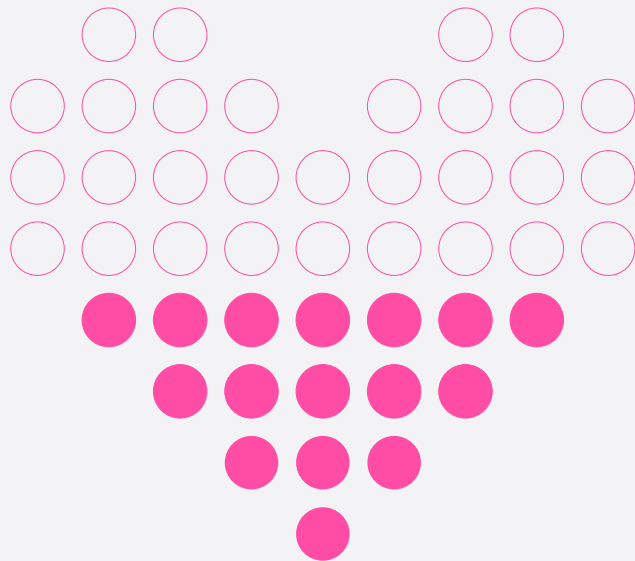
6.4.3 Employee Benefits

It is the responsibility of the company to take care of the physical and mental health of employees. In addition to health insurance, TCI also provides travel insurance, group insurance including cancer insurance, and a family member can be enrolled for free. In addition, TCI established an “Employee Welfare Committee” (hereinafter referred to as the “Committee”) in accordance with the Employee Welfare Fund Act. With all employees as the main body, both employers and employees sent representatives to manage and properly use employee benefits to promote harmonious relations between employers and employees. The annual funding sources of the Committee are mainly from the company's operating income and employee benefits. With the annual available staff welfare funds and corporate operating policies, the Committee takes "care for colleagues" and "improve the quality of life of colleagues" as the two core values and applies funds to annual care gifts, wedding and funeral celebration allowances, maternity subsidies, birthday gifts, foreign training subsidies, scholarships, hospitalization condolences, emergency assistance and other workplace care benefits; based on the core values, the Committee also draws up an annual event plan, including employee travel, movie appreciation, Michelin food, and concerts, etc., and encourage employees to set up clubs on their own, and the company subsidizes club activities to fully develop interests and social activities outside of work, and promote employees' work-life balance. In addition, TCI also provides facilities at offices and factories such as the library and gym at the factory for employees to use in their leisure time to encourage self-enrichment and stress relieving in a timely manner.



Health care

- Labor insurance and universal health insurance¹
- Group insurance and occupational injury insurance²
- Regular health checks
- Health and medical consultation for employees and their families
- Community activities³
- Aerobic activities and yoga class
- Lectures on health knowledge
- Vitality Healthy Juice
- TCI Nutrition Mix⁴
- Stress-reliving massage service
- The gym at the factory
- Marathon
- Family Day



Bonus system

-Operational bonus payment⁵

-Warrants⁶

-TCI Star⁷

Financial helper

-Financial seminar

-Tax consulting seminar

-Bank to House Service⁸

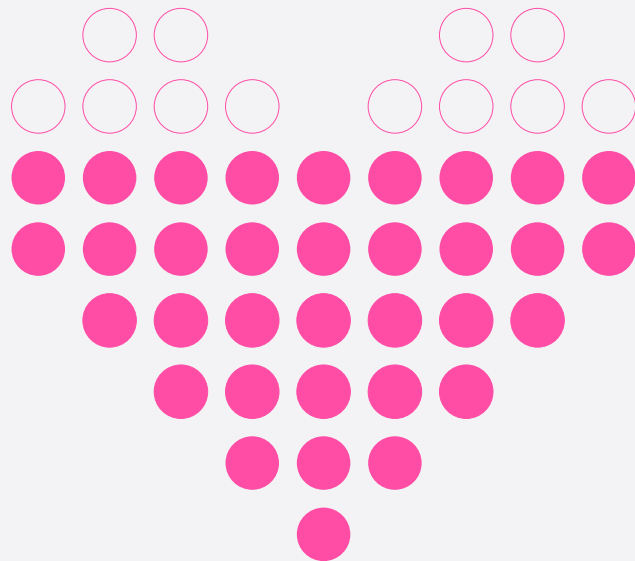
Care

-Annual Festival Allowance⁹

-Mentorship for new employees

-Staff issue consultation and assistance

- "Always Here for You " online service system

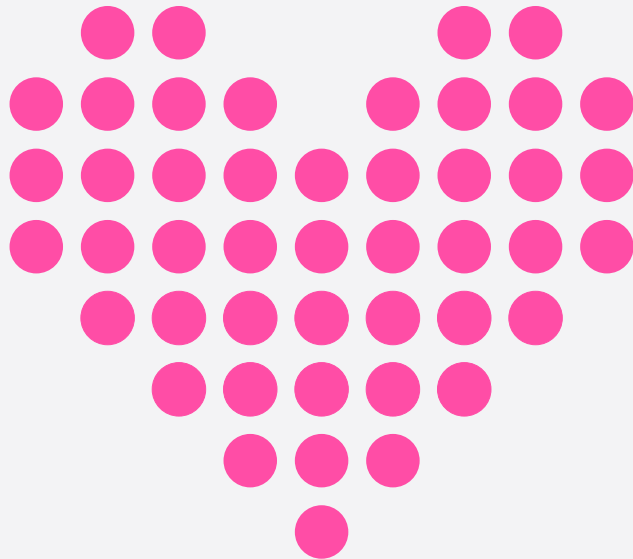


Coursesystem

- Supervisor training courses
- Applications for various external training
- Various lectures
- TCI Dream Project¹⁰

Entertainment

- Staff purchase discount
- Birthday celebration party (every 2 months)
- Family Day
- Leisure tourism activities
- Christmas dinner
- Departmental dinner
- Michelin star picking party



Legal advice

-Legal advice for employees and their families

Relief

-Art lectures

-Hosting arts and cultural concerts

- Humanities Gallery at the factory

Note 1: According to the "Labor Insurance Act" and "National Health Insurance Act".

Note 2: Group insurance and occupational injury insurance: Group insurance life insurance, accidental injury insurance, injury medical treatment, hospital medical insurance, cancer medical insurance and occupational injury insurance provide complete protection for employees and families.

Note 3: Given the importance of the employees' health, the Committee allocates funds for employees to form various societies, such as basketball clubs so that the employees can exercise and stretch after work to relieve stress.

Note 4: Nutrition mix is provided for employees. (free of charge)

Note 5: If there is a surplus in the annual settlement after the tax payment has been made and the losses made up in previous years, the employee's operating bonus distribution ratio for the current year is planned and approved by the board of directors and reported to the shareholders' meeting for recognition.

Note 6: In order to attract outstanding talents to join and retain promising employees and jointly create the company's benefits, after the agreement of board of directors, the company issues employee stock option certificates in accordance with the "Employee Stock Option Issuance and Stock Option Measures".

Note 7: Bonuses, honor certificates and trophies, air tickets, electronic products, etc. are given to the TCI Stars elected each quarter; among the TCI Stars, 8 outstanding Stars as the annual GE8 (Global Excellent 8) will be elected, who will be fully subsidized for foreign training courses.

Note 8: House refers to the company.

Note 9: On the Mid-Autumn Festival, Dragon Boat Festival and Lunar New Year, each employee will be paid a fixed allowance. The amount of allowance will be adjusted according to the company's operating situation.

Note 10: Provide qualified employees with interest-free loans to realize their dreams.

6.5 Management of Occupational Health and Safety

6.5.1 Occupational Safety and Health Management Organization

In order to promote work safety, prevent accidents, improve the working environment and maintain employee health, TCI established the "Environmental Protection and Labor Safety and Health Committee" in accordance with Article 10 of the "Regulations for Occupational Safety and Health Management", which is the organization at the highest level for employee safety and health management, with the manager of the Administration Service Center serving as the general convener and chairman, and the members include the Safety Management Department, Human Resources Department, General Affairs Department, the factory director, personnel in charge of supervision and command, occupational safety and health-related engineering and technical personnel, and labor representatives the number of which is more than 1/3 members in the Committee. The meetings of the Committee are held on a regular basis every quarter. During the meeting, the committee develops, coordinates, and manages safety, health, and health-related matters of each factory based on quarterly results, external environmental changes, labor safety and health policies, and independent management plans. At the same time, the committee also adjust measures to improve environmental conditions, equipment, and operating conditions to implement environmental protection and labor safety and health management; on the other hand, the Committee also communicates the company's labor safety policy through regular meetings and exchanges views between representatives of labor and management to prevent occupational disasters and protect labor safety and health

§ Work Safety Measures and Policies at Precise iManufacturing Center

1. Perform outsourced environmental monitoring every six months.
2. Perform fire fighting and first-aid drills every six months and handle annual fire inspection declarations in accordance with the law.
3. Report occupational disasters online every month.
4. Establish labor safety and health and work rules.
5. Conduct labor safety and health education and training at least once every six months.
6. Develop sexual harassment prevention measures and disclose them publicly.
7. Carry out safety and health education and training for contractors.
8. Carry out safety inspections from time to time in the plant area.

§ Measures for Industrial Safety and Health Equipment Installation and Maintenance Management:

TCI's safety and health equipment for each factory, including fire extinguishers, first aid boxes, fume hoods, smoke exhaust windows, exhaust pipes, emergency showers, eye washers and medicine storage cabinets, are regularly checked and replaced in accordance with regulations; and forms for automatic inspection records are designed; the forms should be filled in and checked and kept for future reference. In addition, the fume hoods, smoke exhaust windows, exhaust pipes, emergency showers, eye washers, and medicine storage cabinets are all inspected and maintained by qualified contractors.

§ Manufacturing Process Improvement and Production Management

TCI strictly monitors and continuously improves product manufacturing methods and process design, and sets production management methods as a basis for emergency treatment. TCI performs pre-employment education when new employees are recruited and establishes the concepts of disaster prevention and environmental maintenance to implement them in daily operation procedures. In addition, TCI strictly regulates operating procedures to ensure compliance with regulatory procedures and process operations and requires full compliance with the regulations to maintain the safety of the workplace environment and avoid accidents caused by pollution and occupational safety hazards.

6.5.2 Statistical Analysis of Occupational Disasters

Statistical analysis of occupational disasters of TCI Panshi Rock Park in Pingtung is based on the important statistical indicators of disability injuries published by the Ministry of Labor and GRI Standards, with injury rate (IR), absenteeism rate (AR) and occupational disease rate (ODR) as the main indicators. The statistical basis does not include traffic accidents outside the factories.

§ Occupational Disasters

	Number of Occupational Disasters	Total Working Hours	Total Working Days	Total Lost Days
Male	0	792,225	88,025	0
Female	0	377,694	41,966	0
Total	0	1,169,919	129,991	0

§ Statistics of Occupational Disasters

	Total Absence Days	Occupational Injury Rate	Absenteeism Rate	Occupational Disease Rate	Lost Days Ratio	Occupational Disaster Death
Male	3,861	0	4.38	0	0	0
Female	2,292	0	5.46	0	0	0
Total	6,153	0	4.73	0	0	0

Note 1: Occupational injury rate (IR) = number of occupational disasters x 1,000,000 / total man-hours

Note 2: Absenteeism rate (AR) = total absence days / total work days x 100 (%)

Note 3: Occupational disease rate (ODR) = total number of occupational diseases / total working hours x 1,000,000

Note 4: Lost Days Ratio (LDR) = Total Lost Days x 1,000,000 / Total Hours (Lost Days: Calculated in calendar days and calculated from the day after the accident)

Note 5: The above 1,000,000 refers to per million man-hours

TCI conducts safety and health education and training courses for employees to declare general and special workplace hazards so as to reduce the number of occupational accidents in the workplace. There is no high risk in the TCI working environment, and the number of employee occupational accidents in 2019 was reduced to zero. In the future, TCI will continue to strengthen the promotion of occupational disaster prevention and other related safety and health courses, taking the lives and safety of employees as the highest guiding principle.

CHAPTER 7 /

7.1 Joining Hands with the Academic Community: Industry-academia Cooperation

7.2 Joining Hands with Education: Rural Science Education

7.3 Joining Hands with the Community: Embracing the Crowd

7.4 Joining Hands with Public Welfare: Spreading the Seeds of Public Welfare

Material Topics

- Social care and participation
- Quality education

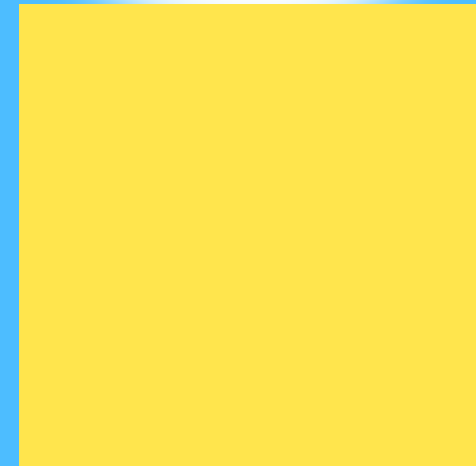
Management Purpose and Approach

Through industry-academia cooperation, participation in local education and public welfare activities, employees' social care awareness and corporate identity are enhanced, and the community and society are substantially benefited.

Related to (SDGs)



PARTICIPATION in COMMUNITY BUILDING



For society, TCI is committed to utilizing its advanced technology to research and develop products that can improve consumers' lives. Additionally, it offers donations and supports education in socially disadvantaged groups. Through organizing and participating in local public welfare activities, TCI hopes to build connections between its employees and the community, and increases awareness of and involvement in social welfare-related issues.

7.1 Joining Hands with the Academic Community: Industry-academia Cooperation

The Master said, "It is by the Odes that the mind is aroused. It is by the Rules of Propriety that the character is established. It is from Music that the finish is received." This is the first morality self-cultivation of Confucianism. TCI aspires to be the world's number one, and must take people as its foundation, cultivate talents to lay a good foundation. Therefore, we established the TCI Academy. "Bioscience," "Humanities," and "Arts" are the three main core criteria that TCI Academy follows through Read, Write, Think, and Dream to achieve our goal step by step. In the era of knowledge-based economy, TCI Academy matches both the industrial and academic field to provide a broaden vision and platform. It emphasizes the inspiration of humanity and arts while carefully irrigating the seeds. With the power of knowledge and culture, we continue to join and delight consumer's life.

7.1.1 Cultivate Future National Biotech Team – Hosted the 2020 Biotech Innovation BioCup Product Proposal Competition

The TCI Youth Cultivation Project cultivates the next generation of outstanding youth, from elementary school to universities, through organizing, co-organizing activities and camps. The Biotech Innovation BioCup Product Proposal Competition is jointly organized by TCI Academy and NTU BioEntrepreneurship Student Association. With in-person lectures by senior supervisors, bringing a wealth of practical courses, and leading the students to discover the actual operation process of the factory. In addition, elites from the same school can cooperate and discuss proposals to compete for the prize. The total prize of the competition is \$60,000 NTD to encourage students to learn by doing and gain practical experience and ability in the biotech industry!

7.1.2 Future Literacy School – Support Program for Model School of Reading Literacy in Rural Areas

To cultivate disadvantaged children into future talents. PaGamO Literacy School, joined with TCI, E. Sun Bank, Systex Corporation, Yung-Chiang Foundation, and Wang Yun-wu Foundation, initiated the “Future Literacy School – Support Program for Model School of Reading Literacy in Rural Areas.” In a form similar to the “HACKATHON” with 24 hours of uninterrupted power, we invited 18 schools from rural areas, with a team of participating principles, directors and teachers to propose innovative reading literacy proposals. During the closing ceremony, a total of 10 outstanding schools are awarded the “Model School of Reading Literacy,” and the matching companies adopt selected schools to provide academic resources to schools in rural areas. TCI sponsors Daguang elementary school in Pingtung County and Jia Bao elementary school in New Taipei City.

7.1.3 The Golden Mind Award for Biology and Raw Material Manufacturing Innovation

TCI and the organizer, Taiwan Association for Food Science and Technology, and the co-organizer, Food Industry Research and Development Institute, encourages food, biotechnology, chemistry, and related majors to form research teams to develop new raw materials for healthcare, increase research spirit, and accelerate the industrialization of research results. “The Golden Mind Award for Biology and Raw Material Manufacturing Innovation” incorporates the TCI ideals of Trust, Creation, and Intelligence in the education and professional research of food technology. Thus, the professional knowledge and experience can be transformed into research spirit and further evaluate and propose innovative approaches for the industrialization of research results.



7.1.4 Pingtung Rock (Panshi) factory is Taiwan's only private business organization selected as Taiwan's top 10 popular sciences foundations

2020 is the 50th anniversary of Earth Day and the Ministry of Education proposed the theme of “My Earth, I will care for it.” This event is co-planned by 5 science museums, combining resources from public and private institutions that promote popular science education, each level of schools, county and city governments, and private business organizations. The first “Taiwan Science Festival” not only mobilized the 5 major science museums in the country, but also invited the Central Weather Bureau; National Health Research Institutes; National Space Organization; National Center for Research on Earthquake Engineering; Biologic Species Research Institute; Miaoli District Agricultural Research and Extension Station, Council of Agriculture, Executive Yuan; Forestry Bureau, Council of Agriculture, Executive Yuan; NTU Experimental Forest; Taiwan Power Company; and TCI, etc. that mainly engage in cutting-edge scientific technology, conservation research, and business management. Public and private institutions full of enthusiasm for the popular sciences have long conducted various popular sciences activities with diversified and rich popular sciences spirit and educational connotation. Thus, these institutions became the “Top 10 Popular Sciences Foundation” for the first annual “Taiwan Science Festival.” TCI is the only private business organization in Taiwan selected. In 2020, we received visits from the Overseas Community Affairs Council and teachers and students from various universities and colleges (more than a thousand people visited the factory in over 12 events).



7.2 Joining Hands with the Community: Embracing the Crowd

7.2.1 Full of love, TCI Purchased 8,000 Pineapples from Shan-Dao Academy in Pingtung

TCI gives out full of love! We have long been devoting ourselves to local charitable activities and rural welfare in Pingtung. This year, we purchased more than 8,000 organic pesticide-free pineapples (more than 1,000 boxes) instead of donations for the Dragon Boat Festival. The total weight is 20,000 kilograms.

The Precise iManufacturing Center of TCI is located in Changzhi Township, Pingtung County. TCI fully understands the severe urban-rural divide and the resource shortages which underprivileged children are facing through our long-term observation. Therefore, we have long been fulfilling corporate social responsibility and devoting ourselves to local charitable activities and rural welfare in Pingtung. We hope to bring positive energy for Taiwanese society.

TCI purchased organic high-quality pineapples instead of donations and helped children attain self-reliance by their own strength. This expense will be received and used as the foundation for dreams. We hope to reverse the resource shortages in education and the economic constraints they are facing! We hope to create the win-win strategy for both sustainable charity and vocational economics. Besides supporting local communities in Pingtung, high-performance products have been creating by TCI's proprietary technologies, Integrated Bioscience Design and Bio-Resource Data Mining, to join and delight consumer's lives! For the sustainable future of Taiwan and the social responsibility, TCI has become the first company in Taiwan listed in RE100 members and is running neck and neck with those giants such as Apple, FaceBook, and Google on the journey of sustainability. We hope to encourage more and more enterprises to join us for sourcing 100% renewable energy. Bring a better planet for our children, and a prettier future!



7.2.2 Actions for marine protection-sea turtle release in collaboration with NMMBA

TCI is committed to protecting marine ecology and collaborated with the National Museum of Marine Biology & Aquarium to release sea turtles back to nature on the coast of Houbi Lake with the assistance of professional marine patrols and museum staff members and advocate for the importance of marine ecology conservation.

TCI believes that the environment and sustainability are everyone's responsibility, and calls on all employees to reduce the use of disposable plastic products, bring their own eco-friendly bags, eco-friendly tableware, etc., and continue to promote the creation of future sustainable development plans to protect the marine ecology and make the ecology and environment better in the future.

Through the sea turtle wild activities, TCI promotes correct concepts and knowledge and arouses more people's attention to marine conservation for sustainable marine ecology.



7.2.3 Chiao Tzi Elementary School hosted a Happy Transformation for Students

TCI deeply cultivates Pingtung. Along with HAPPY HAIR salon, TCI Living, Yung-Chiang Foundation, and other departments, TCI held a free haircut event for the students of Chiao Tzi elementary school with volunteer hair stylists who were winners of international hair stylist competitions. Through this event, the children were able to “happily transform” to a completely new look and continue on to the next chapter of their wonderful lives. Chiao Tzi elementary school is the epitome of the schools in Pingtung. Each class only has 4 students each year, with over 60% of the students coming from disadvantaged and underprivileged families, therefore need more attention and support from others.

TCI has 4 zero-carbon factories in the Pingtung Agricultural Biotechnology Park and created international job opportunities for Pingtung to 56 countries around the world. With the most fashionable health and beauty products produced with environmentally friendly high-tech manufacturing process, Pingtung students can aspire to challenge the world and return to their hometown to work hard.



APPENDIX /

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Universal Standards

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Universal Standards

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Universal Standards

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	102-38	Annual total compensation ratio	4.1 Corporate Governance Structure	49
			6.4 Salaries, Benefits and Employee Care	117
	102-39	Percentage increase in annual total compensation ratio	6.4 Salaries, Benefits and Employee Care	117

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GRI 102 General Disclosures

Topics	Disclosures		Relevant Sections	Page
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	102-41	Collective bargaining agreements	None	-
	102-42	Identifying and selecting stakeholders	3 Stakeholder Engagement	37
	102-43	Approach to stakeholder engagement	3 Stakeholder Engagement	37
	102-44	Key topics and concerns raised	3 Stakeholder Engagement	37
Reporting Practice	102-45	Entities included in the consolidated financial statements	1.2 Operational Performance	19
	102-46	Defining report content and topic Boundaries	Reporting Scope	-
	102-47	List of material topics	3.2 Materiality Analysis	42
	102-48	Restatements of information	No Restatement	-
	102-49	Changes in reporting	No Change	-
	102-50	Reporting period	About This Report	2
	102-51	Date of most recent report	About This Report	2
	102-52	Reporting cycle	About This Report	2
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GRI 200 Economic Standards

Topics		Management Approach and Disclosures		Relevant Sections	Page
GRI 201 Economic Performance	Management Approach	103-1	Explanation of the material topic and its boundary	1.2 Operational Performance	19
		103-2	The management approach and its components	1.2 Operational Performance	19
		103-3	Evaluation of the management approach	1.2 Operational Performance	19
	Disclosure	201-1	Direct economic value generated and distributed	1.2 Operational Performance	19
		201-2	Financial implications and other risks and opportunities due to climate change	5.1 Risk Management of Climate Change	78
		201-3	Defined benefit plan obligations and other retirement plans	6.4 Salaries, Benefits and Employee Care	117
		201-4	Financial assistance received from government	1.2.2 Financial Supply	21
GRI 203 Indirect Economic Impacts	Management Approach	103-1	Explanation of the material topic and its boundary	7 Participation in Community Building	126
		103-2	The management approach and its components	7 Participation in Community Building	126
		103-3	Evaluation of the management approach	7 Participation in Community Building	126
	Disclosure	203-1	Infrastructure investments and services supported	7 Participation in Community Building	126
GRI 204 Procurement Practices	Management Approach	203-2	Significant indirect economic impacts	4.5 Supplier Chain Management	62
		103-2	The management approach and its components	4.5 Supplier Chain Management	62
		103-3	Evaluation of the management approach	4.5 Supplier Chain Management	62
	Disclosure	204-1	Proportion of spending on local suppliers	4.5.3 Supplier Chain Management	68
GRI 205 Anti- corruption	Management Approach	103-1	Explanation of the material topic and its boundary	2.2.1 Response to The United Nations Global Compact	35
				4.2 Business Integrity	53
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	Management Approach	103-2	The management approach and its components	2.2.1 Response to The United Nations Global Compact	35
				4.2 Business Integrity	53
				4.3 Risk Management and Legal Compliance	55
	Management Approach	103-3	Evaluation of the management approach	2.2.1 Response to The United Nations Global Compact	35
				4.2 Business Integrity	53
				4.3 Risk Management and Legal Compliance	55
	Disclosure	205-2	Communication and training about anti-corruption policies and procedures	4.2 Business Integrity	53
				4.3 Risk Management and Legal Compliance	55
		205-3	Confirmed incidents of corruption and actions taken	4.2 Business Integrity	53
				4.3 Risk Management and Legal Compliance	55

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GRI 200 Economic Standards

Topics	Management Approach and Disclosures		Relevant Sections	Page
GRI 206 Anti-competitive Behavior	Management Approach	103-1	Explanation of the material topic and its boundary 4.2 Business Integrity 4.3 Risk Management and Legal Compliance	53 55
		103-2	The management approach and its components 4.2 Business Integrity 4.3 Risk Management and Legal Compliance	53 55
		103-3	Evaluation of the management approach 4.2 Business Integrity 4.3 Risk Management and Legal Compliance	53 55
	Disclosure	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices No Violation	-

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GRI 300 Environmental Standards

Topics		Management Approach and Disclosures		Relevant Sections	Page
GRI 301 Materials	Management Approach	103-1	Explanation of the material topic and its boundary	5.4 Green Product Liability	95
		103-2	The management approach and its components	5.4 Green Product Liability	95
		103-3	Evaluation of the management approach	5.4 Green Product Liability	95
	Disclosure	301-1	Materials used by weight or volume	5.4.2 Raw Material Management and Circular Economy	96
		301-2	Recycled input materials used	1.1.5 Sustainable Products and Services 5.4.2 Raw Material Management and Circular Economy	15 96
GRI 302 Energy	Management Approach	103-1	Explanation of the material topic and its boundary	5.1 Risk Management of Climate Change 5.3 Energy Management	78 85
		103-2	The management approach and its components	5.1 Risk Management of Climate Change 5.3 Energy Management	78 85
		103-3	Evaluation of the management approach	5.1 Risk Management of Climate Change 5.3 Energy Management	78 85
	Disclosure	302-1	Energy consumption within the organization	5.3.1 TCI's Use of Energy	87
		302-3	Energy intensity	5.3.1 TCI's Use of Energy	87
		302-4	Reduction of energy consumption	5.3.2 Energy Saving Measures	89
		302-5	Reductions in energy requirements of products and services	5.3.2 Energy Saving Measures 5.3.3 Promote Renewable Energy	89 90
GRI 303 Water and Effluents	Management Approach	103-1	Explanation of the material topic and its boundary	5.1 Risk Management of Climate Change 5.5 Environmental Pollution Management	78 98
		103-2	The management approach and its components	5.1 Risk Management of Climate Change 5.5 Environmental Pollution Management	78 98
		103-3	Evaluation of the management approach	5.1 Risk Management of Climate Change 5.5 Environmental Pollution Management	78 98
	Disclosure	303-4	Water withdrawal	5.5.3 Water Management	100

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GRI 300 Environmental Standards

Topics	Management Approach and Disclosures			Relevant Sections	Page
GRI 304 Biodiversity	Management Approach	103-1	Explanation of the material topic and its boundary	5 Environmental Protection	77
		103-2	The management approach and its components	5 Environmental Protection	77
		103-3	Evaluation of the management approach	5 Environmental Protection	77
	Disclosure	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5 Environmental Protection 5.4.2.2 Biodiversity Rehabilitation Activated by Commercial Models	77 97
GRI 305 Emissions	Management Approach	103-1	Explanation of the material topic and its boundary	5.1 Risk Management of Climate Change 5.2 Greenhouse Gas Management	78 86
		103-2	The management approach and its components	5.1 Risk Management of Climate Change 5.2 Greenhouse Gas Management	78 86
		103-3	Evaluation of the management approach	5.1 Risk Management of Climate Change 5.2 Greenhouse Gas Management	78 86
	Disclosure	305-1	Direct (Scope 1) GHG emissions	5.2.1 Scope 1 and Scope 2	86

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GRI 300 Environmental Standards

Topics		Management Approach and Disclosures	Relevant Sections	Page
GRI 305 Emissions	Disclosure	305-2 Energy indirect (Scope 2) GHG emissions	5.2.1 Scope 1 and Scope 2	84
		305-3 Other indirect (Scope 3) GHG emissions	5.2.2 Scope 3 Emissions and Science Based Targets (SBTi)	85
		305-4 GHG emissions intensity	5.2.1 Scope 1 and Scope 2	84
		305-5 Reduction of GHG emissions	5.2.3 Afforestation for Carbon Reduction 5.3.2 Energy Saving Measures	85 87
		305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5.5.2 Pollution Prevention	98
GRI 306 Effluents and Waste	Management Approach	103-1 Explanation of the material topic and its boundary	5.5 Environmental Pollution Management	98
		103-2 The management approach and its components	5.5 Environmental Pollution Management	98
		103-3 Evaluation of the management approach	5.5 Environmental Pollution Management	98
	Disclosure	306-1 Water discharge by quality and destination	5.5 Environmental Pollution Management	98
		306-2 Waste by type and disposal method	5.5 Environmental Pollution Management	98
		306-3 Significant spills	No Violation	-
GRI 307 Environmental Compliance	Management Approach	103-1 Explanation of the material topic and its boundary	5.5.1 Compliance with Environmental Regulations	98
		103-2 The management approach and its components	5.5.1 Compliance with Environmental Regulations	98
		103-3 Evaluation of the management approach	5.5.1 Compliance with Environmental Regulations	98
	Disclosure	307-1 Non-compliance with environmental laws and regulations	No Violation	-

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GRI 300 Environmental Standards

Topics		Management Approach and Disclosures		Relevant Sections	Page
GRI 308 Supplier Environmental Assessment	Management Approach	103-1	Explanation of the material topic and its boundary	4.5 Supplier Chain Management	62
		103-2	The management approach and its components	4.5 Supplier Chain Management	62
		103-3	Evaluation of the management approach	4.5 Supplier Chain Management	62
	Disclosure	308-1	New suppliers that were screened using environmental criteria	4.5.3 Search for Good Suppliers	69
		308-2	Negative environmental impacts in the supply chain and actions taken	4.5.2 Supplier Sustainability Management Approach	62

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GRI 400 Social Standards

Topics		Management Approach and Disclosures		Relevant Sections	Page
GRI 401 Employment	Management Approach	103-1	Explanation of the material topic and its boundary	6.1 Talent Employment	101
		103-2	The management approach and its components	6.1 Talent Employment	101
		103-3	Evaluation of the management approach	6.1 Talent Employment	101
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4.3 Employee Benefits	116
		401-3	Parental leave	6.2.2 Parental Leave and Reinstatement	107
GRI 402 Labor/ Management Relations	Management Approach	103-1	Explanation of the material topic and its boundary	2.2.1 Response to The United Nations Global Compact 6.2 Labour/Management Relations and Protection of Human Rights	35 106
		103-2	The management approach and its components	2.2.1 Response to The United Nations Global Compact 6.2 Labour/Management Relations and Protection of Human Rights	35 106
		103-3	Evaluation of the management approach	2.2.1 Response to The United Nations Global Compact 6.2 Labour/Management Relations and Protection of Human Rights	35 106
	Disclosure	402-1	Minimum notice periods regarding operational changes	None	-

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Topics		Management Approach and Disclosures		Relevant Sections	Page
GRI 403 Occupational Health and Safety	Management Approach	103-1	Explanation of the material topic and its boundary	6.5 Management of Occupational Health and Safety	123
		103-2	The management approach and its components	6.5 Management of Occupational Health and Safety	123
		103-3	Evaluation of the management approach	6.5 Management of Occupational Health and Safety	123
	Disclosure	403-1	Occupational health and safety management system	6.5 Management of Occupational Health and Safety	123
		403-4	Worker participation, consultation, and communication on occupational health and safety	6.5 Management of Occupational Health and Safety	123
		403-5	Worker training on occupational health and safety	6.5 Management of Occupational Health and Safety	123
		403-8	Workers covered by an occupational health and safety management system	6.5 Management of Occupational Health and Safety	123
		403-9	Work-related injuries	6.5.2 Statistical Analysis of Occupational Accidents	125
		403-10	Work-related ill health	6.5.2 Statistical Analysis of Occupational Accidents	125
GRI 404 Training and Education	Management Approach	103-1	Explanation of the material topic and its boundary	6.3 Talent Cultivation and Career Development	113
		103-2	The management approach and its components	6.3 Talent Cultivation and Career Development	113
		103-3	Evaluation of the management approach	6.3 Talent Cultivation and Career Development	113
	Disclosure	404-1	Average hours of training per year per employee	6.3.2 Employee Training	112
		404-2	Programs for upgrading employee skills and transition assistance programs	6.3.2 Employee Training	112
		404-3	Percentage of employees receiving regular performance and career development reviews	6.3.1 Performance Management System	113
GRI 405 Diversity and Equal Opportunity	Management Approach	103-1	Explanation of the material topic and its boundary	2.2.1 Response to The United Nations Global Compact 6.1 Talent Employment	35 101
		103-2	The management approach and its components	2.2.1 Response to The United Nations Global Compact 6.1 Talent Employment	35 101
		103-3	Evaluation of the management approach	2.2.1 Response to The United Nations Global Compact 6.1 Talent Employment	35 101
	Disclosure	405-1	Diversity of governance bodies and employees	6.1.2 Diverse Talent and Equal Employment	103

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Topics		Management Approach and Disclosures		Relevant Sections	Page
GRI 406 Non-discrimination	Management Approach	103-1	Explanation of the material topic and its boundary	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment	35 103
		103-2	The management approach and its components	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment	35 103
		103-3	Evaluation of the management approach	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment	35 103
	Disclosure	406-1	Incidents of discrimination and corrective actions taken	No Violation	-
GRI 407 Freedom of Association and Collective Bargaining	Management Approach	103-1	Explanation of the material topic and its boundary	2.2.1 Response to The United Nations Global Compact 4.5.2 Supplier Sustainability Management Approach 6.2.1 Labour-management Communication	35 63 106
		103-2	The management approach and its components	2.2.1 Response to The United Nations Global Compact 4.5.2 Supplier Sustainability Management Approach 6.2.1 Labour-management Communication	35 63 106
		103-3	Evaluation of the management approach	2.2.1 Response to The United Nations Global Compact 4.5.2 Supplier Sustainability Management Approach 6.2.1 Labour-management Communication	35 63 106
	Disclosure	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None	-
GRI 408 Child Labor	Management Approach	103-1	Explanation of the material topic and its boundary	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	35 103 109
		103-2	The management approach and its components	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	35 103 109
		103-3	Evaluation of the management approach	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	35 103 109
	Disclosure	408-1	Operations and suppliers at significant risk for incidents of child labor	No Significant Risk	-

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GRI 400 Social Standards

Topics	Management Approach and Disclosures			Relevant Sections	Page
GRI 409 Forced or Compulsory Labor	Management Approach	103-1	Explanation of the material topic and its boundary	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	35 103 109
		103-2	The management approach and its components	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	35 103 109
		103-3	Evaluation of the management approach	2.2.1 Response to The United Nations Global Compact 6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	35 103 109
	Disclosure	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No Significant Risk	-
GRI 411 Rights of Indigenous Peoples	Management Approach	103-1	Explanation of the material topic and its boundary	6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	103 109
		103-2	The management approach and its components	6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	103 109
		103-3	Evaluation of the management approach	6.1.2 Diverse Talent and Equal Employment 6.2.4 Respect for Human Rights	103 109
	Disclosure	411-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No Significant Risk	-

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GRI 400 Social Standards

Topics	Management Approach and Disclosures			Relevant Sections	Page
GRI 412 Human Rights Assessment	Management Approach	103-1	Explanation of the material topic and its boundary	2.2.1 Response to The United Nations Global Compact 6.2 Labour/Management Relations and Protection of Human Rights	35 106
		103-2	The management approach and its components	2.2.1 Response to The United Nations Global Compact 6.2 Labour/Management Relations and Protection of Human Rights	35 106
		103-3	Evaluation of the management approach	2.2.1 Response to The United Nations Global Compact 6.2 Labour/Management Relations and Protection of Human Rights	35 106
	Disclosure	412-2	Employee training on human rights policies or procedures	6.2.4 Respect for Human Rights	109
		412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	6.2.4 Respect for Human Rights	109
GRI 413 Local Communities	Management Approach	103-1	Explanation of the material topic and its boundary	7 Participation in Community Building	124
		103-2	The management approach and its components	7 Participation in Community Building	124
		103-3	Evaluation of the management approach	7 Participation in Community Building	124
	Disclosure	413-1	Operations with local community engagement, impact assessments, and development programs	7 Participation in Community Building	124
GRI 414 Supplier Social Assessment	Management Approach	103-1	Explanation of the material topic and its boundary	4.5 Supplier Chain Management	63
		103-2	The management approach and its components	4.5 Supplier Chain Management	63
		103-3	Evaluation of the management approach	4.5 Supplier Chain Management	63
	Disclosure	414-1	New suppliers that were screened using social criteria	4.5 Supplier Chain Management	63
GRI 415 Public Policy	Management Approach	103-1	Explanation of the material topic and its boundary	4.2 Business Integrity	54
		103-2	The management approach and its components	4.2 Business Integrity	54
		103-3	Evaluation of the management approach	4.2 Business Integrity	54
	Disclosure	415-1	Political contributions	4.2 Business Integrity	-

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GRI 400 Social Standards

Topics		Management Approach and Disclosures		Relevant Sections	Page
GRI 416 Customer Health and Safety	Management Approach	103-1	Explanation of the material topic and its boundary	5.4 Green Product Liability	95
		103-2	The management approach and its components	5.4 Green Product Liability	95
		103-3	Evaluation of the management approach	5.4 Green Product Liability	95
	Disclosure	416-1	Assessment of the health and safety impacts of product and service categories	4.4 Customer Partnership 5.4 Green Product Liability	62 95
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No Violation	-
GRI 417 Marketing and Labeling	Management Approach	103-1	Explanation of the material topic and its boundary	5.4 Green Product Liability	95
		103-2	The management approach and its components	5.4 Green Product Liability	95
		103-3	Evaluation of the management approach	5.4 Green Product Liability	95
	Disclosure	417-1	Requirements for product and service information and labeling	5.4 Green Product Liability	95
		417-2	Incidents of non-compliance concerning product and service information and labeling	No Violation	-
		417-3	Incidents of non-compliance concerning marketing communications	No Violation	-
GRI 418 Customer Privacy	Management Approach	103-1	Explanation of the material topic and its boundary	4.4.1 Customer Privacy Protection	62
		103-2	The management approach and its components	4.4.1 Customer Privacy Protection	62
		103-3	Evaluation of the management approach	4.4.1 Customer Privacy Protection	62
	Disclosure	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No Complaint	-
GRI 419 Socioeconomic Compliance	Management Approach	103-1	Explanation of the material topic and its boundary	4.3 Risk Management and Legal Compliance	56
		103-2	The management approach and its components	4.3 Risk Management and Legal Compliance	56
		103-3	Evaluation of the management approach	4.3 Risk Management and Legal Compliance	56
	Disclosure	419-1	Non-compliance with laws and regulations in the social and economic area	No Violation	-