

Profit
People
Planet

TCI

Join & Delight consumer's life.

Sustainability Report

vol. 2021

About The Report

Starting in 2018, TCI Co., Ltd. (hereinafter referred to as TCI) publishes an annual Corporate Social Responsibility Report. The previous report was released in October 2020.

In addition to disclosing certain financial information, this report summarizes the previous year's management guidelines, investment, and performance on non-financial issues related to corporate governance, environmental protection, and social responsibility. The "ESG" page of TCI's website responds to the concerns and expectations of global stakeholders on the issue of sustainable development. It aims to establish long-term partnerships with stakeholders to promote prosperity and sustainable growth.



Website | ESG

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Reported Period and Standard Used

This report was compiled per GRI Standards, 2021 edition, issued by the Global Reporting Initiative (GRI). The information disclosure period is from January 1, 2021, to December 31, 2021, the same as the reporting period of TCI's 2021 Annual Report.

Reporting Boundaries and Scope

The organizational boundaries in this report cover the management policies and performance of the economic, environmental, and socially oriented material issues of Taipei Headquarters and Pingtung Precise iManufacturing Center (Rock Park) of TCI. If the organizational boundaries of the specific information reported differ, it is separately stated.

- (1) Company Headquarters : 8F., No.187, Gangqian Road, Neihu District, Taipei City, Taiwan
- (2) Precise iManufacturing Center (Rock Park) :
 - PABP BRANCH : No. 12, Shennong Rd., Dehe Vil., Changzhi Township, Pingtung County (S5 Functional Drink Factory, S9 Functional Food Factory, S12 Automatic Warehouse)
 - BioCosme PABP BRANCH : No. 21, Shennong Rd., Dehe Vil., Changzhi Township, Pingtung County (S11 Eco Facial Mask Factory)

Report Assurance

The Company has entrusted PwC Taiwan to conduct limited assurance on specific essential performance information per ISAE 3000. The assurance report is as attached in the Appendix.



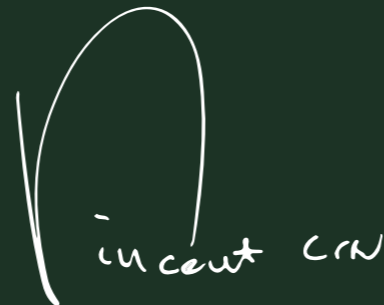
Message from Management

The future is now!

Founded in 1980, TCI has undergone transformation and innovation over the past 42 years. Now, we insist on integrated bioscience design as the basis of product development. Integrated bioscience design derives from consumer demands and integrates cross-disciplinary expertise and technologies such as chemistry, biology, mathematics, industrial engineering, genetic medicine, aesthetics, ergonomics, the science of applied materials, and consumer behavior research. By exploring consumer demands in the market, such as anti-aging, metabolism increase, postpartum recovery, and male health care, TCI creates high-performance products that improve consumers' lives with cutting-edge scientific research technology. Currently, products developed by TCI, including health foods, skincare products, medical devices, and pharmaceuticals, are sold in 63 countries worldwide. With production sites in Taiwan, Shanghai, and Utah, USA, TCI forms strong partnerships with international companies by establishing state-of-the-art intelligent factories; stable and responsible supply chains; pursuing the highest global quality standards; and optimizing digital management; as well as the high self-discipline and diligent contributions of all of our employees every day. We continue to move forward with "join & delight consumer's life" as TCI's corporate vision to create corporate value for our stakeholders.

2021 was an extremely challenging year, with the impact of global epidemics, intensified climate change, and changes in the supply chain, making human economic activities face unprecedented uncertainty; yet, at the same time, it brings new opportunities. Environmental sustainability and sustainable management shall become humanity's solution for the future. TCI proactively sets short, medium, and long-term economic, environmental, and social goals. The Company continues to communicate with all stakeholders to create value; use scientific research and development as a basis; develop internationally as a long-term strategy, and become a biotechnology-focused diversified integrated bioscience design trading company; implement corporate ESG management, innovate, go forward, and make history.

Chairman



vincent chen



Table of Contents

I ▾ TCI Group Overview

- 1.1 About TCI 12
- 1.2 Main Products and Value Chain 14
- 1.3 Organizational Overview 20
- 1.4 Operational Overview 22

II ▾ Sustainable Operation and Management

- 2.1 Sustainability Key Performance 28
- 2.2 Sustainability Policy 30
- 2.3 In Response with International Sustainable Development 32
- 2.4 Stakeholder Engagement 38
- 2.5 Materiality Analysis 40

III ▾ Corporate Governance

- 3.1 Enhancing the Functions of the Board of Directors 48
- 3.2 Integrity Management 56
- 3.3 Legal Compliance 60
- 3.4 Risk Management 62
- 3.5 Customer Relationship Management 66
- 3.6 Supply Chain Sustainability 70
- 3.7 Information Security Management 76

IV ▾ Innovation and Service

- 4.1 Innovative Research and Development 82
- 4.2 Innovative Incubation 90
- 4.3 Product-centric One-stop Service 97

V ▾ Environmental Protection

- 5.1 Climate Change and Carbon Management 100
- 5.2 Energy Resource Management 110
- 5.3 Water Resource Management 118
- 5.4 Waste Management 120
- 5.5 Green Products 122

VI ▾ A Positive and Caring Workplace

- 6.1 Talent Employment and Development 130
- 6.2 Labor Rights Equality 142
- 6.3 Joyful Workplace 146
- 6.4 Occupational Health and Safety 152

VII ▾ Social Prosperity

- 7.1 Public Welfare 156
- 7.2 Prosperity Through Reservation – Biodiversity Park 164

VIII ▾ Appendix

- 8.1 GRI Index Catalogue 168
- 8.2 The UN Global Compact 173
- 8.3 2021 List of Awards 174
- 8.4 Association Member 176
- 8.5 ISAE 3000 Assurance Item Summary Sheet 177
- 8.6 Third-party Assurance Statement and Assurance Report 178
- 8.7 The GHG Emissions Validation Statement 182



TCI Group Overview

1.1 About TCI

1.2 Main Products and Value Chain

1.3 Organizational Overview

1.4 Operational Overview



Trust, Creation, and Intelligence are the guidance of TCI's operations. TCI has a long-term positive commitment to providing clients and consumers with high-performance products and services. In 2021, TCI officially launches the "Integrated Bioscience Design Trading Company" concept and start its mergers and acquisitions, thus, aiming for further global expansion and breaking new ground. TCI Group consists of several subsidiaries, including TCI, TCI Gene, TCI Living, IOPACKAGE, MBI, and PetFood Biotechnology. The Group also forms strategic alliances with domestic and international well-known corporations in the fields of biotechnology and life science and looks forward to future expansion in the fields of health care, life science, and personal consumption to create a mutually beneficial business model. In the future, TCI will use cities as a unit to connect the customers in different cities; then form large and dense networks that link customers with their industry value chain with customers at its core. This dense business network becomes our Integrated Bioscience Design Trading Company.



TCI Co., Ltd.

Join & Delight consumer's life!

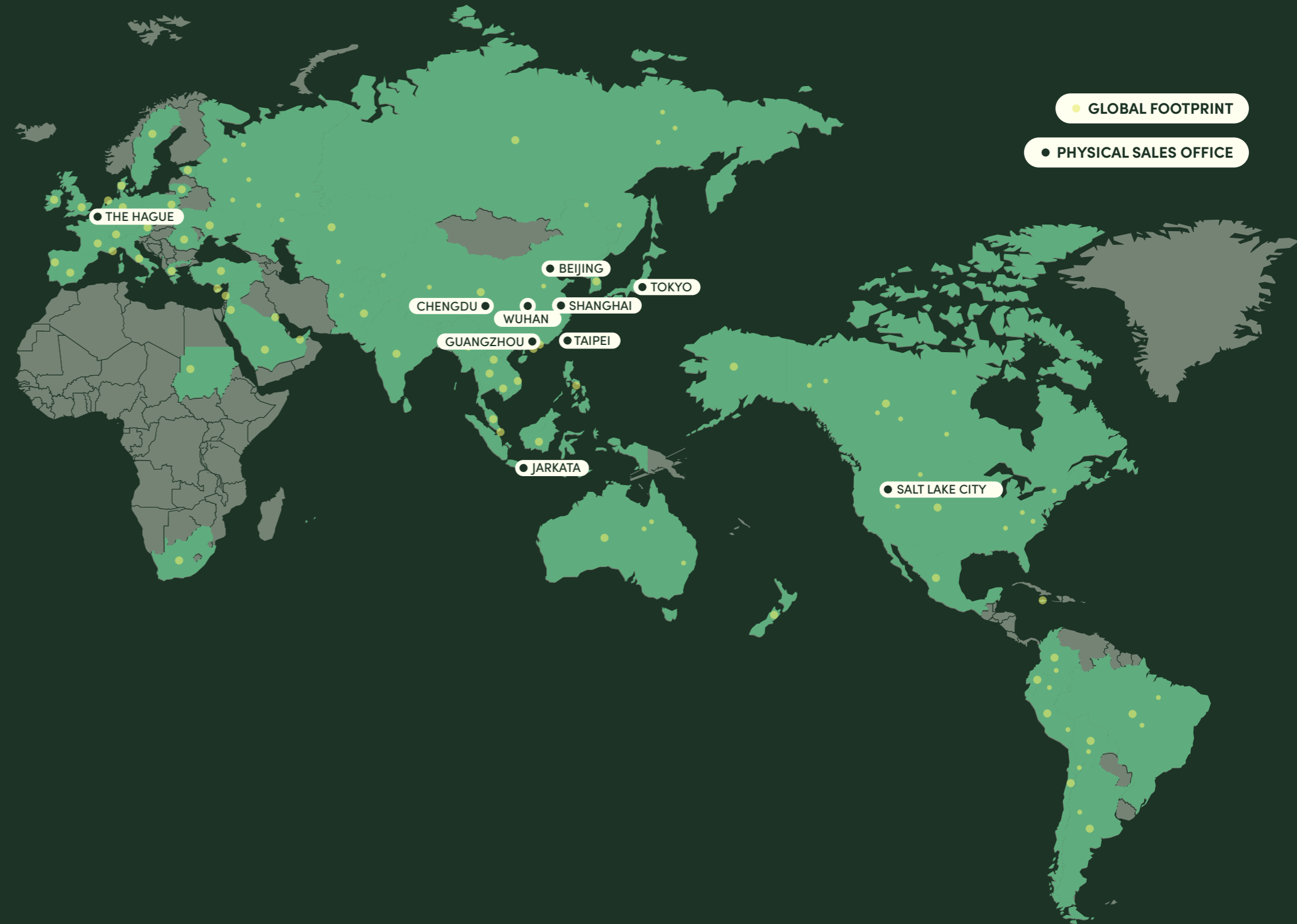


1.1 About TCI

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 2021, there were 1,039 employees in the entire group (602 employees in Taipei Headquarters and Pingtung Rock Park). In the past decades, the Company created many best-selling products for many customer partners worldwide. Every year, TCI produces hundreds of millions of tablets and capsules of health foods, tens of millions of functional drinks, and millions of masks, serums, and other skincare products; these products are sold in 63 countries around the world. TCI aims to accelerate the development of higher-performance products based on “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 a Contract Development and Manufacturing Organization (CDMO), TCI designs and manufactures unique formulas and exceptional products in the market for our customers through our differentiated product design and research and development technology. Headquartered in Neihu Technology Park, Taipei, Taiwan, TCI has operational locations in Asia, Europe, and North America. In 2021, its consolidated revenue reached NTD 8.58 billion. Through effective planning and development of the economy, environment, and society, TCI has created sustainable value for enterprises, the environment, society, and discover the potential for shared prosperity.



1.2 Main Products and Value Chain

Among the TCI Group, TCI has 42 years of history on Contract Development and Manufacturing Organization as its core business and has the longest CDMO experience among the TCI group. In addition, TCI invests and accumulates the most research and development results among the Group. TCI focuses on the CDMO business model of health foods and skincare products, providing differentiated and high-performance product designs. Through cutting-edge scientific validation and human clinical trials, TCI ensures that consumers can benefit from the products designed and manufactured by the Company so that the products can “join & delight consumer’s life.”

TCI serves global customers and currently sells products in 63 countries. By continuing to invest in cutting-edge research and development every year, not only has TCI accumulated an extensive database of natural functional ingredients but also revealed unique applications in new delivery technologies and dosage forms to our customers. TCI forms strong partnerships with international customers by establishing state-of-the-art intelligent factories, stable and responsible supply chains, pursuing the highest global quality standards, and optimizing digital management. As a result, customers only need to plan their product launches, and TCI provides them with an endless supply of popular products and a one-stop service with a zero-time difference.

Product Category

Functional Drink

Dietary Supplement

Skincare Product

Product Type

Drink, liquid sachet, jelly drink

Capsule, tablet, powder sachet

Facial mask, skincare product

Main Function

Boosting immunity, reducing blood lipids, lubricate joints, sleep quality, eye care, probiotics, vitamins and minerals for promoting health.

Nutritional supplements for skincare, anti-wrinkle, whitening, weight loss, collagen replenishment, breast enhancement, hair growth, etc.

Moisturizing, anti-aging, whitening, anti-allergy and soothing, and topical skin care products of non-animal origin or organic formulas for external use skincare products.





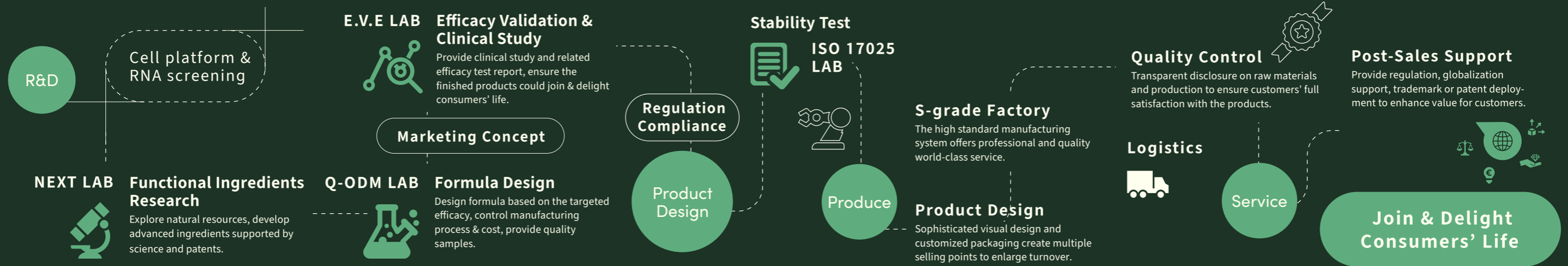
TCI's S-grade factory represents Safety, Standard, and Speed. Rock Park has passed GMP, GMPC, FSSC22000, SQF (Safe Quality Food), HACCP, ISO 9001, ISO 17025, ISO22000, ISO 22716, ISO 14001 Environmental Management Systems, ISO 50001 Energy Control Management, OHSAS 18001 and ISO 45001 Occupational Safety and Health Management Systems, ISO 45001 and SMETA (Sedex Members Ethical Trade Audits) of Sedex (Supplier Ethical Data Exchange), BRC Retailers Association and, the rare U.S. NSF (National Sanitation Foundation) and TGA (Therapeutic Goods Administration) certification in Australia, and the annual EcoVadis CSR assessment. In addition, TCI assists customers in FDA registration, China food marketing authorization, Indonesia BPOM application registration, HALAL certification application, including MUI, JAKIM, THIDA, and other HALAL types. This allows customers to focus on marketing without worrying about the rapid expansion of the market and the regulatory and qualification requirements of each regional market.

3S

SAFETY
STANDARD
SPEED



Integrated Bioscience Design



1.2.1 Exclusive Integrated Bioscience Design

TCI's mission is to develop high-performance products through an Integrated Bioscience Design methodology based on consumers' needs, to join & delight consumer's life. The purpose of TCI is to create good products. Consumers only purchase and use truly effective products, thus, joining consumer's life. In addition, only effective products improve consumers' health, therefore, delighting consumer's life. Thus, TCI must produce high-quality products that can join & delight consumer's life. Currently, TCI developed products, including health foods, skincare products, medical devices, and pharmaceuticals, are sold in 63 countries worldwide. TCI Committed to its CDMO business model, and created long-term popular products for branded customers.

1.2.2 Create Differentiated Products

TCI adheres to the spirit of "loyal to customers." The Company designs and develops differentiated products for customers in the international market and assists customers in ensuring that their products satisfy consumer demands of different regions in terms of function, taste, user experience, and environmental sustainability. To create differentiated products, TCI assembles outstanding teams worldwide, including Taiwan, China, the U.S., Europe, Southeast Asia, and Oceania. In addition, the Company forms long-term and mutually beneficial partnerships with corporate customer partners through resource sharing, accumulating research and development, manufacturing, intellectual property, quality certification, and various intangible assets.

1.3 Organizational Overview



1.4 Operational Overview

1.4.1 Operational Performance

Revenue



Billion NTD

Gross Margin



Billion NTD

Operating Income



Billion NTD

Non-operating Income & Expense



Billion NTD

Net Income Before Tax



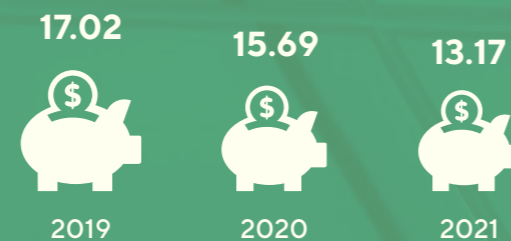
Billion NTD

Net Income After Tax



Billion NTD

Earnings per Share



NTD/Share

Cash Dividends






NTD/Share

Ratio of R&D Expense v.s. Revenue



%

-  **TCI CO., LTD. (8436)** Supplement CDMO
-  **Maxigen Biotech Inc. (1783)**
Medical Device CDMO, Branded Product
-  **TCI Gene Inc. (6879)**
Precision Medicine, Cell Therapy
-  **TCI Living.** Functional Food, Personal Care
-  **IOPackage.** Smart Packaging
-  **Pet Food.** Pet Supplement CDMO



1.4.2 Biotechnology-focused Diversified Strategy

TCI invests about 5% of its annual revenue in research and development. Over the years, the Company accumulated a large number of precious discoveries, which have the potential to upgrade the industry, whether applied to health care products, skincare products, pharmaceuticals, genetic platforms, biological materials, medical materials, and others. Therefore, TCI proactively prepares for strategic investments and mergers and acquisitions since 2021, intending to form a biotechnology alliance. Utilizing TCI's Technical IP, Capital, and International Channel resources to bring Taiwan's health food, skincare, personal products, medical devices, pharmaceuticals, and cutting-edge medical treatments towards internationalization.

TCI continues to build research and development capacity, upgrade industrial technology, invest in automated intelligent production, develop global sales channels, and create a business model in which local and international resources prosper together to achieve a biotechnology-focused diversified strategy.

1.4.3 Covid-19 Response

Full subsidy for self-paid vaccines, paid vaccination leave



In line with the government's pandemic prevention measures, by November 2021, the 2nd booster vaccination rate reached over 70% for all TCI employees in Taiwan. TCI provides total vaccine subsidies and paid vaccination leave for employees to ensure a safe working environment and reduce the risk of infection. Thus, it not only protects the Company's most important asset, talents but also protects customers' product demand during the Covid-19 pandemic. TCI did not encounter production capacity issues or operational restrictions arising from the COVID-19 pandemic, whether in the factory or operation location. During the pandemic, the Company responded quickly and provided employees with pandemic prevention kits, supplies, and daily Covid-19 testing to take care of employees' health.



Dedicated transportation for colleagues to and from work to reduce the risk of infection

During the peak of the pandemic in Taiwan, the Company has arranged dedicated shuttles to transport colleagues to and from work to reduce the risk of infection in public transportation. In addition to providing daily Covid-19 testing for employees, TCI offers rapid testing for the drivers to ensure employees' health. The Company fully commits to creating a 360-degree safety zone work environment for employees. From January 2021 to October 2021, TCI provided more than 3,300 shuttle shifts to protect the health and safety of employees.

Developed Business During the Pandemic

During the start of the Covid-19 pandemic, TCI planned Virtual Global Office and recruited overseas sales and synchronized the working hours between the Headquarters and overseas market with a zero-time difference between working from home and Taipei Headquarters. Whether in Europe, the U.S., or Australia, there was zero-time difference support from Company Headquarters for business development needs. During the peak period of the pandemic in Taiwan, the Company also starts working from home. Not only delivering pandemic prevention supplies at once but also supporting the health needs of employees working from home.

Employee Care

During the peak of the pandemic, TCI understands that the employee's physical and mental stress may increase with the risk of infection. Therefore, the Company arranges emotional and stress coping assistance and encourages employees to participate in activities such as small online gatherings, sports clubs, and book clubs. TCI's Administrative Service Center has planned a variety of online courses and gatherings to help colleagues maintain physical and mental balance.



Sustainable Operation and Management

2.1 Sustainability Key Performance

2.2 Sustainability Policy

2.3 In Response to International Sustainable Development

2.4 Stakeholder Engagement

2.5 Materiality Analysis



2.1 Sustainability Key Performance

Economic



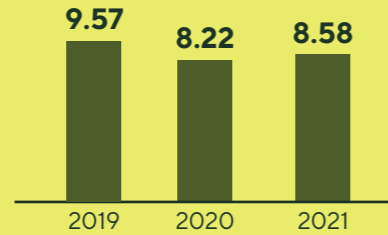
7

Number of Directors

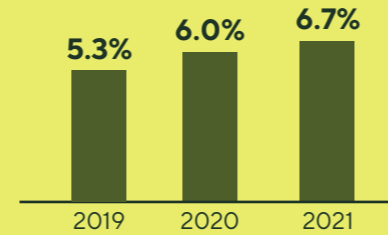


4

Number of Independent Directors



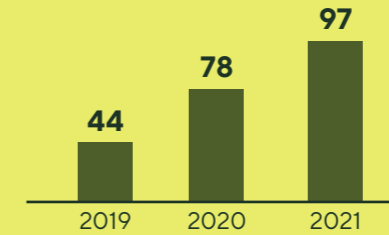
Company Revenue (NT\$ billion)



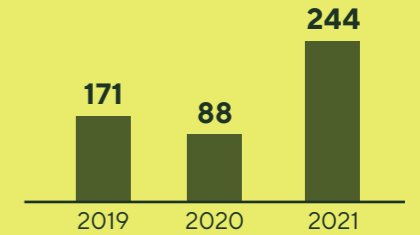
Ratio of R&D expenses to total revenue



Violation of ethics, integrity management incidents (case)



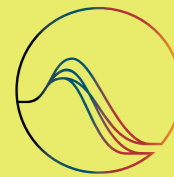
Number of Patents Obtained



Number of Trademarks Obtained

Environmental

Note: Environmental performance only covers Pingtung Precise iManufacturing Center



SCIENCE BASED TARGETS

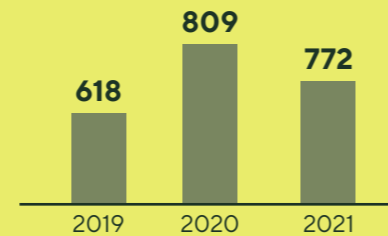
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Carbon Reduction Target Passes Audit

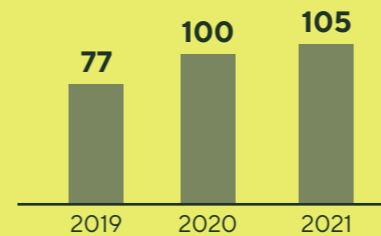


1,362kw

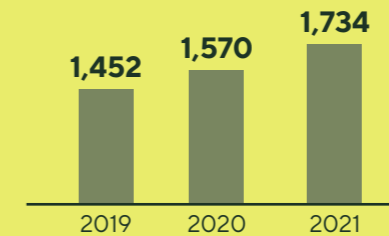
Pingtung Precise iManufacturing Center Solar Panel Installation Capacity



Energy Consumption Intensity (GJ/USD\$Million revenue)



Electricity Intensity (MWh/USD\$Million revenue)



Water Intensity (tons/USD\$Million revenue)



Awarded by EcoVadis with Silver & Bronze medal

Social



60.3%

Female management job ratio



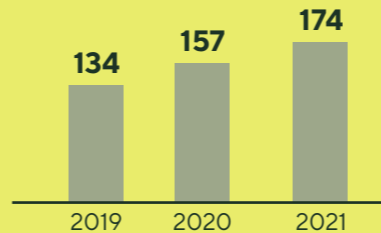
949NTD\$ thousand

The average salary of non-manager full-time employees is



29,356人

A total of 29,356 people completes lessons on the TCI App online learning platform



Education training hours per capita (hours)



INTERNATIONAL INNOVATION AWARDS® 2021

Recognized by International Innovation Award



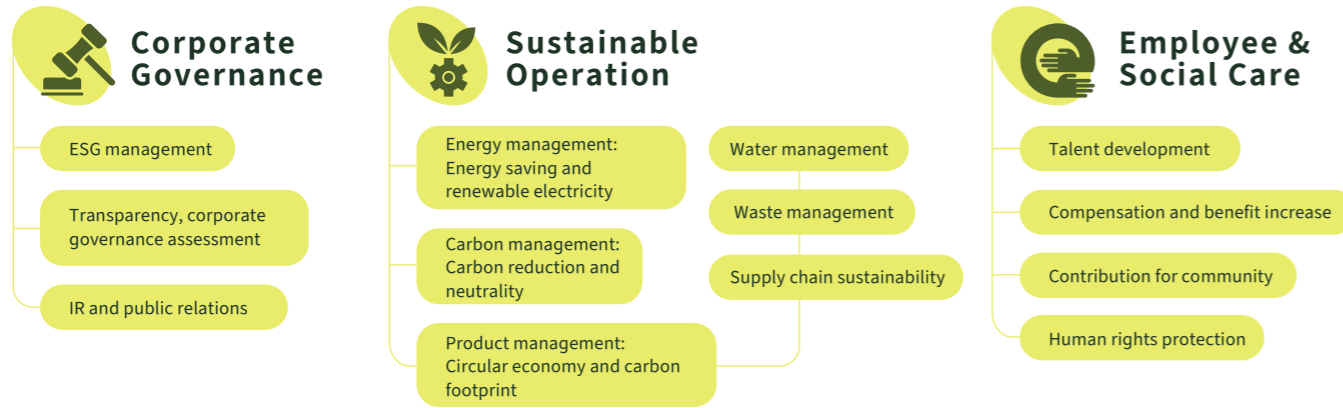
Awarded by CSR Excellence in Corporate Social Responsibility



HR Asia BEST COMPANIES TO WORK FOR IN ASIA 2021

Awarded as Best Companies to Work for in Asia

2.2 Sustainability Policy



2.2.1 ESG Policy

With the corporate mission of “join & delight consumer’s life,” TCI adheres to the business principles of Trust, Creation, and Intelligence and works with suppliers and value chains to create value for various stakeholders. TCI focuses on sustainable development, and the entire TCI Group commits to improving corporate governance, promoting environmental sustainability, and practicing social prosperity. The Company adopts the United Nations Sustainable Development Goals (SDGs) as the approach to sustainable operations, echoing eleven goals pertinent to the Company’s operations. In addition, TCI continues to realize substantive actions in various aspects, such as economic, environmental protection, ecological restoration, human rights, education, and integrity in the Company’s operations and the value chain.

2.2.2 ESG Development Structure

The ESG Committee promotes the sustainability affairs of TCI. The Chairman leads the ESG Committee as the Chairperson and convenes 19 senior executives from all business divisions and centers to serve as Committee members. With the Board of Directors at the highest level, the Committee realizes corporate social responsibility on four primary levels by implementing corporate governance, promoting a sustainable environment, fostering social care, and strengthening information disclosure. The Chairman appoints members of the ESG Committee who represent the top executives of each department to participate and discuss ESG projects and provide cross-departmental resources. The Chief Sustainability Officer plans the Company's ESG strategy blueprint and action plans, sets sustainability goals, and allocates corporate resources. In addition, the Chief Sustainability Officer works with the ESG Committee to plan and promote sustainability projects within the company, track implementation progress, make timely adjustments per international sustainability trends, and respond to stakeholders' expectations.



2.3 In Response to International Sustainable Development

2.3.1 UN Sustainable Development Goals



Goals 2 | Eliminate Hunger

The increased atmospheric carbon dioxide concentration expects to reduce plant protein content, including in major food crops. As a nutritional supplement solution provider, we research and development, design, and manufacturer with specific products and technologies. TCI helps solve the health problem of insufficient protein intake for the general public.



Goals 4 | Quality Education

Cultivating young talents is the foundation of the Company's long-term management. TCI applies its expertise and resources in biotechnology to promote science education in cooperation with the Taichung National Museum of Natural Science. The Company has set up corner bookshelves in elementary and middle schools in the rural areas of Pingtung to encourage students to read.



Goals 7 | Affordable and Clean Energy

As users of energy, companies should contribute to sustainable energy production methods. TCI takes actions year by year to build renewable energy and energy storage facilities and improve energy use efficiency, playing the role of a promoter in energy transformation.



Goals 8 | Suitable Work and Economic Growth

A friendly working environment and appropriate salary and benefits are the basis for the world's progress and the growth of the company's operations. TCI provides better than average market salary and benefits to create high-quality life for its employees.



Goals 9 | Industry, Innovation & Infrastructure

Through innovative research and development, TCI promotes social progress through continuous product innovation; thus, the Company continues to refine industrial production processes to improve the efficiency of energy and resource utilization and gradually implement sustainable production.





Goals 10 | Reducing Inequality

As an international company, “value diversity and inclusion” is among the eight TCI Spirits. The Company ensures that employees are not treated differently based on gender, nationality, physical or mental condition, race, religious beliefs, or political affiliation.



Goals 12 | Responsible Consumption and Production

The deterioration of the ecological environment has led to an increasing concern for sustainable products worldwide. Therefore, providing environmentally friendly and sustainable products to customers and end consumers through green production is one of the essential strategies in the operation of TCI.



Goals 13 | Climate Action

Mitigating the negative impacts of climate change is a shared responsibility of all businesses, and climate-related risks and opportunities interact with business operations. Therefore, TCI commits to promoting the construction of renewable energy, improving energy efficiency, and responding to international initiatives to start actions to mitigate climate change.



Goals 14 | Marine Ecology Conservation Goals 15 | Terrestrial Ecology Conservation

The marine and terrestrial ecosystems provide abundant natural resources for human beings. The sustainability of food and nutrition depends on the sound functioning of natural ecological functions. TCI obtains raw materials for its products from nature and will continue to invest in biodiversity restoration projects.




Goals 17 | Diverse Partnerships

By strengthening the cooperation between upstream and downstream of the value chain through multiple channels, TCI maintains effective communication between the Company’s sustainability policy and its suppliers and customers, thus, enhancing the overall sustainability benefits of the value chain.



2.3.2 International Sustainability Initiative

TCI maintains its focus on international sustainability issues and trends. The Company commits to ambitious sustainability goals by publicly responding to international initiatives. TCI continues to invest in the Company’s sustainability transition and hopes to make an impact in the industry value chain. The Company has already committed itself to a landmark initiative in energy and climate change and is actively involved in renewable energy development and energy reduction. In 2021, TCI’s Science Based Target (SBT) formally passes the audit, becoming a select few Taiwanese companies to have passed the audit.

Initiative	Member Since	Contents	TCI’s Commitment
RE100	2018	Companies must commit to using 100% renewable energy by 2050	100% use of renewable energy by 2030
EP100	2019	Companies must set targets for improving energy productivity or integrate energy management systems	Integration of energy management system by 2026 Using 2016 as the base year, energy productivity will increase by 35% in 2040* <small>*EP100 Energy Productivity Unit: Revenue/kWh</small>
 SCIENCE BASED TARGETS <small>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</small>	2021	Commit to corporate carbon reduction targets with a rigorous methodology developed by the Science Based Targets initiative (SBTi)	Using 2018 as the base year, decrease the absolute emission reduction of Scope 1 and 2 by 51% and decrease the emission of “purchase of goods and services” of Scope 3 by 15% by 2030.









2.4 Stakeholder Engagement

Through the ESG Committee, TCI invites interdepartmental professionals to conduct stakeholder identification. In addition, the Committee identifies priority communication targets and responds to stakeholder concerns based on the five fundamental principles of the AA1000 Stakeholder Engagement Standard (2015): dependability, accountability, degree of concern, influence, and multiple perspectives. The six significant stakeholders identified include customers, investors, suppliers, employees, communities, and government.

2.4.1 Stakeholder Engagement Method

To handle and respond to the issues of stakeholders' concern, the ESG Committee collects communication information from each contact person, including but not limited to questionnaire surveys, telephone/video/physical meetings, e-mail communication, and others. Through diversified and unobstructed communication channels, TCI solicits the suggestions and expectations of stakeholders and reports the feedback to the ESG Committee which shall serve as an essential reference indicator for the formulation of operational and sustainable development strategies.

Stakeholders	Issues of Concern	Communication Channels	Communication Frequency	2021 Communication Results
Investors 	3.2 Integrity management 3.4 Risk management 4.1 Innovative research and development 5.1 Climate change and carbon management 5.2 Energy management	CSR website, CSR reports Annual shareholder meetings Investor conferences Financial reports Company website Email (for shareholder services) Investor forums Visits by institutional shareholders	Yearly Yearly Quarterly Yearly Irregular Irregular Irregular Irregular	TCI held 1 shareholder meeting TCI organized 8 investor conferences TCI attended 3 investor forums In addition, there are immediate responses to investor calls and emails to maintain an open engagement channel.
Customers 	3.5 Customer relationship management 3.7 Information security and management 5.1 Climate change and carbon management 4.1 Innovative research and development 5.5 Green products 6.4 Occupational health and safety 6.2 Labor rights equality	CSR website, CSR Reports Customer satisfaction surveys Technical reports Industry monthly reports Business review meetings with customers Customer audits Company website	Yearly Yearly Quarterly Monthly Irregular Irregular Irregular	Business review meetings: Conducted 2,610 meetings to feedback immediately on customer needs to senior executives of various departments. The Company formulated specific response policies after unobstructed engagement to rapidly respond to customer needs and expectations.
Suppliers 	3.6 Supply chain sustainability 3.4 Risk management 5.1 Climate change and carbon management 6.2 Labor rights equality	CSR website, CSR Reports Questionnaires and annual audits and site visits Supplier conferences Regular business review meetings Instructions for environmental health and safety management	Yearly Yearly Yearly Quarterly Irregular	In 2021, due to pandemic prevention regulations, TCI held online meetings instead of physical meetings and engaged all supplier suggestions through open channels.
Employees 	6.1 Talent employment and development 6.3 Joyful workplace	Labor meetings Employee performance Meetings of the employee welfare committee Internal website of the company Email/Dedicated communications through TCI Service	Half-yearly Quarterly Irregular Irregular Real-time	TCI received 322 proposals and opinions from employees in labor meetings, proposal meetings, internal communication channels, and TCI Service, and engaged all through open channels.
Communities 	7.1 Public welfare 5.3 Water resource management 5.4 Waste management	CSR website, CSR Reports Corporate donations or donations for welfare activities Industry-academia-research cooperation Company website / Email	Yearly Irregular Irregular Irregular	TCI organized 46 industry-academia interactions and receptions, 18 local charitable activities and exchanges (in-person and online), and one community concert. In addition, TCI cooperated with the National Museum of Natural Science to promote popular science education and lectures in Pingtung, comprising 15,226 participants.
Government 	3.2 Integrity management 3.3 Legal compliance 5.1 Climate change and carbon management 5.2 Energy resource management 6.2 Labor rights equality 6.4 Occupational health and safety	Official documents Market Observation Post System Company website Government-organized events	Real-time Real-time Irregular Irregular	TCI continuously communicates and optimizes the management system for material issues such as corporate governance, environmental protection, labor rights, occupational health, safety, and others.

2.5 Materiality Analysis

2.5.1 Process to Identifying Material Issues Issues :

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, 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 sustainability report, and set up the goals of internal sustainability management to continuously improve sustainable operational performance, strengthen information disclosure and take necessary measures.

For the identification of sustainability issues, TCI considers the economic, environmental, and social aspects from the perspective of risks and opportunities and incorporates the GRI criteria referring to the essential disclosure items of the international sustainability assessment such as CDP, DJSI, Sustainalytics, EcoVadis. In addition, the Company evaluates the issues of concern for international initiatives, the direction of the Company's business strategy, and the results of stakeholder engagements and lists 22 potentially material issues. Representatives from various departments of the ESG Committee analyzed potential material issues, focusing on the impact on the Company and the level of concern of stakeholders, with a final evaluation of 11 material issues. Compared to 2020, material issue adjustments include removing food and cosmetic safety, international engagement, and consolidating labor relations to talent employment and retention.



Identification of potential issues



6 significant stakeholders

Six types of stakeholders have been identified based on AA 1000 SES: employees, customers, suppliers, investors (including shareholders), communities, and governments; and grasped the issues of stakeholder concerns.

22 sustainability issues collected

-Reference to the key points of international sustainability evaluation: CDP, DJSI, Sustainalytics, EcoVadis

-International initiatives: SDGs, RE100, EP100, SBTi, TCFD

-Direction of the Company's business strategy
-Results of stakeholder engagements

Analysis and Evaluation



Investigation and Analysis by the ESG Committee

The ESG Committee, represented by the supervisors of each department, uses the results of stakeholder engagements to determine the "level of concern" of each stakeholder about the issue and the potential "level of impact" of the economic, environmental, and social issues discussed by the ESG Committee to determine the level of significance of the topic.

19 CSR committee members



6 stakeholders

Level of concern

5 evaluation factors: revenue, operation risk, customer relationship, environmental impact, social impact.

Level of Impact



9 economic issues, 6 environmental issues, 7 social issues.

Impact measurement factors: revenue, operational risk, customer partnerships, environmental impact, social impact.




Approval of Material Issues



In 2021, the Company has analyzed 11 material issues related to the operation of TCI. The ESG Committee reports these issues to the Board of Directors and discloses them as significant issues of concern in the annual sustainability report.



2.5.2 Material Issues and Value Chains

	Material Issues (Chapter)	Related GRI Specific Topics	Issue Boundaries		
			Within the Organization	Outside the Organization (Upstream)	Outside the Organization (Down stream)
Economic 	3.2 Integrity management	205 Anti-corruption 206 Anti-competition	◎	○	○
	3.4 Risk management	201 Economic performance	◎	○	○
	3.5 Customer relationship management	418 Customer privacy	◎		◎
	3.6 Supply chainsustainability	308 Supplier environmental assessment 414 Supplier social assessment	◎	◎	
	4.1 Innovation and R&D	201 Economic performance	◎		◎
Environment 	5.1 Climate change and carbon management	201 Economic performance 302 Energy 305 Emissions	◎	○	○
	5.2 Energy resource management	302 Energy	◎	○	○
	5.5 Green product	302 Energy 306 Waste	◎		○
	6.1 Talent employment and development	404 Training and education	◎		
Social 	6.2 Labor rights equality	405 Diversity and equal opportunities 406 Non-discrimination 408 Child labor 409 Forced or compulsory labor 412 Human rights assessment	◎	○	○
	7.1 Social Care	203 Indirect economic impacts	◎		○

◎ : Direct impact

○ : Indirect impact

Corporate Governance

3.1 Enhancing the Functions of the Board of Directors

3.2 Integrity Management

3.3 Legal Compliance

3.4 Risk Management

3.5 Customer Relationship Management

3.6 Supply Chain Sustainability

3.7 Information Security Management



3.1 Enhancing the Functions of the Board of Directors

3.1.1 Board Member Diversity and Professionalism

In the "Nominating Committee Charter," the Company specifies that the selection of directors should consider the Board members' diverse backgrounds of expertise, technology, experience, and gender diversity. Accordingly, the Board of Directors of TCI consists of 3 directors and 4 independent directors with business, legal, financial, and accounting roles or experience. The professional background covers business management, economics, medicine, chemistry, and life sciences, and the Board of Directors can provide timely advice for decision-making.

In addition to specific professional or intellectual backgrounds, the composition of the Board of Directors also considers soft skills such as operational decision making, leadership, crisis management, international outlook, and proper supervisory functions of the top management. In line with the industry trend and the Company's operation strategy, the topics of the 2021 seminar for directors include corporate mergers and acquisitions, corporate governance, Securities and Exchange Act obligations, and market operation in the biotechnology industry.

Per Article 3 of the Reference Example of the Board of "Directors' Performance Evaluation Regulations," the Company states, "The performance evaluation of the Board of Directors shall be carried out at least once every three years by an external professional independent organization or a team of external experts and scholars." In addition, TCI conducts internal performance evaluations at least once a year. Furthermore, the Taiwan Corporate Governance Association provides counseling, training, evaluation, and assessment services related to the corporate governance of listed companies. Therefore, in 2021, the Company arranged for the Taiwan Corporate Governance Association to conduct a performance evaluation of the Board of Directors by an external organization. As a result, the external organization will review the following issues comprehensively in 2021. In the future, an external organization will continue to conduct performance evaluations of the Board of Directors at least once every three years.





2021 Evaluation Items of the Board of Director's Performance by an External Organization

1. Composition of the Board of Directors
2. Guidance from the Board of Directors
3. Authorization of the Board of Directors
4. Supervision of the Board of Directors
5. Communication of the Board of Directors
6. Internal Control and Risk Management
7. Self-discipline of the Board of Directors
8. Others (Board of Directors meetings, support systems, etc.)

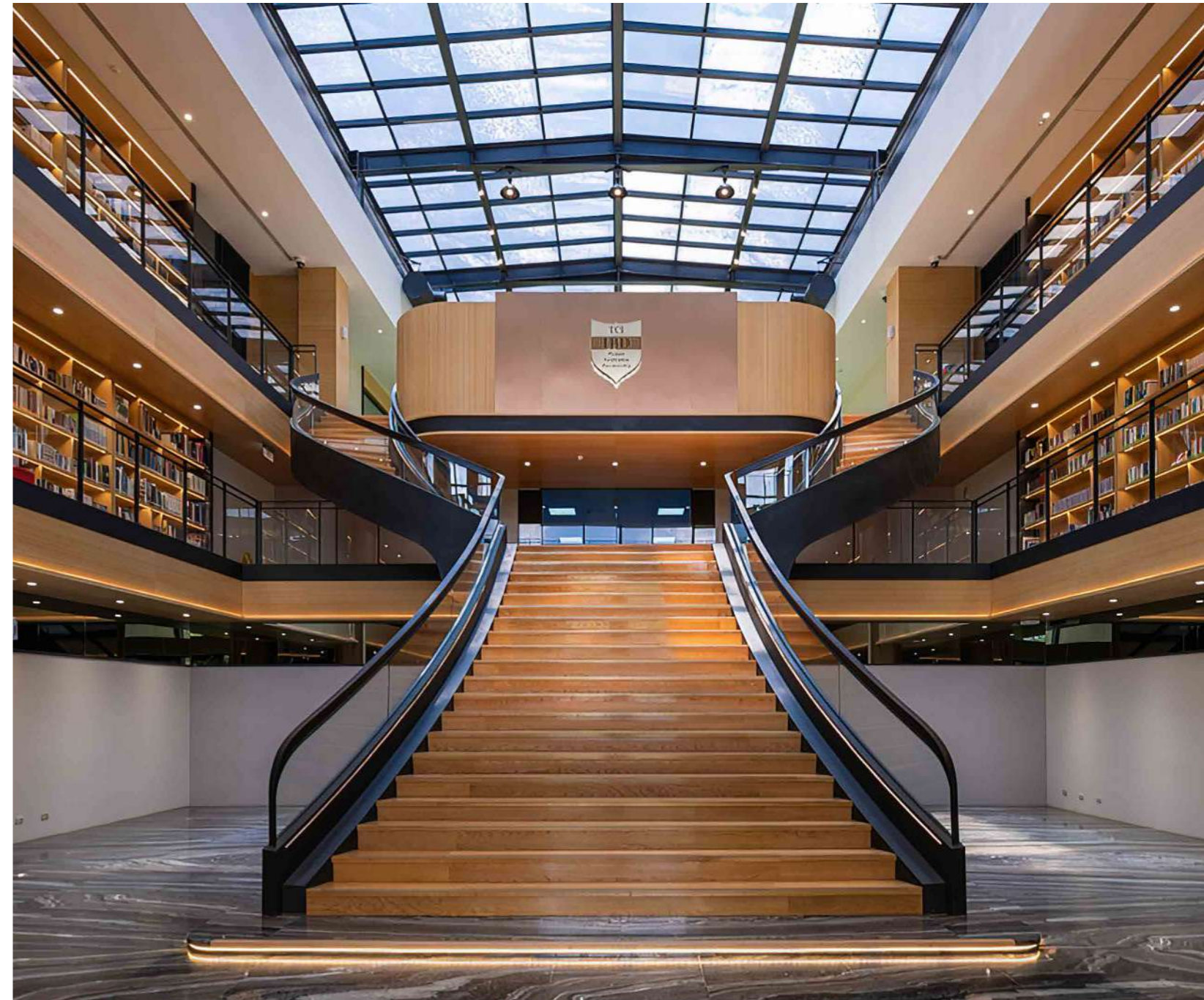
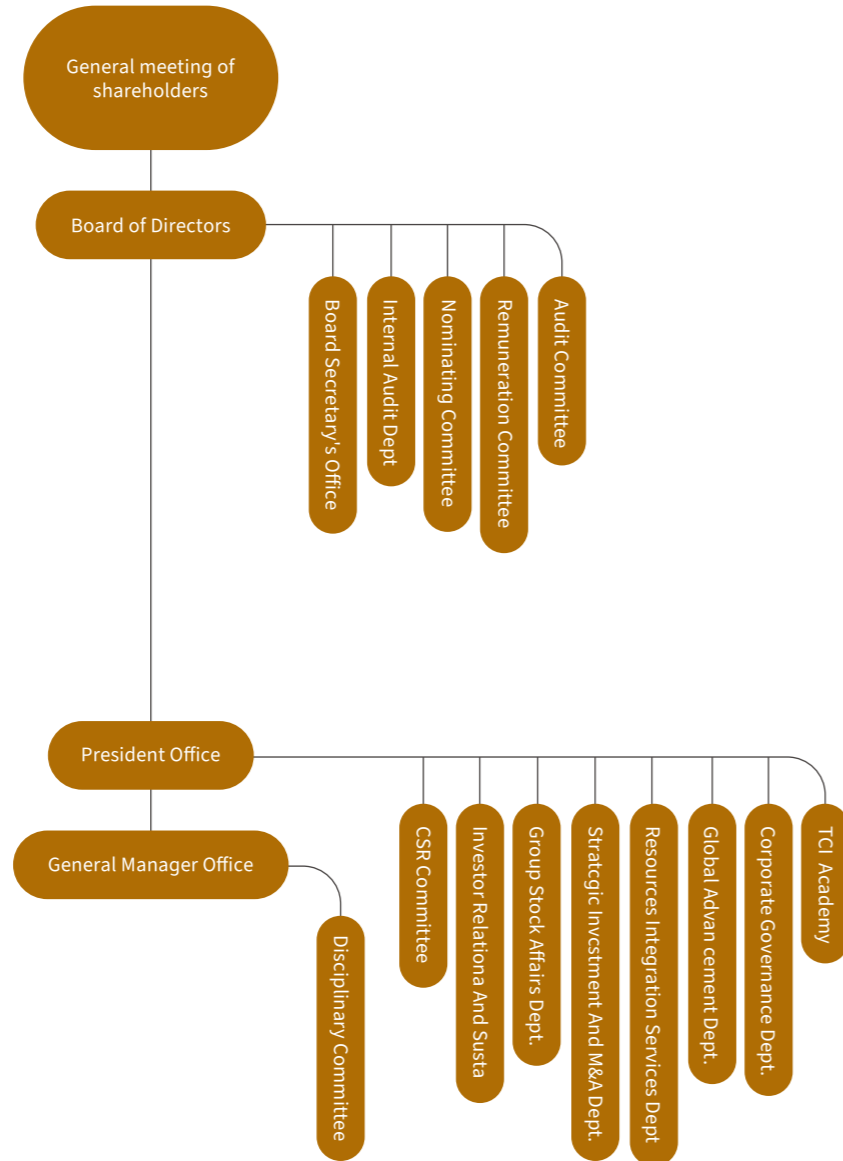
The report concluded that the company's diversity is as follows: 4 of the 7 directors on the Board of Directors are independent directors (including 1 female independent director), 1 female corporate representative director, and 1 Japanese corporate representative of a strategic partner. The Board of Directors comprises diverse nationality and gender characteristics conducive to international business development. In addition, the directors possess professional and practical experience in business management, accounting, economics, biomedical science, and industrial marketing. The expertise of the overall Board of Directors' composition aligns with the needs of the Company's operational development and strategic goals.



3.1.2 The Structure of the Board of Directors and Functional Committees

	Constitute	Responsibilities	Frequency of meetings
<p>Audit Committee</p> 	<p>The Audit Committee consists of 4 independent directors.</p>	<p>The Audit Committee assists the Board in fulfilling its role in overseeing the quality and integrity of the Company's execution of accounting, auditing, financial reporting processes, and financial controls. Matters considered by the Committee include financial reports, audit, and accounting policies and procedures, internal control systems, significant asset or derivative transactions, significant loans and endorsements or guarantees of funds, the raising or issuance of marketable securities, regulatory compliance, whether related party transactions and possible conflicts of interest between managers and directors, employee grievance reports, fraud investigation reports, corporate risk management, the appointment, dismissal or compensation of certified public accountants, and the appointment or dismissal of financial, accounting or internal audit officers.</p>	<p>At least 1 regular meeting per quarter. A total of 6 regular meetings convened in 2021 with a 100% attendance rate.</p>
<p>Nominating Committee</p> 	<p>The Nominating Committee consists of the Chairman and 4 independent directors.</p>	<ol style="list-style-type: none"> 1. The Committee establishes the criteria of diversity and independence in terms of expertise, skills, experience, and gender diversity required for board members, supervisors, and senior managers. The Committee accordingly identifies, reviews, and nominates candidates for directors, supervisors, and senior management. 2. Construct and develop the structure of the Board of Directors and committees, conduct performance evaluation of the Board of Directors, committees, directors, and senior management, and evaluate the independence of independent directors. 3. The "Nominating Committee" of the Company adopts the "Candidate Nomination System." Accordingly, the proposed reference lists of candidates for directors and independent directors are reviewed by the Nominating Committee and determined by the Board of Directors' meeting before being offered for election at the shareholders' meeting. 	<p>At least 2 regular meeting per quarter. A total of 2 regular meetings convened in 2021 with a 100% attendance rate.</p>
<p>Remuneration Committee</p> 	<p>The Remuneration Committee consists of 4 independent directors.</p>	<ol style="list-style-type: none"> 1. To establish and regularly review the performance evaluation standards, annual and long-term performance goals, and policies, systems, standards, and structures for compensation of directors, supervisors, and management of the Company. 2. Periodically assess the achievement of the company's directors, supervisors, and management's performance, and determine the content and amount of their remuneration based on the performance assessment criteria results. 	<p>A total of 4 meetings convened in 2021, with an average attendance rate of 100%.</p>
<p>Audit Department</p> 		<p>The Audit Department, under the Board of Directors, conducts internal auditing management per the "Internal Audit Regulations." The Audit Department assists the Board of Directors and the Manager in examining and reviewing possible deficiencies in the internal control system and measuring the effectiveness and efficiency of operations. Thus, providing timely recommendations for improvement ensures the continuous and effective implementation of the internal control system and serves as a basis for reviewing and revising the internal control system.</p> <p>The appointment, dismissal, evaluation, salary and compensation of internal auditors are per the Securities and Exchange Act and are first submitted to the Audit Committee for approval and then to the Board of Directors for resolution. In addition to the relevant laws and regulations, the Company's Audit Committee and Remuneration Committee are governed by the Company's organizational procedures.</p>	

3.1.3 Corporate Governance Structure



3.1.4 Significant Issues Reported to the Board of Directors

Board of Directors and Key Management Succession Plan

Regarding the succession plan of the Board of Directors, TCI cultivates senior management to join the Board of Directors to understand the Board's duties, operations, regulatory compliance, and the Group's various business centers and to deepen their industrial experience through job rotation. Currently, the Group has many senior management professionals who have completed relevant education and training, so the Company has a vast pool of talents to elect as future directors. Furthermore, considering diversity, with no more than one-third of the directors serving as managers of the Company, the emphasis is placed on diverse gender backgrounds with the knowledge, skills, and qualities necessary to perform their duties.

2021 Board of Directors and Key Management Succession Plan

Item	Number of people
Board of Directors' responsibilities and compliance Course	6
Secondment to a related company as a senior manager	6
Interdepartmental job rotation	24
Business management related training	50
Total training hours: 1,208 hours	

Stakeholder Communication

Regarding the communication and response of TCI to issues of concern to stakeholders, the ESG Committee collects communication information from each contact person, including but not limited to questionnaire surveys, telephone/video/physical meetings, e-mail communication, and others. Through diversified and unobstructed communication channels, TCI incorporates the suggestions and expectations of stakeholders and reports the feedback to the ESG Committee as an essential reference indicator for the formulation of operational and sustainable development strategies. The stakeholder engagement results will be an essential reference for formulating operational and sustainable development strategies. Please refer to section 2.4 Stakeholders Engagement for information on stakeholder communication in 2021.

Intellectual Property Management Plan

Intellectual property rights are important intangible assets of the Company, and trade secrets are the key to the Company's competitiveness. To continuously create and maintain the value of the intellectual property and make full use of the Company's intangible assets to create maximum benefits, the Company has established an intellectual property management plan that links to its operational objectives, including an intellectual property rights management system and a trade secrets protection and management system. The significant issues reported to the Board of Directors in 2021 include establishing a patent application classification system, regular review and approval of the patent process, and education and training of current employees on patents and trade secrets.

Risk Management Policy

To strengthen corporate governance, ensure the Company's proper operation and sustainable development, and serve as a basis for various risk management and implementation, TCI formulated the "Risk Management Regulations" in 2021, approved by the Board of Directors, and then implemented. Please refer to section 3.4 Risk Management for complete risk management measures. employees on patents and trade secrets.

Internal Audit Reports

The Company employs auditors certified as internal auditors in the Republic of China and certified internal auditors (CIA) to conduct internal audit reports for the directors every quarter.

3.2 Integrity Management

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

TCI upholds integrity as the highest principle of business operations and the Company has zero tolerance for corruption, malfeasance, and bribery. All of our employees and directors follow the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, and other related regulations, and established the Integrity Management Code, the Code of Conduct of Directors and Management, the Integrity Procedures and Guidelines, and the Management Measures for Preventing Insider Trading and Processing Internal Critical Information, to adhere to high professional and ethical standards.

Key Actions

1. Sign formal contracts with external suppliers and business partners and incorporate integrity management terms and conditions.
2. Internally, the Company established the Integrity Management Code and Integrity Procedures and Guidelines. Full-time employees must sign the Integrity Procedures and Guidelines.
3. Integrity Management Education and Training

2021 Performance

1. **0** business violations of integrity management regulations.
2. **100%** coverage rate of employee integrity management education and training.
3. **100%** of full-time employees signed the Integrity Procedures and Guidelines in 2021.

2022 Target

1. Maintain **0** business violations of integrity management regulations.
2. **100%** coverage rate of employee integrity management education and training.
3. **100%** of full-time employees signed Integrity Procedures and Guidelines.



3.2.1 Integrity Management Policy

TCI commits to abiding by international and domestic laws and regulations on anti-corruption and anti-bribery and regards integrity as the highest principle of business operations with zero tolerance for any violation or activity. Internally, TCI establishes management rules and regulations related to integrity management, which are used as a management basis for employees to follow and audits by the Audit Office. Externally, TCI requires suppliers or other partners to sign contractual integrity clauses and strictly enforces high standards of anti-corruption and anti-bribery policies as a necessary condition for cooperation between the two parties to eliminate corruption and bribery.

Management Regulations

《Integrity Management Code》

《Code of Conduct of Directors and Management》

《Integrity Procedures and Guidelines》

《Management Measures for Preventing Insider Trade and Processing Internal Critical Information》

Integrity Management Policy

- 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.
- TCI conducts necessary background checks on our customers, suppliers, and other stakeholders to avoid dishonest behavior that could damage the Company's interests.
- TCI prohibits directors, managers, employees and other insiders from using company property, non-public information or gaining illegal benefits by virtue of their position, and ensure that employees do not engage in fraud, misconduct or other misconduct.



Integrity Management Education and Training

TCI requires all new employees to participate in 8 hours of training courses for new employee orientation. Among these courses, the Company arranges a 1-hour lecture on integrity and ethics, and the training rate for new employees reaches 100%. In addition, TCI offers many in-depth integrity management-related courses for our employees from time to time. In 2021, TCI offers nine courses on integrity management, covering a wide range of topics such as legal affairs, taxation, legal transactions, and business secrecy, with 3,830 training hours and 3,214 participants.

3.3 Legal Compliance

Understanding of Regulations

TCI complies with all relevant regulations with dedicated departments. Each dedicated department keeps track of the latest developments and trends in the revision of laws and regulations to ensure that the Company's business and production activities comply with the regulations, make necessary operational adjustments, and formulate countermeasures in response to regulatory updates or the promulgation of new laws and regulations. In addition, the Company holds regular and occasional online and in-person training courses and updates its intranet site with information promptly to ensure effective and integrated compliance.

Aspects of Legal Concerns

Legal Aspect	Law	Tracking Unit
Company Management and Governance	The Company Act, the Securities and Exchange Law, Trade Secrets Act, and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies formulated by the Taipei Exchange.	President Office, Stock Affairs Department of TCI Group, Audit Department, International Legal Department
Labor	Labor Standards Act, Labor Pension Act, Regulations of Leave-Taking of Workers, Labor Insurance Act, Employment Insurance Act, Occupational Safety and Health Act, Act for Protecting Worker of Occupational Accidents, National Health Insurance Act, Act of Gender Equality in Employment, Employment Service Act	Talent Development Center, Precise iManufacturing Center, International Legal Department
Environmental Protection	Waste Disposal Act, Resource Recycling Act, Air Pollution Control Act, Noise Control Act, Water Pollution Control Act	Precise iManufacturing Center, International Legal Department
Others	Act Governing Food Safety and Sanitation, Cosmetic Hygiene and Safety Act, Patent Act, Trademark Act, Civil Code, Consumer Protection Act, Personal Data Protection Act	International Legal Department, Quality Control Department

Legal Compliance Implementation

In 2021, TCI did not receive any warnings or fines from relevant government agencies for violating corporate governance, labor, and environmental protection laws and regulations, nor did TCI's managers violate insider trading laws or receive complaints from customers for violating customer privacy.

Non-Compliance Record

Non-Compliance Category	Penalties or Fines	Description
Environmental Protection	None	
Labor	None	
Administration	Fine of NT\$15,000	A single incident of failing to complete the registration of goods tax products before the production of goods with no significant impact and the Company strengthened the management process.
Others	None	

3.4 Risk Management

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

TCI formulated the Risk Management Regulations to implement the management of enterprise-level risks and continuously strengthen the risk management mechanism to stabilize the Company's operation.

Key Actions

1. Identifies, evaluates, and responds to risks in accordance with the internal Risk Management Regulations.
2. Establish a risk management group in the ESG Committee to lead discussions on risk management issues.
3. Approved the formation of a board-level risk management committee.



2021 Performance

Invest NT\$**200** million in capital expenditures to address potential climate-related risks.

2022 Target

10% increase in capital expenditures for climate risk.

3.4.1 Risk Management Policy

Risk management aims to effectively grasp the internal and external factors that affect the company’s operation strategy and performance. To strengthen corporate governance and ensure stable operation and sustainable development, TCI has formulated the “Risk Management Measures” to prevent possible losses and optimize the company’s resource allocation.

Risk Management Process

The Risk Management Regulations regulate the Company’s risk management process, including risk detection and assessment, operation execution, and review, through three levels of management:

(1) The ESG Committee, chaired by the Chairman, reviews the risk warning mechanism and response plan proposed by the operating departments. After the resolution passes, the Chairman instructs other departments involved in the risk, in addition to the department that identified the risk, to make an interdepartmental risk response to mitigate the possibility or impact of the risk on the company’s overall operation. In addition, the Internal Audit Department conducts annual audits of the established response plans to ensure the operation of the risk alert mechanism.

(2) The supervisor of the operating department reports the risks to the Risk Management Team of the ESG Committee. Upon receipt of the notification, the Risk Management Team conducts an initial review of the risks and response plans proposed by the department and makes recommendations for discussion with the department. Then, the Chief Sustainability Officer reports it to the ESG Committee.

(3) As the front line of risk control, the operating department identifies and evaluates short, medium, and long-term risks related to its own business, conducting qualitative or quantitative risk assessments and formulating preliminary risk warning mechanisms and response plans based on the assessment results.

3.4.2 Risk Management List

Risk Category	Risk Factor	Control Mechanism
Financial Risk	Exchange Rate Risk	The Company uses U.S. dollars as its main functional currency and sells its products in 63 countries around the world. To avoid exchange losses and future cash flow fluctuations caused by changes in exchange rates, the Company uses forward exchange for hedging purposes.
	Credit Risk	TCI adopts the practice of prepayment before shipment for both domestic and overseas customers. The designated unit must evaluate the customer’s overall financial and business cooperation situation. The Company must approve the credit extension and carry out the accounts receivable insurance. The financial report lists the appropriate amount of credit impairment. The Company also prudently manages credit risk through weekly management meetings.
	Liquidity Risk	For many years, TCI has maintained a strong and healthy cash position. The financial department and the Chairman strictly control the amount of borrowing. In addition, TCI conducts quarterly studies of short, medium, and long-term capital requirements for the Board of Directors.
Raw Material Supply Chain Risk	Risk of Supply Shortages or Disruptions	Through the online supplier platform, TCI and its suppliers send their short and medium-term calculation requirements in real-time, shortening the delivery time for suppliers to reduce risks. In addition, the Company signs purchasing contracts with suppliers and adds standard terms to the purchase order to govern the quality of the specifications and delivery obligations. Furthermore, there is a certain degree of diversification in the sourcing countries to ensure a second supplier for key raw materials to address any possible shortage risks. TCI purchases key raw materials directly and work with suppliers in a long-term partnership and collaborations.
Information Security Risk	Phishing Threats	Based on ISO 27001 and BS7799 standards, TCI establishes information security policies and a complete information security system per the company’s actual internal management needs and takes the initiative to regularly conduct information security drills within the organization to strengthen employees’ awareness of information security.
Climate Change Risk	Transition Risks	TCI maintains a long-term carbon footprint management plan and implements internal carbon reduction initiatives per its reduction targets. Through voluntary carbon inventories, the development of low-carbon products, and climate-related risk, due diligence on the supply chain helps the Company manage the risks associated with climate change.
	Physical Risks	TCI establishes the risk management regulations to conduct simulation drills to strengthen the Company’s entire agile response mechanism and enhance the standard procedures for crisis management at each production site. The Company equips each operation and production site with necessary disaster prevention materials to support emergencies.

3.5 Customer Relationship Management

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

TCI's three fundamental principles of customer relationship management consist of continuously creating value for our customers, growing with them, and loyalty to them and protecting the customers' privacy.

Key Actions

1. Annual customer satisfaction survey and routine customer business review meetings.
2. Per the Personal Data Protection Act and the European Union's General Data Protection Regulation (GDPR), TCI establishes an internal Information Security Policy and signs confidentiality agreements with our customers.
3. Information security awareness education and training



2021 Performance

1. Selected and sent 100 written or telephone customer satisfaction survey, with an average customer satisfaction score of **89.7**. TCI collected a total of 82 copies, with a recovery rate of 82% and 76 valid surveys.
2. **0** incidents of violation of privacy regulations, policies, or disputes.
3. **100%** coverage rate of information security education and training.

2022 Target

1. Select and send 100 written or telephone interviews for customer satisfaction survey questionnaires, with an average customer satisfaction survey score of **90.2**, and a recovery rate of 85%; new customer satisfaction survey recovery rate of 95%.
2. Maintain **0** violations of privacy regulations, policies or disputes.
3. Information security education and training coverage remains at **100%**.

3.5.1 Customer Satisfaction Survey

TCI conducts an annual Customer Satisfaction Survey. The survey includes product development, price, quality, customer service, delivery time, and other factors. The Company formulates business policies using the issues of importance to customers. In 2021, after careful selection, TCI sent out 100 customer satisfaction survey questionnaires and recovered 82 questionnaires with an average score of 89.7.

TCI uses integrated bioscience design to create high-performance health and skin care products that combine sustainable design and production to enhance our global customers' economic, environmental, and social impact. Through the Company's Strategic Intelligence Center, Advanced Design Institute, Product R&D Institute, Strategic Development Department, Precision iManufacturing Center, and Global Business Center, the Company develops differentiated products with automated data integration analysis and in-depth research on global market trends. Furthermore, TCI provides complete product resumes so that customers can fully trace the products produced by TCI. In addition, the Company establishes Virtual Global Offices worldwide for customer communication with a zero-time difference. TCI implements the "Sales Service" hotline to immediately address customers' needs, opinions, and suggestions on marketing, products, and sales.

During the Covid-19 pandemic period, due to the limitation of international travel, the Company also strengthened the digital communication channel. The Taipei Headquarters and the overseas business team work together to support the business development needs of customers to bring better service quality.

3.5.2 Customer Right and Privacy

Purpose of Privacy Management

TCI values the mechanism in TCI's privacy policy statement and privacy protection management mechanism enhances the Company's corporate social responsibility implementation. Providing open and transparent information about TCI's privacy policy enables the customers to decide whether to share their private information. TCI aims to strengthening awareness of privacy management and eventually shaping a sound privacy protective relationship with our customers and other TCI data collectors.

Privacy Management Practices

One crucial goal of TCI's information security management consists of maintaining customer privacy. Per Taiwan's Personal Data Protection Act and the European Union's General Data Protection Regulation (GDPR), the Company establishes a Privacy Protection Policy, which provides the contact information of the person in charge of the customer's privacy policy. This policy lets customers inquire, view, correct, stop collecting, or request for deletion. In addition, TCI strictly adheres to the contents of customer contracts and confidentiality commitments. The Company uploads commercially confidential information, documents, and all customer-related data to the internal system through an encryption mechanism for strict control. These documents can only be previewed after logging in to the system with an account and password and an online application for a decryption process. In 2021, TCI did not receive any complaints of privacy violations.

3.6 Supply Chain Sustainability

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

To ensure that suppliers comply with the International Bill of Human Rights, the United Nations Universal Declaration of Human Rights, the International Labor Organization Convention, and the United Nations Global Compact, which TCI uses as a reference, to respect internationally recognized basic labor human rights principles; furthermore, comply with workplace safety as regulated by relevant labor laws and regulations, to implement environmental protection, and to prohibit violations of laws and regulations and ethics.

Key Actions

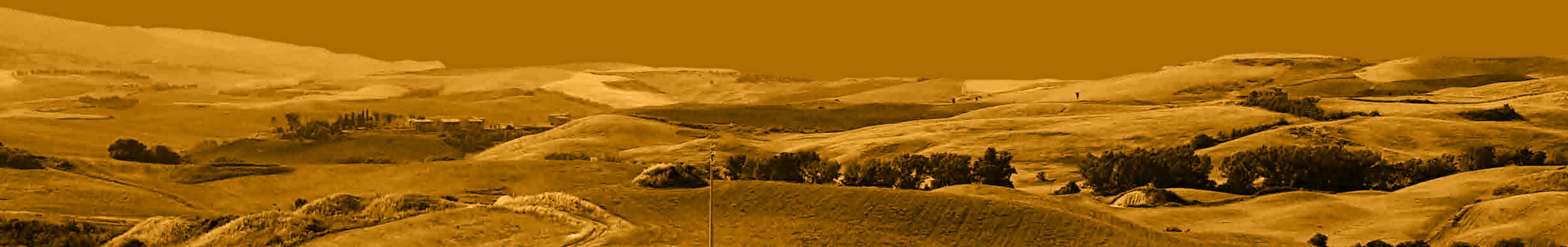
- 1. Require cooperating suppliers to follow TCI's Supplier Code of Conduct.
- 2. Key supplier site visits and audits.

2021 Performance

- 1. 145 suppliers signed the Supplier Code of Conduct, accounting for 24% of the total number of signatures, including 63 key suppliers, with a recovery rate of **91** %. The proportion of new suppliers signed was **100** %.
- 2. Recovered 108 ESG self-assessment forms, **100** % recovery for new suppliers.

2022 Target

- 1. **100** % of new suppliers sign the Supplier Code of Conduct.
- 2. **100** % response rate of ESG self-assessment form from new suppliers.



3.6.1 Supplier Management Policy

To improve the sustainable development of the supply chain, TCI promulgates the Supplier Code of Conduct to ensure that the suppliers comply with laws and regulations in providing products and services (including labor, health and safety, and environmental standards). In addition, proactively respond to current environmental protection and social issues and dare to bear corporate social responsibility, and continue to achieve improvement. For new suppliers, the Company issues supplier self-assessment forms as a reference for evaluating cooperation and encourages the signing of the Supplier Code of Conduct. TCI will formally audit new suppliers who pass the initial review to ensure the overall quality of TCI's production process.

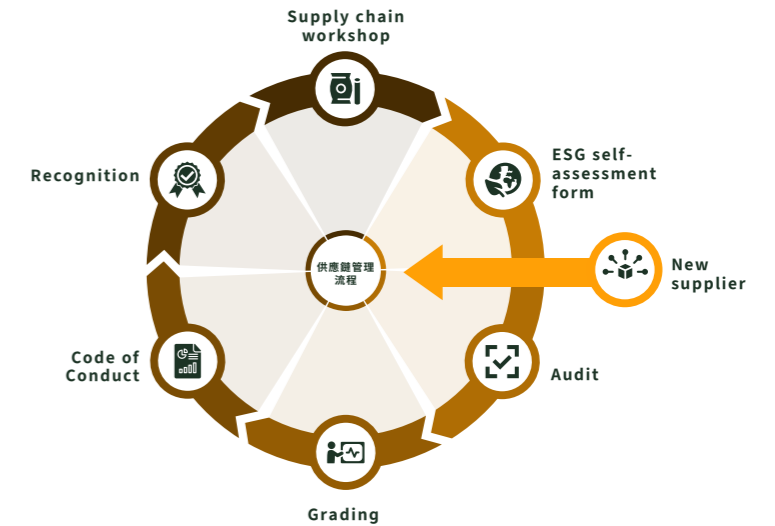
In addition to obtaining international certifications such as ISO, SEDEX, HACCP, and others, in line with the trend of sustainable development, TCI includes ESG self-assessment items for the protection of human rights, labor rights, health and safety, and environmental protection in the supplier self-assessment form as essential points for supplier assessment, to reduce the sustainability risks arising in the supply chain and enhance the overall sustainability of the value chain.

Four Main Aspects of the Supplier Code of Conduct

Labor	Health and Safety
<ul style="list-style-type: none"> • Prohibition of Unfair Labor Practice • Labor Freedom • Working Hours • Prohibition of Child Labor • Wages and Benefits • Humane Treatment • Freedom of Association 	<ul style="list-style-type: none"> • Safety and Operating Environment Specifications • Emergency Preparedness • Safeguarding • Education and Training
Environment	Code of Ethics
<ul style="list-style-type: none"> • Environmental Conservation • Labeling of Hazardous Substances and Safe Operating Specifications • Water Management • Management Policy for Greenhouse Gas Emissions 	<ul style="list-style-type: none"> • Information Disclosure and Prohibition of Falsification and Misrepresentation • Fair Competition • Employee Whistleblowing Channels • Privacy and Information Security Policy • Avoid Conflicts of Interest • Assignment of Right • Legal compliance

3.6.2 Supply Chain Management Process

TCI shares information with suppliers through the supplier platform as the core management system. Through the supplier platform, the Company quickly manages supply and demand and predicts future demand through automatic calculations. In the future, TCI projects to gradually incorporate suppliers' environmental and ESG-related essential data on the supplier platform and jointly set ESG targets, improvement measures, and performance reviews with suppliers through the supplier platform.



Supplier Management Overview

Supplier Type	Management Methods	Execution Ratio	Future Management Focus
Key Supplier	Supplier response to ESG self-assessment form	100% (Total of 69 suppliers, 69 suppliers completed responses)	Strengthen on-site audits
	Sign the Supplier Code of Conduct	100% (Total of 69 suppliers, 63 suppliers signed)	Continue to increase the percentage of supplier signatures Strengthen on-site audits
New Supplier	Supplier response to ESG self-assessment form	100% (Total of 21 suppliers, 21 suppliers completed responses)	Strengthen on-site audits
	Sign the Supplier Code of Conduct	100% (Total of 21 suppliers, 21 suppliers signed)	Strengthen on-site audits
Audit of Existing Suppliers	On-site audits	100% (66 audits planned and 66 audits completed)	Strengthen on-site audits

3.6.3 Sustainable Supply Chain

TCI proactively promotes sustainable supply chains and provides suppliers with a complete ESG self-assessment form starting in 2021. The questions include suppliers' environmental-related data and management plans, human rights, regulatory compliance, and others to assist the Company in evaluating suppliers' economic, social and environmental sustainability and to use them as essential points for supplier evaluation to reduce sustainability risks along the supply chain and improve the overall sustainability of the value chain. Simultaneously, TCI advises suppliers on sustainable development and its corresponding solutions and assists supply chain partners in setting sustainability goals during monthly supplier meetings.

Regarding suppliers with excellent ESG performance, TCI recognizes them at supplier conferences, links their ESG points to future collaborations and purchases, and assists suppliers with alliances with large strategic biotech industries to expand their potential business partners. In the future, TCI will continue to strengthen the sustainability due diligence of its supply chain, identify high-risk suppliers, and proactively negotiate with supply chain partners to help them improve their sustainability performance. In 2021, TCI received 108 ESG self-assessment forms, with a 100% receipt rate from new suppliers.



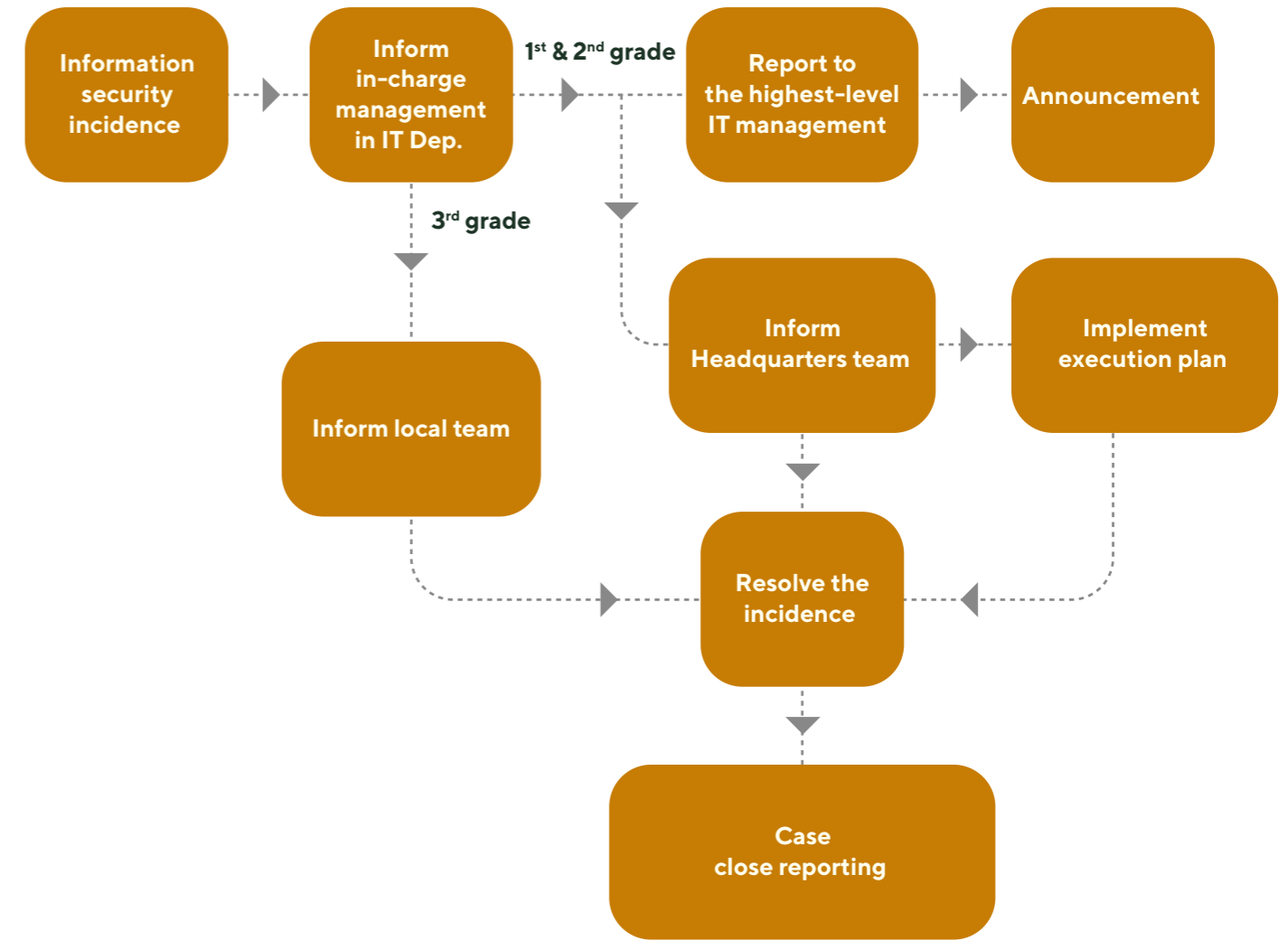
3.7 Information Security Management

Information Security Policy

TCI uses ISO 27001 and BS7799 as reference standards to formulate information security policies based on the Company's internal management needs. The Information Security Policy controls the security of the services provided by the information system, protects the confidentiality, integrity, and availability of important personal and transaction data information, and safeguards the information security and privacy of TCI itself and external stakeholders who exchange information with TCI. By strengthening information security management and enhancing the protection of software and hardware such as systems, equipment, and networks, the Company ensures the quality of the services the TCI Group provides.

Information Security Management Practices

- 1. Information Security Risk Management:** The Strategic Intelligence Center, responsible for information security management, establishes an inventory of information assets, identifies the owners, performs risk assessment operations according to the difference in information asset levels and performs risk management for risks above acceptable levels.
- 2. Information Security Education and Training:** The Company requires both new and existing employees to participate in information security education training. In 2021, TCI offers an internal Basic Information Security Awareness Course with 845 participants and 2,113 hours of training.
- 3. Software and hardware control:** The Company sets up firewalls and demilitarized zones (DMZs) on internal and external networks and establishes appropriate backup or monitoring mechanisms for essential equipment. Personal computers shall be installed with anti-virus software and regularly checked for virus code updates, and the use of unauthorized software is prohibited. In addition, TCI shall implement access control and regulations for carrying items in and out of laboratories and information security control areas.
- 4. Information Security Incident Notification Procedures:** Employees who encounter an information security incident must take the initiative to notify the incident. TCI classifies the incidents into levels one to three according to the severity of the incident. The local incident manager or information supervisor responds to the incident and determines whether to activate the emergency response plan or to handle it in general. The personnel fill out an incident report after the response is over to prevent the recurrence of the same incident.



2021 Information Security Management Actions

Action Programs	2021 Action Plan	Implementation Results
Information Security Defense	Effectively detect abnormal events through data analysis and provide relevant units with immediate handling.	Continuously analyze and handle information security incidents and proactively block abnormal connections and suspicious emails to reduce the risk of hacker attacks and data leaks.
	Continuous optimization of the information security management platform, advanced persistent penetration attack (APT) protection system, and incident analysis and investigation capabilities.	
	Establish a dedicated unit for information security and operate jointly with information security units to strengthen joint information security defense.	Established a dedicated information security unit to strengthen information governance.
	Enhance endpoint protection mechanism, endpoint management function, and endpoint malware detection operation to strengthen the vertical defense capability.	Enhance anti-virus operations for personal computers and servers to analyze suspicious programs and behaviors.
	Perform penetration tests on the system on a regular basis.	Completed practical testing by activation and the level of service commitment and the timely status of contingency notification meet the information security requirements.
	Continuous scanning for system vulnerabilities on a regular basis.	Completed vulnerability scans and patches through publicly available system vulnerabilities on a regular basis.
	Provide continuous patch management for system vulnerabilities occasionally	Completed occasional system patches for major system security vulnerability patches.



In 2021, TCI establishes a dedicated information security unit to coordinate, manage and supervise all information security operations of the Group. In addition, dedicated information security engineers handle information security work regularly, conduct vulnerability scans, social engineering drills, protection system effectiveness checks, and other related information security tests, and provide related information security dissemination and education and training courses. In 2021, there were no major information security incidents at TCI.

Innovation and Service

4.1 Innovative Research and Development

4.2 Innovative Incubation

4.3 Product-centric One-stop Service



4.1 Innovative Research and Development

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

The Company continues to invest in scientific and manufacturing research and development resources to create high-performance, high-value-added dietary supplement, and skincare products and provide global CDMO services. In addition, TCI invests in global patent protection and trademark layout to ensure a high level of protection for our research and design results, connecting them to our business objectives and strengthening our competitive advantage and intellectual property innovation.

Key Actions

- 1. Strengthen intelligent manufacturing and upgrade with Industry 4.0 as the core to enhance research and development efficiency
- 2. Apply for patents and trademarks to protect intellectual property
- 3. Continue to invest in research and development talent recruitment, raw materials research, manufacturing processes, formulas, and packaging.



2021 Performance

- 1. 2021 intelligent manufacturing system optimization, manufacturing process improvement in production efficiency, saving cost, and reducing losses, with an estimated benefit of approximately NT\$ **53** million.
- 2. TCI's patent commercialization value reached NT\$ **4.5** billion in 2021.
- 3. Research and development expenses amounted to NT\$572,395 thousand, accounting for **6.67%** of the total revenue.

2022 Target

- 1. Enhance the benefits of intelligent manufacturing system optimization and increase the output per capita by **5%**.
- 2. **12%** increase in patent output value
- 3. Research and development expenses shall not be less than **5%** of revenue



4.1.1 Integrated Bioscience Design Research and Development Results

In 2021, many of TCI's products won domestic and international awards, including the 2021 World Plant-Based Award for "Golden Formula" and the 2021 Geneva International Invention Award for the all-natural "NMN Yeast." The "Golden Formula" helps the growth of a new generation of probiotics in the intestinal tract, adjusting the bacterial flora in the gut and reducing body fat. The World Plant-Based Awards is the world's leading annual award in plant-based foods, of which the Best plant-functional product is the only award in contemporary health food. TCI won this award and became the first award winner in Taiwan. NMN yeast has made remarkable achievements in preventing Alzheimer's and Parkinson's diseases, strengthening the body, reversing vascular death and muscle atrophy, enhancing endurance, recoding normal gene sequences, repairing damaged genes, and others. The pure natural "NMN yeast" developed by TCI will occupy a space in the anti-aging market in the future.

Important Awards and Recognition

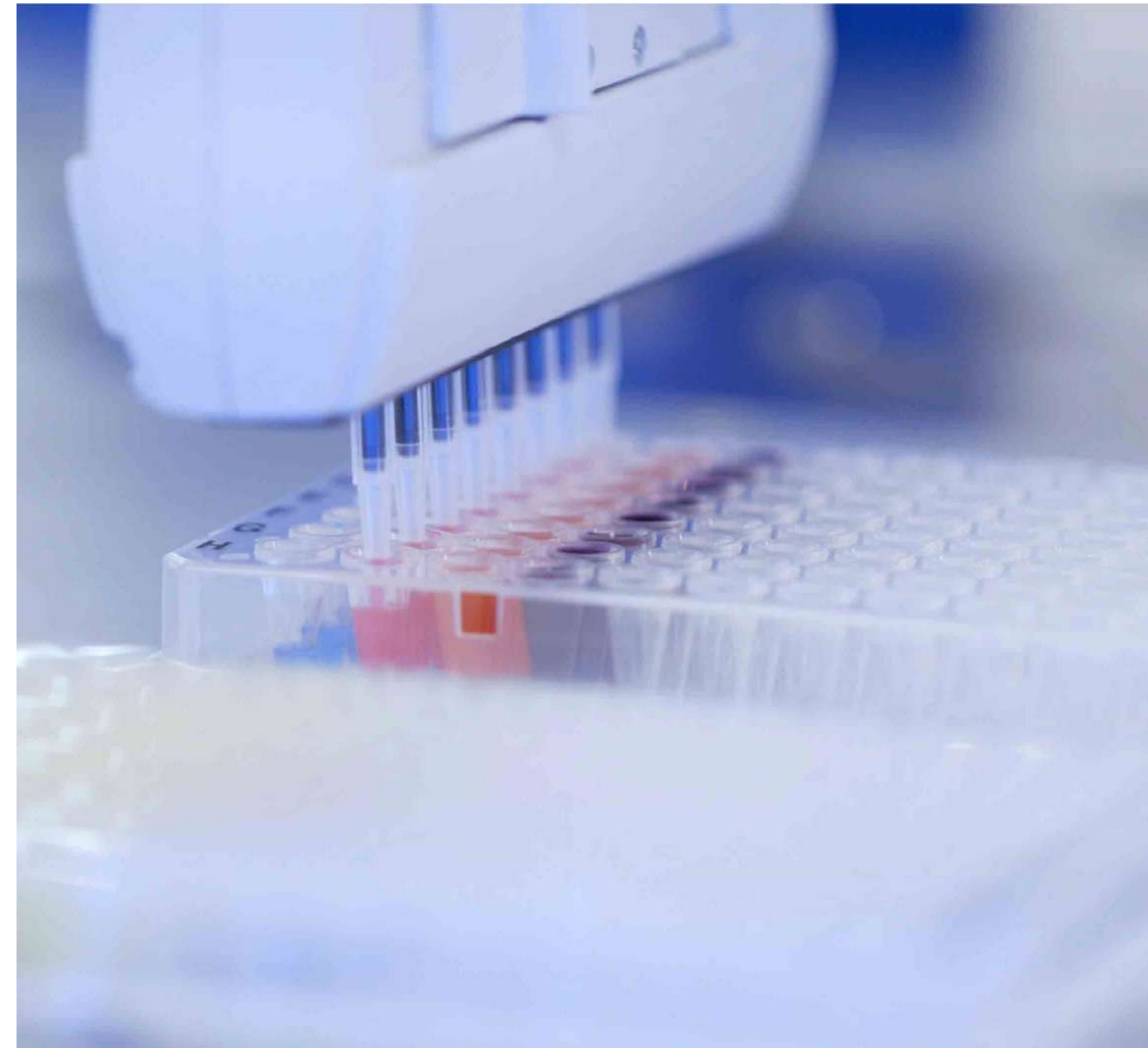
	Awarded Products	Award	
	2021 Geneva International Exhibition of Inventions	<ul style="list-style-type: none"> • NMN yeast, TCI fruit and vegetable Enzyme™ • Prunus domestica ferment, PRO6X 	<ul style="list-style-type: none"> • Gold Award • Silver Award
	2021 WGC, The World Genius Convention & Education Expo	<ul style="list-style-type: none"> • Blackberry extract, Actinidia deliciosa enzyme 	<ul style="list-style-type: none"> • Gold Award
	2021 iCAN International Invention Innovation Competition	<ul style="list-style-type: none"> • Acerola unripefruit, Aronia, Carica papaya enzymes, Golden Formula 	<ul style="list-style-type: none"> • Gold Award • Special Award
	2021 Seoul International Invention (Korea)	<ul style="list-style-type: none"> • TCI711Bacillus coagulans, TCI837 Lactobacillus plantarum, Dandelion extract, Hibiscus sabdariffa Extract, White Versailles Fruit • TCI275 Lactobacillus fermentum, Blood Peach Extract 	<ul style="list-style-type: none"> • Silver Award • Bronze Award
	2021 World Plant Based Awards	<ul style="list-style-type: none"> • Golden Formula 	<ul style="list-style-type: none"> • Best Plant-functional Product

Note: Please refer to the Appendix for the complete list of awards for 2021.

4.1.2 Bio-Resource Data Mining

In 2018, the Company started a new business model of "Bio-Resource Data Mining," using genetic technology, big data, automation, an intelligent formulation platform, and Industry 4.0 manufacturing, as well as real-time fluorescence quantitative analyzer, AOI (automated optical inspection), high-speed high-throughput sample processing arm, fully automated nucleic acid extraction, and fully intelligent six-axis arm. These highly automated devices, usually only seen on the screen, start by integrating big data and turning artificial intelligence and automation labs into reality, combining the use of global biotechnology resources to create high-performance products.

The "Bio-Resource Data Mining" model combines seven extraction and biotransformation processes, 100 cellular efficacy platform experimental evaluations, 200 gene regulation performance mechanisms, and 15 natural substance composition analyses through automated research and development. Each active ingredient goes through 17,700 experiments, vertically integrated and automated through "Bio-Resource Data Mining," resulting in a 70-fold increase in efficiency.



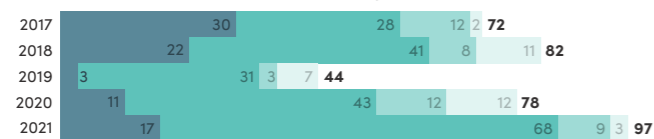
4.1.3 Intellectual Property Layout

TCI conducts market assessment and intellectual property layout for each IBD material developed to understand the consumer market and future product development potential of customers. In addition, the Company conducts integrated and comprehensive assessments of patents, trademarks, copyrights, fair trade, and others to obtain maximum intellectual property protection through a global strategic layout. As a result, TCI developed products can be sold in the market without infringement and commercial infringement by other competitors, thus enhancing the competitiveness of the products. The number of patent and trademark applications matches the Company's research and development resources to ensure complete protection of research and development achievements. By the end of 2021, there were 903 accumulated patent applications and 482 approved patents. TCI filed patent applications in 17 countries worldwide, including Taiwan, China, Hong Kong, Japan, India, Indonesia, Singapore, Malaysia, Korea, Thailand, Russia, Germany, France, the United Kingdom, the United States, Brazil, and Australia. By the end of 2021, there were 1,552 trademark applications, 1,269 approved trademarks, and trademark applications in 30 countries worldwide.

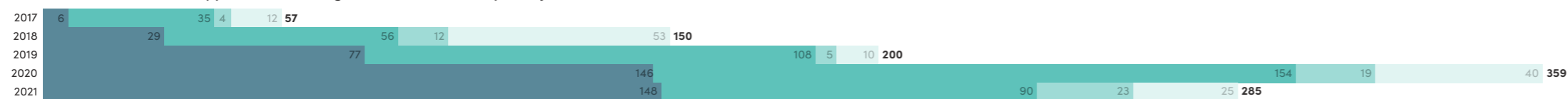
Number of patent applications and regional statistics in the past 5 years



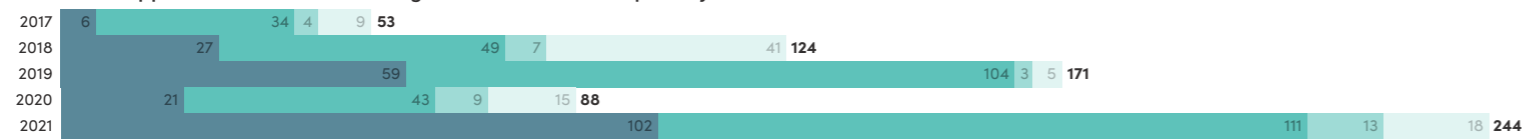
Number of approved patents and regional statistics for the past 5 years



The number of trademark applications and regional statistics in the past 5 years



Number of approved trademarks and regional statistics in the past 5 years



China Taiwan Europe and the United States Others



4.2 Innovation Incubation

4.2.1 12 Main Laboratories



NEXT LAB



SBL LAB



H&M LAB



E.V.E. LAB



GMA LAB



ARMTE LAB



CLEAN B. LAB



Q-ODM LAB



MIA LAB



EAGLE EYE LAB



CELL V. LAB



ART LAB



QODM Lab

The Q-ODM Lab implements the formulation provided by the Product Design Department and crafts theoretical designs into reality to ensure and prepare for zero complications in the manufacturing process and to establish the most reliable mass production schedule. We simultaneously adopt product formulation, mass production plans, product stability testing, and production optimization. After creating the initial samples, our experts optimize the manufacturing model with the best production fluency. Through parametric analysis of sensory tests, flavor evaluations, skin reactions to a facial mask, and dermatological studies, we have achieved the highest quality standards (Quality) while being the quickest in awareness for new business opportunities (Quickness), and lastly, providing the economics of rational quotation (Quotation).

E.V.E. Lab

The development of high-performance products is the key to success. By cooperating with major medical centers and universities, the E.V.E Lab developed innovative visualization technology for clinical validation to scientifically validate the effects and provide only the safest and healthiest products.



Eagle Eye Lab

By developing an accurate visual recognition system, Eagle Eyes Lab conducts perceptive and precise safety compliance product testing achieving a 99.9% detection rate, creating a comprehensive quality control of the production process.

Next Lab

The NEXT Lab dedicates itself to exploring bio-mineral sources with healing potential worldwide. Using gentle and sustainable special technology to extract and purify to obtain effective ingredients that can be developed into high-performance products.

Cell Validation Lab

The Cell Validation Lab uses the Cell Validation platform to conduct a series of cellular experiments to validate the efficacy of ingredients and products, providing customers with scientific validation data to create high-performance products.



H&M Lab

The H&M Lab has established a strain database of over 4,981 functional microorganisms. Through probiotics screening and functional development, we can find the beneficial bacterial flora regulation mode for consumers' health and truly improve their lives!



4.2 Innovation Incubation

4.2.1 12 Main Laboratories



NEXT LAB



SBL LAB



H&M LAB



E.V.E. LAB



GMA LAB



ARMTE LAB



CLEAN B. LAB



Q-ODM LAB



MIA LAB



EAGLE EYE LAB



CELL V. LAB



ART LAB

Clean Beauty Lab

The Clean Beauty Lab creates high-performance beauty products that shine from the inside out. Starting with a rigorous selection of ingredients and packaging materials, combined with our insistence on proven efficacy, the lab builds highly effective and clean formulas with zero-carbon automated production to create truly green and inspiring products that bring beauty and sustainability to the beauty industry and consumers.

GMA Lab

The Genetic Medical Application Lab (GMA Lab) established a health genetic database to develop advanced products, such as personalized nutritional supplements and skin care products. This database is fully equipped to perform DNA, mRNA, and protein analysis. The laboratory also develops reagents for various pathogens, combining biological information and research and development capabilities to create the most accurate detection technologies.



ARMTE Lab

The Application of Regenerative Medicine and Tissue Engineering Lab (ARMTE Lab) focuses on regenerative medical devices. The key technology is the application of biomaterials for tissue repair and filling functions of medical device products. At the same time, it has the manufacturing technology for collagen, bioceramics and hyaluronic acid, and other matrix materials.



MIA Lab

The MIA Lab utilizes cutting-edge automated equipment to uncover the key to each raw material's differentiation. We analyze and identify natural substances and microbial metabolites and scan their reactions to various cells in the human body to find the effective ingredients and parts that are beneficial to consumers.



ART Lab

The Advanced Regenerative Therapy Lab (ART Lab) dedicates itself to developing cell therapy technologies ranging from in vitro culture of immune cells and stem cells to fibroblast and hematopoietic stem cell therapy technologies. By combining the raw materials produced by our unique bio-resource data mining with a cellular efficacy validation platform to understand the impact of raw materials on human stem cell activity and functionality, we can produce the highest quality cellular preparations through ART Lab's proprietary cell culture technology.



Synthetic B. Lab

The Synthetic Biology Lab (SBL Lab) is the first to develop human collagen and hyaluronic acid for medical material applications. By combining big data and artificial intelligence, we can design, write or modify the genome of microorganisms to produce high performance, high stability, and high content biomaterials. The process utilizes a non-animal fermentation purification model that ensures bio-sustainability.

4.2.2 Internal Innovation

To sustain the momentum of TCI's research and development innovation, the Company creates an internal research and development interactive platform. TCI regularly holds research and development proposals to break the organizational framework and encourage colleagues to propose innovative ideas. Proposals that align with the Company's development direction and are subsequently developed and invested will be rewarded with research and development bonuses.

The Company holds an internal team innovation proposal competition once a year. In addition, TCI assigns mentors from within the Company to help teams optimize their proposals, thus, easily promoting cross-departmental creativity in practice. A total of 55 proposals were submitted in 2021, with five finalist teams and proposals from three teams implemented. The winning teams received the "TCI Coin" Research and Development Innovation Bonus to encourage internal innovation and stimulate the development of new solutions.



4.2.3 Intelligent Manufacturing

The operational efficiency of the information system depends on maintaining efficient research and development. TCI's Strategic Data Center continues to invest in optimizing the corporate intranet and factory production processes and upgrading hardware and software every year. In 2021, TCI will invest in three major system upgrade projects, focusing on customer experience and cooperation, product development and management, and production data monitoring and optimization. The annual benefit from process improvement, production efficiency, cost saving, and loss reduction is approximately NT\$53 million.

2021 Key System Optimization Projects

System Name	Content and benefits
CRM System	<ul style="list-style-type: none"> • Quickly grasp customer needs and improve customer experience • Perform real-time analysis to increase customer repurchase rate • Potential business opportunity management to improve order conversion rate • Improve process efficiency • Information sharing among departments and internal and external stakeholders for more intelligent work and better cooperation
Product Design Platform	<ul style="list-style-type: none"> • Circular management of product development projects to improve product development efficiency • Graphic and text integration and efficient management • Integrated product lifecycle management
MES System	<ul style="list-style-type: none"> • Real-time monitoring of production data • Quickly correct production loss rates and reduce losses • Real-time monitoring of material preparation/work order status at all levels to achieve accurate manufacturing • Reduce manpower of logistics and at support sites

4.2.4 External Innovation Incubation

In addition to internal research and development and innovation, TCI strives to invest in developing new and innovative industries. The Chairman and senior executives provide multi-faceted support to start-ups and social entrepreneurship organizations from a mentor's perspective, like a runner who accompanies the entrepreneur to thrive. In the face of international competition, Taiwan needs more innovative solutions. Thus, TCI firmly believes that enterprise support for start-ups and generating Unicorns cultivates talents for Taiwan's industries and the essential practice of giving back to society.

In 2021, TCI invited more than 60 start-up companies for discussion, combining 42 years of industry experience with three main axes to assist the start-up industry.

1. Direct Investment: TCI currently invests in three start-up companies. Because start-ups often encounter challenges in their first steps in sales, TCI can help start-ups in their first large-scale application or opening up international sales channels. From repeated interviews and meetings with entrepreneurs in 2021, the Company has selected five new start-up companies to enter into investment terms and conditions negotiations. Both sides continue to communicate with each other regularly and hope to have the opportunity to discover more new rising stars to join the TCI Biotechnology Alliance in the future.

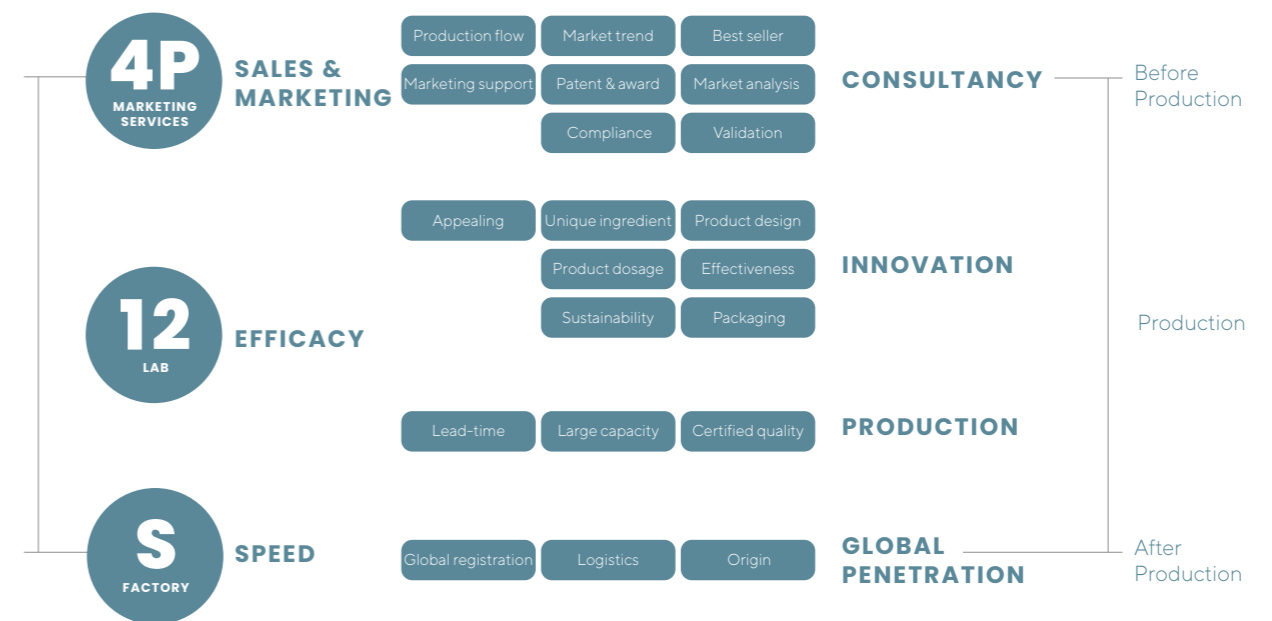
2. Provide incubation grants: In cooperation with the CnC Club, TCI provides incubation funding for new start-up companies with potential after evaluation. In addition to capital resources, the Company also maintains quarterly formal meetings to allow start-ups to present their growth plans, assemble appropriate resources, and provide useful advice. TCI spent a total of \$90,000 in 2021 on incubation grants.

3. Matching Industry Resources: TCI acts as a “matchmaker” for start-up companies, bridging customers, suppliers, and potential investors and providing all the network resources in TCI to assist start-ups and social innovation. For example, TCI has long-term partners in health food, agricultural products, health care products, daily necessities, and biotechnology and medical industry chains. For start-up companies interested in developing related industries, TCI also proactively seeks to help start-ups or social innovation integrate multiple resources.

4.3 Product-centric One-stop Service

During the pre-development stage, the TCI's Research and Development Center conducts efficacy and market comparisons with customers and studies market trends and regional regulations. In addition, TCI conducts experimental design validation and discusses effect mechanisms with customers. At the same time, TCI searches for the best raw material selection and overall product design based on the global supply chain. After many new product development workshops, the Company conducts trial production and related quality and efficacy tests. Simultaneously, the patent intellectual property protection evaluation also participates in the new product discussion workshops to ensure that the research and development results are fully protected. After product confirmation, TCI completes the product documentation, manuals, and marketing resources. The customer then promotes the product in the market. Through the "Dropshipping service," TCI assists global customers to ship directly to distributors/agents and even end consumers, maximizing service efficiency and reducing carbon emissions during transportation.

END-TO-END PRODUCT DEVELOPMENT & MANUFACTURING SERVICE



END-TO-END PRODUCT DEVELOPMENT & MANUFACTURING FLOW

Committed to Environmental Protection

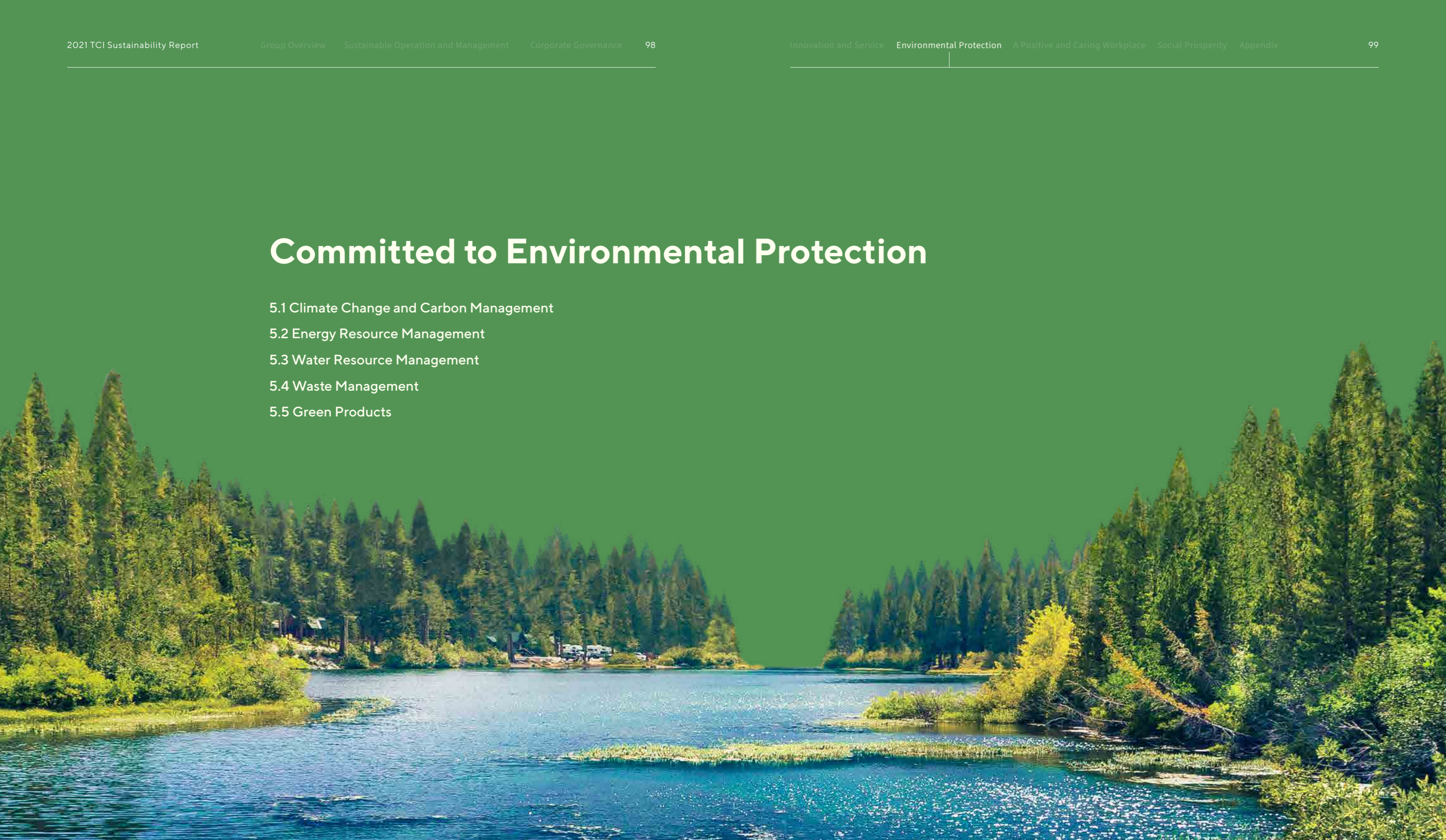
5.1 Climate Change and Carbon Management

5.2 Energy Resource Management

5.3 Water Resource Management

5.4 Waste Management

5.5 Green Products



5.1 Climate Change and Carbon Management

MATERIAL ISSUES
MANAGEMENT POLICY

TCI's Commitment

TCI pledges its climate commitments and targets, cooperate with international climate advocacy organizations, and actively leads corporate climate action.

Key Actions

- 1. Systematic carbon management through international standards ISO14064-1 and PAS2060.
- 2. Commitment to SBTi (Science-based Carbon Reduction Target Initiative), targeting 51% absolute reduction in Scope 1 and 2 and 15% absolute reduction in Scope 3 for 2030 (with 2018 as the base year).
- 3. Establish an internal carbon governance and risk management framework per TCFD recommendations.



2021 Performance

- 1. Implement TCFD framework to assess operational climate risks and opportunities
- 2. Carbon intensity 72 tCO2e/\$Million USD revenue.

2022 Target

- 1. Deepen TCFD climate scenario analysis to quantify risk and financial values of opportunities.
- 2. **2.7%** reduction in carbon intensity by 2021.

5.1.1 Climate Related Financial Disclosure Recommendations

TCFD Framework and TCI's Response Measures

Governance

Board of Directors

The Board of Directors primarily oversees and advises on assessing financial risks arising from climate issues, climate-related capital expenditures, research and development to grasp opportunities related to climate issues, and the Company's participation in climate and energy initiatives. In 2021, the Board of Directors proposed that in evaluating future mergers, acquisitions or investments, the Company must conduct due diligence on climate issues related to the Company's operations as a necessary assessment for the Board of Directors to approve mergers, acquisitions, and investments.

ESG Committee

The ESG Committee, chaired by the Chairman, reviews the risk warning mechanism and response plan proposed by the operating departments. After the resolution passes, the Chairman instructs other departments involved in the risk, in addition to the department that identified the risk, to make an interdepartmental risk response to mitigate the possibility or impact of the risk on the Company's overall operation. The ESG Committee reports to the Board of Directors at least once a year. By investing in the establishment of power plants and related equipment for energy saving and storage in 2021, the ESG Committee expects that the installed capacity will meet 30% of TCI's total electricity consumption in 2025.

Risk Management Team

The supervisor of the operating department reports the risks to the Risk Management Team of the ESG Committee. Upon receipt of the notification, the Risk Management Team conducts an initial review of the risks and response plans proposed by the department and makes recommendations for discussion with the department. Then, the Chief Sustainability Officer reports it to the ESG Committee.

ESG Development Department

The ESG Development Department, under the Chief Sustainability Officer, identifies ESG-related risks, including climate risks. The ESG Development Department closely monitors risk information from sources such as the Global Risks Report, published annually by the World Economic Forum (WEF), and mainstream sustainability information disclosure frameworks or proposed plate changes, which reference indicators such as GRI, CDP, TCFD, and TNFD.

Strategies

Defining Short, Medium, and Long-Term Risks and Opportunities

Based on the Company's financial planning, strategic direction, and visionary goals, TCI defines short (within 3 years), medium (within 10 years), and long (more than 10 years) term risks and opportunities, respectively, and adjusts the Company's operation planning yearly by combining the analysis results of the ESG Development Department and sustainability trends.

Deepen TCFD Applications

Using the TCFD framework as the basis for assessing climate risks and opportunities, TCI continues to strengthen the Company's overall management system for addressing climate issues based on the results of our established analysis.

Strengthen Situational Analysis

Follow the latest IPCC assessment report to plan risk and opportunity responses for at least two climate scenarios of varying severity.

Risk management

Information Mastery

Continuously track information, resources, and tools related to domestic and international weather risks. For example, the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) provides information on climate change projections, which assists TCI in updating basic risk data for physical risk hazard assessment and adjustment of risk response measures.

Implementation in Stages

Based on the current risk materiality assessment results, TCI will gradually introduce risk response measures based on the short, medium, and long-term projections of expected risk occurrences.

Effectiveness Review

Review the implementation results against the goals set for the project. Submit significant motions to the Board of Directors for review and rolling adjustments.

Indicators and Goals

Key Management Indicators

TCI established environmental performance indicators, such as carbon emission intensity, electricity consumption intensity, water consumption intensity, and total waste, and managed them with ISO or other common international standards and tools.

International Initiative Goals

Publicly responding to international energy and carbon reduction initiatives such as RE100, EP100, and SBTi serves as the Company's climate goal and as a commitment and declaration to external stakeholders.

Risk and Opportunity Assessment Procedures

Through the framework of financial disclosure guidelines related to climate change, TCI analyzes international trends and industry concerns related to climate change and identifies climate-related, such as physical and transition, risks, and opportunities. TCI promotes the TCFD process through the following four major steps: (1) collecting climate risk and opportunity issues, (2) identifying major climate risks, (3) analyzing financial impacts, and (4) drafting countermeasures, as described below.



Step1 Collect Climate Risk and Opportunity Issues

Through research reports on climate change published by international research institutions and discussions with stakeholders, TCI collects information on the risks and opportunities the Company may face in its operations, environment, and products.

Step2 Identify Major Climate Risks

Through interviews with each unit, we compiled all climate risk and opportunity issues that may affect operations and designed a climate change risk and opportunity assessment questionnaire. We described the possible impact of TCI in each item group of the questionnaire and asked colleagues to respond to each climate issue's likelihood and degree of impact. In the end, we selected 7 key risks and 2 key opportunities.

Step3 Analyze Financial Impacts

Further quantify the financial impact of critical risks under a given scenario to understand the potential impact on operations. In addition, make adjustments to the existing risk management mechanism and regularly report to the Board of Directors on specific strategies to address major climate risks.

Step4 Draft Countermeasures

We propose management actions and plans regarding the 7 key risks and 2 key opportunities identified and review the management effectiveness quarterly to adjust the countermeasures on a rolling basis.

Major Climate Risks and Countermeasures

Transition Risk

Risk Category	Potential Financial Impact	Risk Factor	Countermeasures
Policy and Regulation: Green Energy Certificate Competition	<ul style="list-style-type: none"> Increased operating costs 	TCI has set the goal of using 100% renewable energy by 2030. If TCI's power plants are insufficient, it may compete with other companies for a limited number of green power certificates.	<ul style="list-style-type: none"> Self-built renewable energy generating facilities. Implement greenhouse gas reduction projects.
Policy and Regulation: Carbon Fee	<ul style="list-style-type: none"> New operating expenses 	The domestic "Climate Change Response Act" draft expects to levy carbon fees in stages, depending on the scale of the enterprise, from large to small. As a result, TCI may have a new "carbon fee" operating cost in the future.	<ul style="list-style-type: none"> Implement greenhouse gas reduction projects.
Market: Change in raw material production and quality	<ul style="list-style-type: none"> Increased operating costs Reduced shipments and limited revenue s 	TCI's product formulas use natural ingredients and rely to some extent on natural resources. However, climate change affects many crops and animal resources, resulting in fluctuations in quality, reduced production, and higher raw material prices.	<ul style="list-style-type: none"> Strengthen research and development technology and develop diversified products, reducing dependence on single raw materials. Sign long-term contracts with suppliers for high-risk raw materials to establish a stable supply source.
Goodwill: Customer expectations for sustainability	<ul style="list-style-type: none"> Loss of existing customers and decline in revenue Loss of potential customers and limited growth 	More and more customers ask for low and zero carbon products or expect TCI to respond to more international climate initiatives. The effect of greenhouse gas reduction affects TCI's goodwill and customer engagement and further affects customers' business performance.	<ul style="list-style-type: none"> Increase the proportion of renewable energy use yearly. Provide low and zero carbon product solutions.

Physical Risk

Risk Category	Potential Financial Impact	Risk Factor	Countermeasures
Chronic: Water Scarcity	<ul style="list-style-type: none"> Product production disruption and decline in revenue 	Research by the Academia Sinica predicts that the more severe the degree of warming in the future, the more pronounced the uneven spatial and temporal distribution of rainfall in southern Taiwan. TCI's factory in Pingtung may face the risk of water scarcity.	<ul style="list-style-type: none"> Promote water management and water conservation programs to enhance water resource usage efficiency.
Acute: Flooding	<ul style="list-style-type: none"> Loss of production capacity and decline in revenue Capital loss 	As climate change intensifies, the frequency of flooding in Changzhi Township, Pingtung County, the location of TCI's factory, may increase, which may cause damage to raw materials, products, or equipment.	<ul style="list-style-type: none"> Capital expenditure related to improving drainage systems and investing in flood prevention.

Major Climate Opportunities and Countermeasures

Risk Category	Potential Financial Impact	Opportunity Causes	Actions
Policy and Regulation: Carbon Fee	<ul style="list-style-type: none"> Increased product sales and growth in revenue Reach out to new customers and growth in revenue 	As the global sustainability trend takes shape, consumers become more environmentally conscious, driving customer demand for green products.	Gradually increase the application of environmentally friendly packaging materials, reduce greenhouse gas emissions, and reduce the carbon footprint of products.
Policy and Regulation: Carbon Fee	<ul style="list-style-type: none"> Obtain working capital 	Investors are increasingly concerned about corporate ESG performance	Continued participation in domestic and international ESG evaluations and implementation of sustainable performance management framework and tools.

5.1.2 Management of Greenhouse Gas Emissions

Scope 1 and 2 Emissions

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, with the rise of international climate initiatives, climate change-related risk management, greenhouse gas management, and greenhouse gas emissions information disclosure has become a key issue for business operations. TCI has voluntarily started to conduct organizational greenhouse gas inventories, which indicate direct (scope 1) emissions and indirect (scope 2) emissions, in Pingtung Rock Factory in accordance with the GHG Protocol every year since 2018, and has gained third-party verification against ISO 14064-1. The direct emissions in 2021 are 4,271tCO₂e, and the indirect energy emissions are 10,536tCO₂e.

	2018	2019	2020	2021
Direct (tCO ₂ e)	2,540	3,800	4,917	4,296
Energy indirect (tCO ₂ e)	6,051	8,021	10,205	10,683
Total (tCO ₂ e)	8,591	11,821	15,122	14,979
Emission Intensity (tCO ₂ e/USD\$ Million revenue)	51	58	74	73

Note: Greenhouse gas emissions data only covers Pingtung Rock Factory

Scope 3 Emissions

TCI uses the GHG Protocol Evaluator Tool to identify the main emission items of Scope 3. After identifying significant emission categories, the Company found that "purchased goods and services" accounted for more than 80% of total Scope 3 emissions. Therefore, TCI decided this to be a voluntary inventory of Scope 3 emissions in 2021 and sent it to a third party for verification. In the future, TCI will continue collaborating with the supply chain to promote environmental sustainability and achieve an absolute reduction of 15% in Scope 3 by 2030 (with 2018 as the base year), set in line with the target scenario of the Paris Agreement to control the temperature increase by 1.5° C.

Climate International Initiatives

TCI devotes itself to environmental protection and energy conservation and establishes energy transformation and carbon reduction goals and strategies. By responding to international climate actions, TCI joins global benchmark initiatives such as RE100, EP100, and SBTi and publicly commits to green operations.

SBTi is the world's most credible carbon reduction initiative due to its rigorous methodology. In 2021, TCI's carbon reduction target passed the SBTi audit, which commits to a 51% absolute reduction in emissions by 2030 in target Scopes 1 and 2 and a 15% absolute reduction in "purchased goods and services" in Scope 3, with 2018 as the base year and the strictest 1.5 ° C path. The gradual use of renewable energy and energy efficiency improvements will reduce emissions in Scopes 1 and 2. In contrast, the supplier selection and negotiation mechanism and reduction of the emission of purchased goods and services will reduce emissions in Scope 3.

5.2 Energy Resource Management

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

Actively promote energy conservation and gradually increase the proportion of green power usage, and move towards a low-carbon, energy-efficient and sustainable production process.

Key Actions

1. Self-built solar power plant to increase the proportion of green power usage.
2. Systematic management of energy efficiency through the international standard ISO 50001.
3. Commit to International Energy Initiative RE100, EP100.



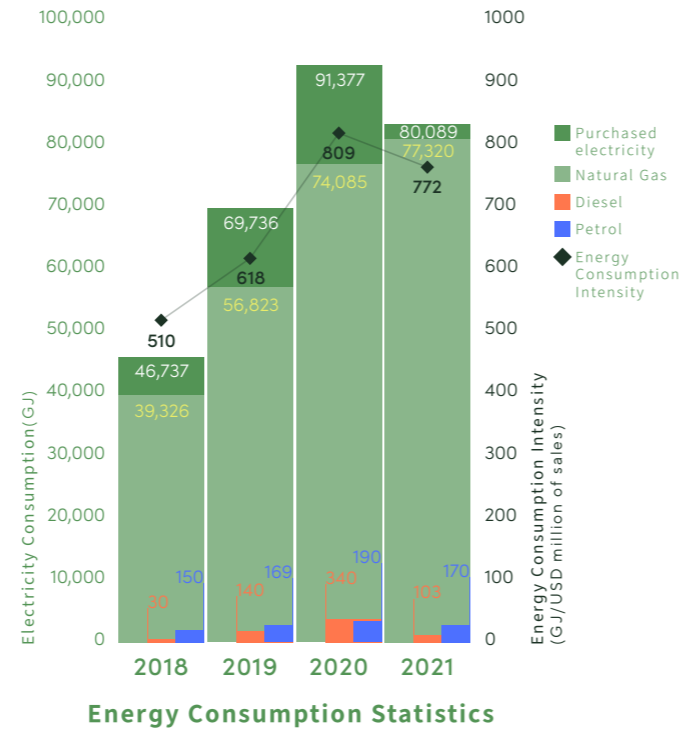
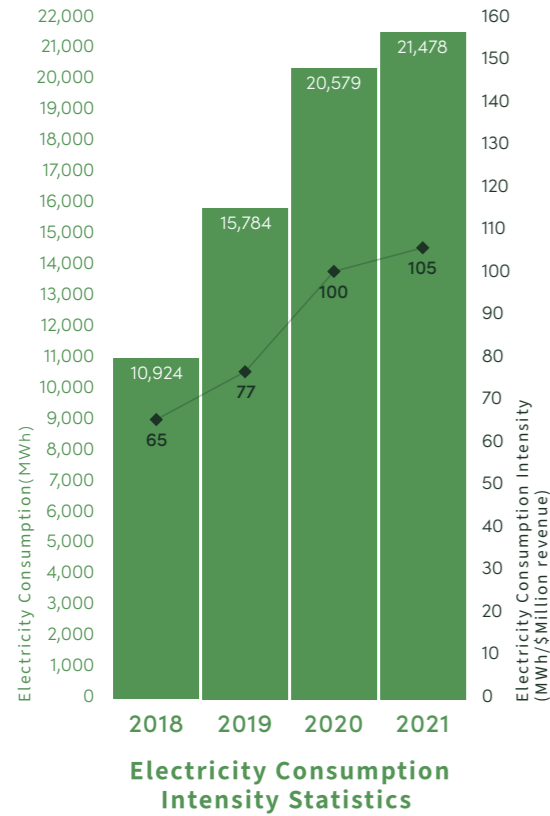
2021 Performance

1. Energy consumption intensity: 772GJ/USD\$ Million revenue, **4.7** % reduction in energy consumption per unit of revenue compared to 2020.

2022 Target

1. **3.5** % reduction in electricity consumption intensity compared to 2021.

Energy Consumption Statistics



	2018	2019	2020	2021
Electricity Consumption (MWh)	10,924	15,784	20,579	21,478
Electricity Consumption Intensity (MWh/USD\$Million revenue)	65	77	100	105

Note 1: The exchange rate of the U.S. dollar to the Taiwan dollar is calculated by taking the monthly average of the historical exchange rate of the Bank of Taiwan each year. Note 2: The electricity consumption statistics only cover Pingtung Rock Factory.

Energy Use

The energy used at TCI's Rock factory in Pingtung consists of fossil fuels (natural gas, diesel, gasoline) and purchased electricity. Regarding energy consumption, natural gas used for boiler combustion to produce steam is the highest, followed by the electricity consumed by factory equipment. On the other hand, diesel fuel is used in generators, forklifts, and buses, with relatively low energy consumption. Fossil fuel use efficiency was better in 2019 due to higher production volumes. While in 2021, the introduction of cascading steam between factories helped improve the efficiency of natural gas usage.

Although sales decreased due to the impact of the pandemic outbreak in 2021, inspecting the electricity consumption intensity, it has not reduced due to fixed electricity consumption in the factory. TCI approved replacing large-scale energy-saving equipment in 2021, and the construction shall start in 2022. The Company expects to achieve energy-saving results in 2023 by improving production line utilization and reducing electricity consumption intensity.

Energy Management

TCI's PABP Factory in Pingtung has fully implemented the ISO 50001 energy management system and installed the solar power system on the roof. Among them, the S11 Eco Facial Mask Factory and the S12 automated warehouse have obtained the Leadership in Energy and Environmental Design (LEED) green building certification from the U.S. Green Building Council (USGBC), which strives to reduce energy consumption and greenhouse gas emissions in buildings.

Faced with the trend of industry 4.0, TCI has started to make its factories intelligent. The S12 automated warehouse will become TCI's human machine control center of TCI in the future, moving toward a low-energy intelligent production base with 8,238 storage spaces, automated storage and retrieval system, and highly efficient automatic guided vehicle, and green solar power generation from the roof. In addition, TCI has implemented automated production lines for many product categories, from filling to packaging, with unmanned production. After the Manufacturing Execution System (MES) sends the command, the automated warehouse retrieves the material and sent to the connected automatic guided vehicle so that the data flow is uninterrupted. With the improvement of production management, the system enhances the production scheduling estimation, which improves the overall production efficiency, reduces waste, and lowers the electricity consumption intensity.

To further reduce energy consumption intensity, TCI continues to invest in energy efficiency projects and capital expenditures, including upgrading energy-efficient equipment, replacing LED lighting systems, installing smart meters and energy monitoring systems; and integrating cloud-based AI computing to achieve more comprehensive energy management. In 2021, the PABP Factory will carry out various power-saving projects such as air-conditioning blower schedule control, steam cascade between factories, and App-controlled manufacturing equipment shutdown confirmation to save 170,930 kWh of electricity per year. In addition, the Company expects further energy efficiency improvement projects to save nearly 4 million kWh (4GWh) per year.

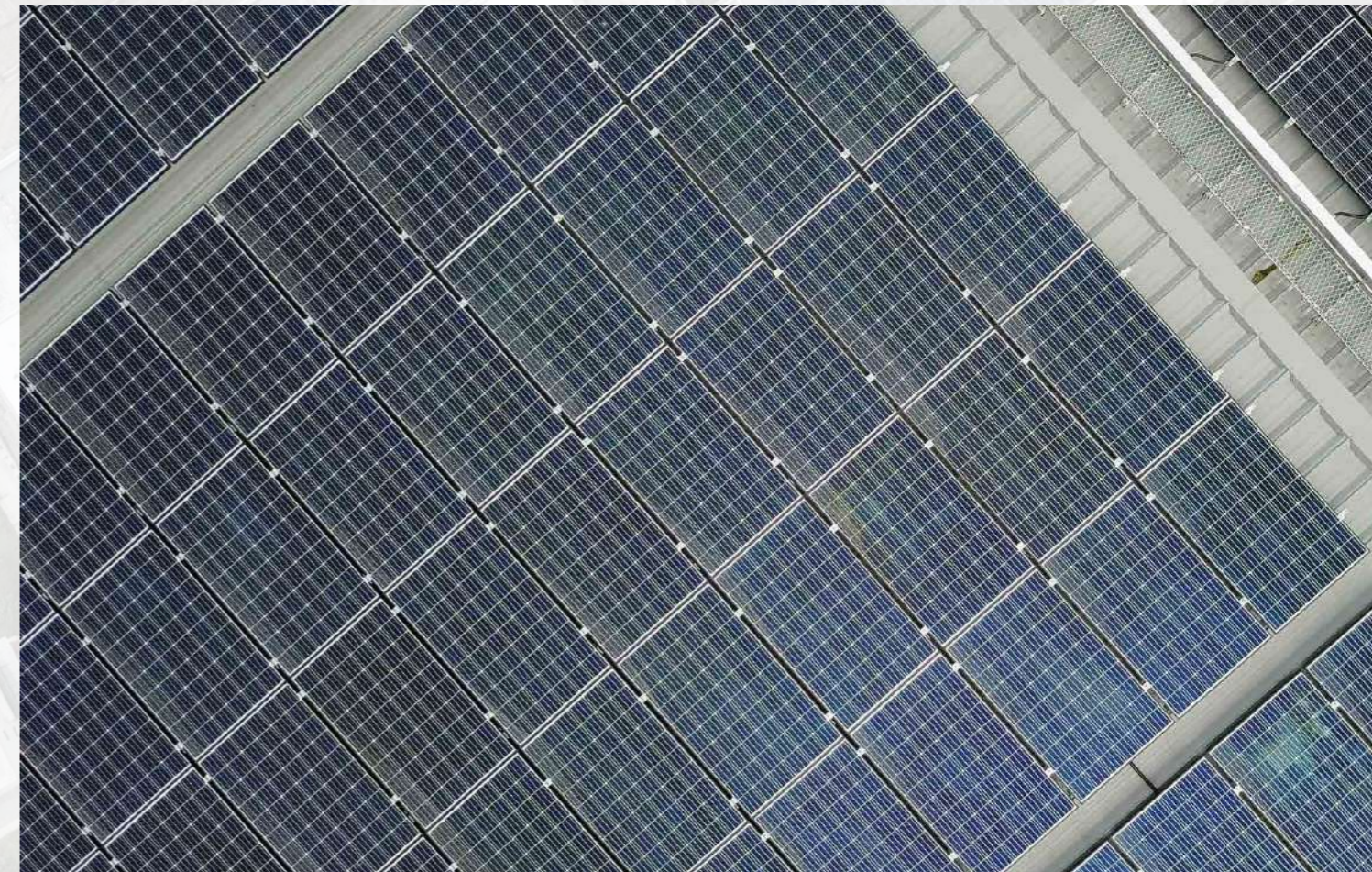
In 2022, the Pingtung Rock Factory will invest in energy-saving plans. TCI will invest about NT\$39 million in ice water host replacement, smart meters, and an energy management platform. As a result, the Company expects energy savings to reach more than 38%.



Solar Panel Construction in the Factory

TCI installed solar power generation equipment on the rooftop of the Pingtung Rock Factory, with a total installed capacity of 1,362kW today. Due to the high sunlight, the Pingtung area can generate more than 1 million kilowatt hours (1GWh) of electricity each year, reducing greenhouse gas emissions by nearly 500 metric tons of carbon dioxide, equivalent to not using solar photovoltaic systems. The roof of the S12 automated warehouse, completed in 2019, is also equipped with solar panels with a capacity of 400kW to produce green electricity for the warehouse's use.

Considering the limited roof area of the factory, to achieve the goal of RE100 energy transition, TCI now proactively looks for space outside the factory to invest in renewable energy construction and expects to achieve 50% green electricity use by 2025 and 100% renewable energy use by 2030.



Green Electricity Public 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 as a cooperation project with Sunnyfounder. In 2019, TCI purchased the T-REC issued under this cooperation project, while achieving the goal of corporate social care and green energy use.



Energy International Initiative

RE100 and EP100 are corporate initiatives launched by The Climate Group for renewable energy and energy efficiency, respectively. By 2021, over 300 companies will have responded to RE100, and over 100 companies will have responded to EP100, each setting challenging and indicative energy targets.

In 2018, TCI became the first Taiwanese company to join RE100 and has pledged to use 100% green power by 2030 at the Pingtung Rock Factory. To fulfill the Company's commitment to RE100, TCI continues to develop green power promotion strategies to strengthen the application of renewable energy. Currently, the Company implements three methods: purchasing Taiwan Renewable Energy Certificates (T-RECs), signing Renewable Energy Power Purchase Agreements (PPAs) with renewable energy generators, and self-generating solar power systems at our factories. In the future, the Company plans to generate energy for self-use as the main method to achieve the target.

TCI also joined EP100 in early 2019, pledging to improve energy productivity and energy use efficiency by 35% by 2040, using 2016 as the baseline. The Company will continue to invest in energy efficiency projects and capital expenditures, such as upgrading energy-efficient equipment, replacing LED lighting systems, installing smart meters and monitoring systems, and others, to use energy more efficiently and enhance energy savings.

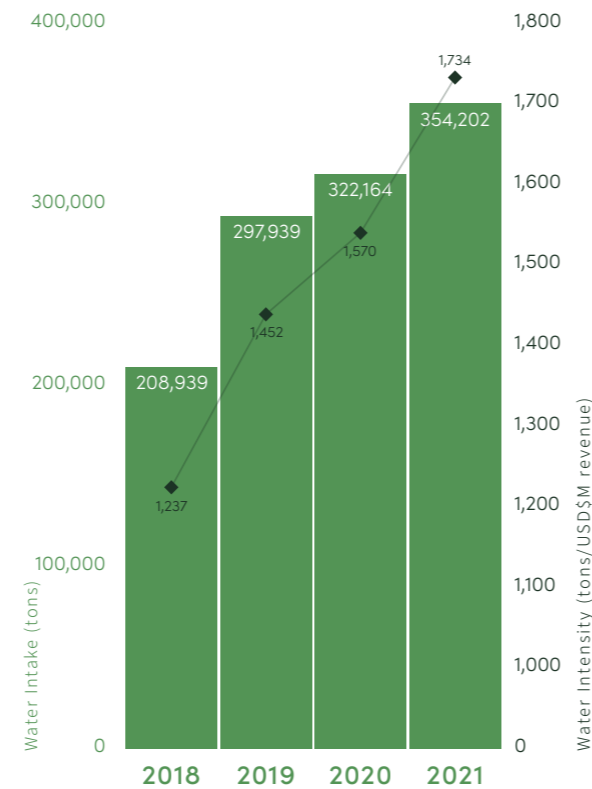
5.3 Water Resources Management

Water Consumption Statistics

	2018	2019	2020	2021
Water Intake (tons)	208,939	297,939	322,164	354,202
Water Intensity (tons/\$M revenue)	1,237	1,452	1,570	1,734

Note 1: The exchange rate of the U.S. dollar to the Taiwan dollar is calculated by taking the monthly average of the historical exchange rate of the Bank of Taiwan each year.

Note 2: The water statistics only cover Pingtung Rock Factory.



Management of Water Use

TCI's Pingtung Rock Factory uses tap water as the industrial water source, with approved water consumption of 1,500 metric tons per day (1,500 CMD) and approximately 1,585.6 metric tons of recycled water per year in 2021. The four factories in the PABP Factory site use a loop setup to convert the waste heat (steam) into condensate. They are then used to refill the steam boilers to improve recycling efficiency. S11 Eco Facial Mask Factory also designed the rainwater recycling pipeline to recover rainwater for planting and irrigation and RO water for toilet flushing. In 2021, the impact of the pandemic significantly reduced production. However, the factory still needs much water for the regular cleaning of production lines, so the water intensity did not decrease.

In the future, TCI will continue to plan water conservation measures and water recycling programs and expects to invest about NT\$5 million to NT\$8 million in discharge water recycling equipment within two years. The Company expects to start a water reclamation plan within three years and will list it as a quarterly tracking issue in the ESG committee to manage water resources effectively. In the next three years, TCI will have the opportunity to reduce water intake and water intensity and gradually achieve a 25% reduction in water withdrawal intensity by 2030 (with 2022 as the base year).

Management of Waste Water

The wastewater treatment plant of the Pingtung Agricultural Biotechnology Park Administration treats the wastewater from TCI's factory. The S5 Functional Drink Factory and S9 Functional Food Factory have built separate wastewater treatment facilities to reduce water temperature, pH, suspended solids, chemical oxygen demand, biochemical oxygen demand, and other water quality items before discharging it to the Pingtung Wastewater Treatment Plant. The Company also commissions an inspection company approved by the Environmental Protection Department to conduct wastewater quality inspections every six months to ensure that the overall wastewater management process complies with the Water Pollution Control Law and the agricultural biotechnology park sets water quality standards. The factory had no leaks, spills, or water quality violations in 2021.

5.4 Waste Management

Waste Management Statistics

Reuse/recycling

	2020	2021
General Industrial Waste	581.4	740.5
Hazardous Industrial waste	0	0
Total Amount	581.4	740.5

Note: The waste statistics only cover Pingtung Rock Factory

Non-reusable/non-recyclable

		2020	2021
General Industrial Waste	Incineration	0	0
	Burying	516.9	719.7
	Other Treatments	0	0
Hazardous Industrial waste	Incineration	0	0
	Burying	0	0
	Other Treatments	1.1	0.6
Total Amount		518.0	720.3

Waste management

For general industrial waste, the Company applies for permission and reports the quantity per the law, entrusts qualified vendors to clean and treat the waste, and aims to improve the recycling rate of process waste and reduce the amount at the source. In terms of the division of labor for waste disposal, the production department performs waste disposal, strictly examines the qualifications of waste disposal vendors, and performs waste classification management; the environmental safety unit monitors and inspects the waste removal and disposal status through occasional random inspections to ensure that waste is handled correctly.

In the pre-treatment process, TCI has changed the wastewater treatment dosage to achieve sludge reduction. In addition, the Company recycles and sorts waste, separating and recycling two or more combinations of plastic-paper mixtures, aluminum-iron mixtures, and others, and declaring and recycling reusable waste. TCI sells valuable waste to external parties or has external organizations recycle it. On the other hand, the Company entrusts qualified vendors for the disposal and transportation of non-valuable waste, stores hazardous industrial waste in dedicated hazardous waste storage facilities, and then entrust qualified vendors for removal and transport.

To reduce the amount of waste at the source, TCI starts from the outer packaging of raw materials, prioritizing environmentally friendly materials and avoiding excessive packaging. In addition to recycling raw materials for reuse, the Company cooperates with recycling companies to collect packaging materials from domestic customers by qualified contracted recyclers and provide packaging materials in good condition for reuse at production sites.

TCI keeps monthly statistics on the number of package materials recycled, the recycling rate, and the achievement rate and reviews the items that do not meet the target. Through the packaging recycling management mechanism, the Company extends the materials' life cycle, reduces material usage and costs, and reduces waste generation. The Pingtung Rock Factory used a total of approximately 2,220 metric tons of plastic material (including packaging materials, cushioning materials, film materials, and others). To achieve the goal of zero waste at the production end by 2030, the Company shall draft plastic reduction measures and reduction targets, and continue to monitor the total amount of waste.

5.5 Green Products

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

Increase the sustainability competitive edge in each product by including circular economy, low carbon, and low environmental impact in each production stage, such as raw material selection, production, and packaging.

Key Actions

1. Invest in low-carbon product research and development.
2. Gradually increase the ratio of the use of recyclable packaging materials.
3. Use agricultural by-products as functional raw materials to realize the circular economy of biotechnology products.

2021 Performance

1. In 2021, the proportion of recyclable packaging materials used in products reached **20.4%**.
2. In 2021, the proportion of products using circular economy concept raw materials reached **30%**.

2022 Target

1. In 2022, increase the ratio of recyclable packaging materials used in products by **3.7%**.
2. In 2022, the proportion of products using circular economy concept raw materials will reach **38%**.



5.5.1 Achieve Circular Economy of Agricultural By-products

Through the "Bio Resource Data Mining Platform," TCI finds health benefits in agricultural waste such as banana peels, longan shells, peanut skins, and Djulis shells. In addition, the Company conducts efficacy verification and creates high-value-added functional products to realize a circular economy. We successfully used banana flower extract as an ingredient for men's health, banana peel extract as an ingredient for sleep aid, and peanut skin extract to inhibit the rise of blood sugar. Thus, turning agricultural materials previously considered useless into functional products with high economic value. Not only does this reduce agricultural waste and respond to the wave of global circular economy, but it also enhances the added value of crops and increases the farmers' long-term profitability.



5.5.2 Clean Beauty Lab

TCI establishes a laboratory for environmentally friendly packaging materials, incorporating the concept of circular economy, from design to waste reduction, compatible with bio-based materials, products can be biodegradable or easily recycled after use. In the future, TCI shall continue to invest in sustainable product design and develop multifunctional packaging materials that are both aesthetically pleasing and practical. For example, for the research and experiment on the material of facial mask packaging material, the CLEAN BEAUTY Lab focuses on the recycled material Post-Consumer recycled, a single material quickly recycled EVOH non-toxic environmental material.

In addition to the packaging of the products, TCI invested in experiments on cushion packaging for products. Collagen products in glass bottles require cushioned packaging to avoid collisions when packing. CLEAN BEAUTY LAB tests the feasibility of using recycled plastics (PCR). The project started in 2021 and is currently in the process of quality optimization, and the Company expects to use recycled plastic as a new cushion packaging in the future. In response to the sustainable supply chain, TCI cooperates with suppliers of facial mask aluminum pouches using recycled plastic from marine waste. After several tests, the Company successfully developed a soft facial mask pouch with stable quality that meets international safety standards, now successfully commercializing this product. TCI also takes the initiative to develop zero-carbon products with customers to promote sustainable impacts on the value chain.

5.5.3 Sustainable Raw Materials, Fair Trade

About 60% of TCI's revenue comes from products that contain collagen from fish skin. In 2021, TCI significantly increased the procurement of sustainable marine ingredients under the Marine Stewardship Council (MSC). In response to the growing number of consumers in the market who prefer sustainable products, TCI commercialized the "Vegan Collagen Alternative," a non-animal source of amino acids, and continues to invest in developing synthetic collagen.

As a company that sources healthcare ingredients, TCI commits to controlling the sustainability of raw material production. TCI values localization and fair trade and uses locally sourced raw materials for 100% of its products, and uses native Taiwanese plants and fruits as targets for research and innovation. The Company realizes fair trade in purchasing coffee beans and acerola unripe fruit. In addition, TCI promises small farmers a guaranteed purchase price to maintain their livelihood and sustainable operation, preventing them from being exploited by distributors or having their livelihood affected by drastic price fluctuations. Most fair trade crops use environmentally friendly farming practices, which relatively cost more and are the biggest obstacle for many farmers when deciding whether or not to abandon customary farming practices. TCI provides technology and resources for farmers' transition, helps introduce friendly and regenerative farming, and guarantees purchase prices to establish long-term partnerships with farmers to achieve a win-win situation for both the environment and society.



5.5.4 Green Products

TCI plans a series of sustainable products for brand customers, from product design, raw material and supplier selection, manufacturing process, and packaging design, and considers environmental sustainability. In addition, the Company regularly reviews our products' environmental impact with our customers.

Regarding product development and design, the S11 Eco Facial Mask Factory passed the site inspection by ECOCERT in France. The formula passed the organic verification. Therefore, the Company can produce ECOCERT-qualified cosmetics for customers. ECOCERT is an internationally credible organization for eco-friendly products, which requires organic cosmetics to contain at least 95% natural ingredients and at least 95% organic sources of plant-based ingredients, and not produce environmental hazards or violate animal welfare. TCI-designed ECOCERT products are natural and safe beyond the organization's certification requirements.

In terms of product packaging, TCI invested in digital printing, which is more energy-efficient and carbon-reducing than traditional printing. With the "trackable marketing technology" and platform, customers can conduct marketing activities, such as raffles and gift sending, and discount coupons, after adopting the "trackable marketing technology" platform (i.e., each product has a unique barcode). In China, for example, marketing campaigns are paperless, reduce cross-city movement and significantly increase customer engagement rates.

In selecting packaging materials, TCI adheres to environmental sustainability and works with packaging material manufacturers to influence international customers to purchase FSC-certified paper for product packaging. In terms of the final product, TCI started designing waterless facial masks for customers to reduce the packaging and carbon footprint of the product during delivery. In addition, in 2021, the Company assisted Chinese customers in obtaining the carbon neutral certification for their health drink products, the first zero carbon product in China certified by PAS 2060 standard and verified by the third-party CQC China Quality Center. TCI expects to achieve a green design concept for 30% of its products by 2025.



A Positive and Caring Workplace

6.1 Talent Employment and Development

6.2 Labor Rights Equality

6.3 Joyful Workplace

6.4 Occupational Health and Safety



6.1 Talent Employment and Development

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

TCI guarantees market competitive salary for employees; provides complete education and training, rotation opportunities, and diversified promotion channels; creates a quality work environment and welfare system; is inclusive and appointed on an equal basis.

Key Actions

1. TCI offers better than the average salary of listed OTC companies and companies of the same industry and increases the diversity of talent employment, and creates a diverse and inclusive workplace .
2. Provide abundant education and training programs to cultivate in-house talents.

2021 Performance

1. 174 hours of education and training per capita, with a **97** % course satisfaction rate .

2022 Target

1. Received "HR Asia Best Companies to Work For in Asia" Award from HR Asia and "Happy Enterprise" Gold Award from 1111 Job Bank.



6.1.1 Employee Structure

By the end of 2021, TCI consisted of 602 employees, with 352 male employees (58.5%) and 250 female employees (41.5%), an overall balanced ratio of men to women. The ratio of men to women in management is 0.66:1, with male employees accounting for 39.7% of management and female employees accounting for 60.3% of management, indicating that gender does not limit colleague promotion and development assessment. Based on the design and manufacturing of beauty functional health care products, the proportion of female employees in the Taipei Headquarters office is 56%, higher than that of male employees. In contrast, the percentage of male employees in the Pingtung Rock Factory is 65.9%, higher than that of female employees. In both Taipei and Pingtung, the Company has a total capacity for people with physical and mental disabilities and provides a friendly working environment. The percentage of temporary employees is about 1.8%, and the Company plans to reduce the number of contract employees to provide equal job security to all employees in the future.

TCI regular employees under 30 accounts for 40.3% of the total workforce, young adults aged 31 to 50 accounts for 58.2%, and those older than 50 account for 1.5%. The diversified and equal working environment attracts new generations to join the Company, bringing continuous innovation to TCI. TCI operates with Trust as its principle and focuses on Creation while utilizing Intelligence. TCI has a long-term positive commitment to providing clients and consumers with high-performance products and services and attracting like-minded working partners. During the Company's global expansion and rapid growth, TCI also adheres to providing sustainable talent development programs and competitive career development plans for the younger generation.



Total number of employees by employment contract and by region

	Taipei		Pingtung		Subtotal
	Male	Female	Male	Female	
Full-time employees	76	96	276	143	591
Part-time employees	0	2	0	9	11

Total : 602 人

Male to Female Ratio

	Male	Female	Male to Female Ratio
Management	27	41	0.66:1
All full-time employees	352	239	1.47:1

Age distribution of full-time staff

Full-time employees	Taipei	Pingtung	Total	Ratio
Age under 30	57	181	238	40.3%
Age 31-50	109	235	344	58.2%
Age 50 and up	6	3	9	1.5%

New and Former Employees

In 2021, TCI will have 288 new employees, accounting for 47% of the total number of employees, and 309 former employees, accounting for 50.4%. With Headquarters in Taiwan as the cradle of talent development, TCI upholds transparency in its operations, strengthens employee benefits and retention plans, and reserves more international talent to support TCI's overseas expansion.

TCI established a six-month mentor care system. The mentor care system arranges two mentors, one from the same department and one from a different department, for new employee care and to provide necessary assistance through monthly meals. In addition, the system helps colleagues quickly integrate with their peers and adapt to company culture. The Chief Human Resources Officer also hosts a "One Month Anniversary meal" for new employees to understand how they are adjusting and to collect opinions during an informal meal.

TCI firmly believes that the manufacturing team must train more production line talents by transferring elites from Headquarters overseas. Therefore, the Company proactively prepared for talent transfer in 2020 and foreign language education for factory staff and other supporting staff. In October 2021, the Company officially completed the acquisition of production facilities and manufacturing business in Utah, U.S.A. In addition to taking over the original customer manufacturing business, it will also use American manufacturing to serve TCI's global customers in 62 countries. Given the need to deploy human resources familiar with the equipment in the new Utah factory, the Company will form a "U.S. team" from Taiwan to Utah before the U.S. factory takes over operations in 2021 and will transfer this elite team to the U.S. subsidiary. Simultaneously, TCI will have cross-strait talent transfer and talent transfer from Taiwan to our European subsidiary in the Netherlands.

New Recruitment Rate and Demission Rate Statistics

Category	Items	Total number of employees at the beginning of the year	Total number of employees at the end of the year	New Employees		Former Employees ³	
				Number of people	New Recruitment Rate ¹	Number of people	Demission Rate ²
Region	Taipei	156	174	96	58.2%	102	61.8%
	Pingtung	467	428	192	42.9%	207	46.3%
Gender	Male	372	365	151	41.0%	158	42.9%
	Female	251	237	137	56.1%	151	61.9%
Age	Under 30 years of age	275	243	197	76.1%	194	74.9%
	31-50 years of age	335	345	81	23.8%	115	33.8%
	Age 50 and up	13	14	0	0	0	0
Total		623	602	288	47%	309	50.4%

Note 1 Calculation method: Number of new employees of the current year / [(Number of employees at the end of the year + Number of employees at the beginning of the year)/2]

Note 2 Calculation method: Number of former employees in the current year / [(Number of employees at the end of the year + Number of employees at the beginning of the year)/2].

Note 3 Demission statistics include "involuntary separation": separation due to retirement, legal dismissal, termination of employment contract or end of internship period.

6.1.2 Diversity and Non-Discrimination

One of TCI's core corporate spirits "values diversity and inclusion" and pursues international development with the ultimate goal of serving consumers worldwide. In 2021, TCI employed 17 employees of different nationalities to create different perspectives for the Company's operations and deepen its business development with a diverse workforce.

Per the principles of "respecting human rights" and "right person in the right position," TCI adopts a diversified plan for recruiting talents. The Company complies with national laws and regulations, such as the Labor Standards Act and the Act of Gender Equality in Employment, with the primary selection criterion as individual professional ability. Per the standards advocated in the "Universal Declaration of Human Rights," "ILO Convention," "The UN Global Compact," TCI protects salaries, freedom of association, and employee benefits while eliminating discrimination, forced labor, child labor, and other violations of human or labor rights to create a friendly work environment.

TCI gives all talents equal interview opportunities through an open and transparent selection process during the hiring process. The recruitment unit also receives continuous training on interviewing, including recruitment training on talent diversity, enhancing interviewing skills, and professional assessment tools to achieve fairness and effectiveness in interview selection. The Human Resources Department works closely with employers in the recruitment process. The Company continues searching for talented professionals in various fields with the same values, emphasizing diversity and equality. In addition to recruitment through internal and external recruitment websites, TCI also proactively works closely with universities and colleges to help young students understand the industry structure in advance through campus development programs and research and development substitute services and to hire fresh graduates with expertise in various fields and development potential.

6.1.3 Employee Retention and Development

Employee Development

To retain excellent talents, TCI offers various incentives for different qualified employees and professionals, including new employee orientation and training, employee care and incentives, long-term and outstanding employee bonuses, internal job rotations, promotions, salary structure adjustments, and dividends based on job evaluation, to proactively create an exceptional work environment full of professional talents.

Employee Development

Learning and development cultivate independent, proactive individuals with a strong sense of belonging and responsibility for the Company and improve performance and achieve organizational goals through self-education and growth. Therefore, TCI greatly values employment training and development as an important theme. The Company encourages employees to "always learning and solving problems," to continuously enrich their professional knowledge and enhance their professional skills, thereby improving the quality of TCI's services and inspiring innovation. Every year, the Education and Training Team of the Talent Development Center collects each unit's education and training needs, creates a customized education and training blueprint for each department, and regularly reviews the implementation of training in each unit to evaluate its effectiveness. Regarding talent development, TCI also carries out promotion and job rotation plans based on employee performance, ability, and characteristics to promote internal talents and implement the right person for the right job to diversify and continuously develop. TCI implements talent development through the "Succession Plans for Board Members and Key Management Personnel."

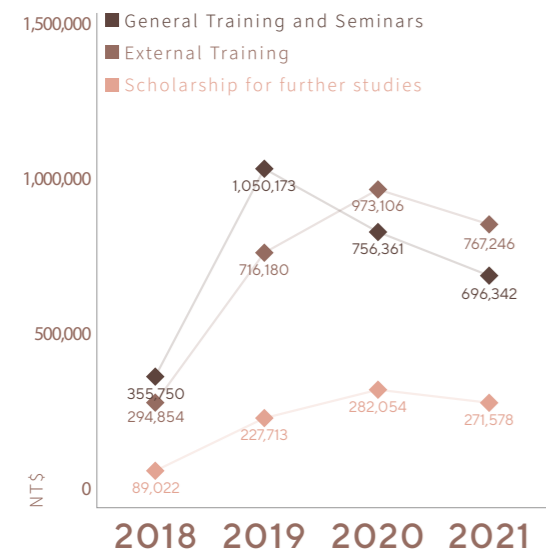
In the "Succession Plans for Board Members and Key Management Personnel," the Company cultivates senior managers to join the Board to familiarize them with the Board's duties, operations, regulatory compliance, and the Group's central businesses, and to deepen their industrial experience through job rotations. The performance shall be reported to the Board of Directors at least once a year. 6 senior managers were seconded to affiliated companies in 2021. In addition, the "Succession Plan for Key Management Personnel" takes inventory and selects potential successors. The Company reviews each reserve candidate's capabilities through a systematic reserve management mechanism each year. Senior and human resources managers jointly develop and implement a cultivation plan, including a secondment to related companies, undertaking project assignments, inter-departmental job rotation, arranging management courses, and a personal development plan and mentorship system to help effectively improve their succession ability and shorten the succession time.

Online Education and Training System

As the younger generation, which emphasizes independent learning and flexible work, enters the workplace, the post-pandemic era made staggered employee shifts and working from home the norm. TCI offers a variety of learning channels for employees to choose their learning method. In addition to external lecturer courses and On-the-Job Training (OJT), the Company also provides a self-developed online learning platform. Through the "TCI App," domestic and overseas employees can log in to online courses, complete tests, and fill in satisfaction rates on their computers, tablets, and cell phones at any time, eliminating the constraints of time and space, thus, allowing employees to utilize their time freely to complete courses. In addition, through the online learning platform, TCI concisely and effectively communicates the best cases, corporate culture, and strategies to the entire group. Through the course design of pre-course readings, pre-course assignments, in-class exercises, and post-course group exercises, TCI helps employees learn how to communicate with different audiences.

Cumulative from 2018 to the end of 2021, TCI held 626 online courses containing 2,892 digital materials (videos and handouts) on the TCI App. By December 31, 2021, 29,356 people will have completed the online learning, learning assessments, and course ratings.

Annual Expense for Employee Education and Training



Training Hours

	Management		Professional Jobs		Total	Number of trainees as a percentage of total employees ¹
	Male	Female	Male	Female		
Number of Employees	27	41	325	209	602	100%
Total Training Hours	3,725	7,175	56,780	36,850	104,530	
Average Training Hours	138	175	168	188	174	

Training Hours per Capita (hours)

Year	2019	2020	2021
Hours per Capita	134	157	174

Overview of Education and Training Programs

In 2021, TCI divided the education and training courses into ten categories, including professional training, regulatory, general, business, factory, and others. The Company held a total of 216 physical and online courses in 2021, and expenses amounted to about NT\$1.74 million, with a total of 104,530 hours and 16,387 participants. The total amount was NT\$1.74 million, and the satisfaction rate for all courses reached over 97%.

In addition to the courses provided by the Company, regular employees can also take the initiative to propose a plan for further education, stating the relevance of the topic of study to their work. After approval, they can receive total subsidies for external training and training courses. The number of scholarship recipients in 2021 is 4, totaling \$271,578 and a per capita grant cost of NT\$67,895.

Training Programs

Items	Content Overview	Participants
TCI Academy	Company development direction, the TCI 8 Spirits of enterprise, core values, and TCI leadership science	All employees
Technical Course	Introduction of our patented technology	Relevant departments
Product Course	Product knowledge, formula design, proposal design, packaging artwork	Relevant departments
Raw Materials Course	IBD raw material knowledge and application	Relevant departments
Sales Course	Product selling points, sales tips, experience sharing	Relevant departments
Industry Analysis Course	Monthly special reports, TCI Industry Weekly and Monthly	All employees
Legal Course	Legal disputes, trade secrets, contracts and trademark practices	All employees
Process Course	Business process, delivery confirmation, product development process, MES	All employees
General Course	Knowledge forums, health nutrition, English classes, tax filing courses	All employees
Factory Course	Production line advantage, manufacturing, quality management	All employees
Information Security Course	Phishing intrusion, social network and information security, information life and its risk management, protection of personal privacy	All employees



6.1.4 Performance Management System

TCI has established the "New Employee Task Card Examination Mechanism" and the "Assessment Measures for Employees" for new and regular employees, respectively.

After new employees are registered, they will obtain their 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 evaluates each employee fairly and transparently.

Employees who pass the probation period shall be subject to the "Assessment Measures for Employees." The Company evaluates the performance every 3 to 6 months, serving as the basis for rewards, punishments, promotions, and job rotations. To assess each employee's performance comprehensively and impartially, the Company adopts a two-way communication to conduct performance appraisal, written by the employee and fully communicated with the supervisor and submit the performance appraisal results to the Rewards and Disciplinary Committee*. The Committee members discuss and determine the suitability and arrangement of the list and use it as a reference for training and planning the career development of their staff.

To reward and develop outstanding employees, TCI awards the "TCI Star" and "Outstanding Supervisor" awards quarterly. All Company employees can participate in the competition. The supervisor and supervisor of Human Resources submit the nominations to the Reward and Disciplinary Committee for joint discussion by members to determine the list of winners. Thus, rewarding outstanding employees and motivating other colleagues "see the best and think the best." To further implement the integration of corporate values and culture and motivate morale. Each year, the Company selects the "Global Excellence 8" among the "TCI Stars." These 8 outstanding colleagues will participate in the "V PROJECT" with the Chairman to attend high-level meetings with vital overseas partners and intensive CEO strategy meetings, which significantly benefit management succession learning.

*The Reward and Disciplinary Committee consists of the Chairman and the top executives of each Center and holds monthly meetings.



6.2 Labor Rights Equality

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

TCI adheres to protecting the fundamental human rights of employees and complying with international human rights conventions without discrimination or unequal treatment based on "sex, sexual orientation, age, race, color, national origin, religion, disability, marital status, or political affiliation."

Key Actions

1. TCI implements the human rights and labor standards of the "Universal Declaration of Human Rights," "ILO Convention," and "The UN Global Compact" as the highest governing framework.
2. Diversity inclusion and employment, fair selection and employment.



2021 Performance

There were **0** violations of any human rights or labor rights such as discrimination, child labor, forced labor, and others.

2022 Target

Maintain **0** violations of human rights or labor rights such as discrimination, child labor, forced labor, and others.

6.2.1 Human Rights Policy

Talent is the most important asset of the Company. TCI commits to adhering to international regulations related to social responsibility, labor and gender equality acts, and other national laws and regulations. In addition, TCI upholds the principles of "respect for human rights," "equal employment," and "right person in the right position." The Company shall not discriminate against employees based on gender, age, race, nationality, religion, marital status, or political affiliation and strives to establish an operating environment of integrity, health and safety, and internationally competitive. To implement labor human rights, TCI promotes human rights concepts and policies to its employees. Simultaneously, the Company advocates the prevention and control of sexual harassment and establishes diversified and unobstructed labor-management communication channels to ensure employees a high-quality and safe working environment.

Human Rights Issues	TCI's Policy
Diversity Appointments and Non-Discrimination	<ul style="list-style-type: none"> Advocate TCI's corporate spirits to each new employee, including "value diversity and inclusion" Employ an adequate number of employees with physical and mental disabilities per the law
Prohibition of Child Labor and Forced Labor	<ul style="list-style-type: none"> Check the identity documents of new employees to confirm that they have reached the legal working age Employ per the law, no forced labor
Equal pay for equal work	<ul style="list-style-type: none"> Assess salary based on professional competence, with no differences based on gender, nationality, race, religion, or other factors
Occupational Health and Safety	<ul style="list-style-type: none"> Introduce ISO45001 standard to implement occupational safety and health management in factories to minimize the risk of occupational accidents and environmental safety UK Sedex certification, regulating human rights, labor rights, labor conditions, employment relations, and environmental safety are up to standard
Sexual Harassment Prevention	<ul style="list-style-type: none"> Develop and publicly disclose sexual harassment prevention measures
Freedom of Association	<ul style="list-style-type: none"> To not intervene in the establishment, operation, or management of organizational activities or collective bargaining in any way Each operating location should establish a labor-management meeting to ensure that employees can fully exercise their freedom to participate in activities and labor conferences within the organization and can conduct collective negotiation and discussion

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 the Act of Gender Equality in Employment, provides a comprehensive system of parental leave and assists employees in smoothly adapting to the workplace when they return to their positions. In the past three years, except for 2020, when the number of eligible applicants for parental leave was higher (40), the number of applicants for the other two years was about 20, and the actual number of applicants was about 10.

To support employees to have a family, if the employee or their spouse gives birth to a baby, they can apply for a maternity allowance of NT\$20,000 for general employees and NT\$22,000 for supervisors by submitting the birth certificate (must apply within three months). The Employee Welfare Committee gives strollers as a gift to proactively care for employees.

		2019	2020	2021
Number of people eligible for parental leave	Male	13	27	15
	Female	9	13	8
	Total	22	40	23
Actual number of applicants	Male	0	1	1
	Female	9	12	7
	Total	9	13	8
Number of people who should be reinstated	Male	0	1	1
	Female	9	9	10
	Total	9	10	11
Actual number of reinstatements	Male	0	1	1
	Female	9	7	6
	Total	9	8	7
Reinstatement rate ¹	Male	-	100%	100%
	Female	100%	78%	60%
	Total	100%	80%	64%
Number of people reinstated for one year in the previous year	Male	0	0	1
	Female	1	8	3
	Total	1	8	4
Retention rate ²	Male	-	-	100%
	Female	20%	89%	43%
	Total	20%	89%	50%

Note 1: Reinstatement rate = Actual number of reinstatements / Number of people who should be reinstated

Note 2: Retention rate = Number of people reinstated for one year in the previous year / Actual number of people reinstated in the previous year

6.3 Joyful workplace and employee care

6.3.1 Competitive Compensation

To provide employees with reasonable rewards, attract and retain outstanding talents, take into account shareholders' rights and employees' living standards, and maintain the company's long-term stable development, TCI regularly adjusts salary levels based on relevant factors such as price levels, market supply and demand, salary standards and local legal requirements, and provides a comprehensive promotion system.

In 2021, the average annual salary of a non-manager at TCI amounted to NT\$949,000. In addition to the fixed salary, which is better than the industry average in Taiwan, the Company also provides year-end bonuses and mid-year operating dividends based on the performance of the current year's operations. The total employee benefits expense for the year amounted to NT\$725,480 (NT\$ thousand), the average benefit expense for all employees amounted to NT\$1,170 (NT\$ thousand), and the average salary expense for all employees amounted to NT\$1,003 (NT\$ thousand).

To motivate full-time employees and units with outstanding performance, TCI also established various incentive systems, including performance bonuses, production bonuses, proposal bonuses, restricted stock, salary adjustment opportunities per quarterly performance review, and the quarterly TCI Star award (equivalent to the Outstanding Employee Award). In addition, the Company also provides annual incentives for long-time employees.

The average salary adjustment in 2021 was 6.1%, with the average adjustment for non-managerial employees at 6.3%. According to a survey released by 104 Job Bank, the salary adjustment rate for companies in 2021 was only 3.4%. The Company provides a quarterly or semi-annual salary adjustment system and a better-than-average salary adjustment rate. In addition, TCI encourages regular performance discussions between supervisors and their teams by giving supervisors the authority to make salary adjustments for team members.

Ratio of Average Annual Employee Salary Between Men and Women

	Male	Female
Taipei Headquarters	1.07	1
Pingtung Rock Factory	1.15	1

Full-time Salaries for Non-managerial Employees

	2020	2021
Number of people	642	569
Average Salary	1,028	949
Median salary	923	842

(NT\$ thousand)



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



6.3.3 Benefit System

TCI offers market-competitive salaries and compensation and a wide range of benefits tailored to the needs of our employees. The Company established an Employee Welfare Committee that takes care of our employees and their families.

TCI's signature employee welfare system is the "TCI Coin," TCI's virtual currency, with a currency value of one-to-one with the Taiwan Dollar." Employees use "TCI Coins" for employee purchases, recurring "TCI Coin Events," and a variety of TCI employee-exclusive activities at exceptional prices or discounts, organized by the Administration Services Center. Dynamic activities include domestic and international tours, family trips and featured tours, standup paddleboarding, and aerial yoga. Static events include dining at Michelin Star Restaurants, booking an entire luxury cinema, booking an entire salon, flower arrangement, and DIY soap courses, and providing employees with dynamic and static indoor and outdoor activities.

Depending on the employee's role and seniority, the Company gives TCI Coins to employees monthly. In addition, employees will receive TCI Coins if they participate in company competitions, perform well at work, create successful projects, participate in public welfare activities, or initiate innovative sustainability proposals. Furthermore, employees receive TCI coins on their birthday month. The denomination of the TCI Coin (excluding TCI Coin bonuses) in 2021 has a total face value of approximately NT\$5,780,000.

It is worth mentioning that during the outbreak of the COVID-19 pandemic, the Administration Services Center especially hosted TCI Coin events such as booking an exclusive salon, a luxury movie theater, manicure and eyelash salon, household cleaning, and other activities to prevent employees from going to high-risk places and reduce the risk of contracting the virus, and protect the health of staff and their families. In addition, colleagues who are generally busy with work feel that the TCI Coin events mentioned above help resolve pain points in their daily lives.



6.3.3 Benefit System

As a biotechnology and medical industry leader, TCI offers many health-related benefits to protect its employees' physical and mental health. For example, the Company supplies a health food self-help area called "Energy Replenishment Station" in the office area with free TCI-produced functional drinks, food, skincare products, and nutritional blends to meet employees' different daily nutritional needs. Thus, protecting employee health, relieving eye fatigue from overuse, and regulating facial skin conditions. In addition, TCI offers a free healthy dinner every evening at 6:00 p.m. The menu changes daily with at least four different dishes to choose from so that colleagues can eat regularly while working.

Leveraging the resources of the TCI Group, employees enjoy a wealth of complementary medical resources through the "Biotechnology Alliance," which brings together major biotech/pharmaceutical companies. The Company holds large-scale internal lectures and regularly shares the latest medical information with employees. Through "TCI Service Center," it connects to hospitals assisting employees in making appointments for professional medical treatment, arranging emergency medical treatment or hospitalization assistance, and services include employees' family members.

In 2021 TCI launched a new program to promote stem cell storage services of its subsidiary, TCI GENE INC, to increase the chance of recovery from future diseases such as immune and blood disorders and cancer. As a result, TCI's high-performing colleagues will have the opportunity to enjoy stem cell storage benefits, prepared in 2021 and expected to operate in 2022 officially.

Salary and Remuneration	<ul style="list-style-type: none"> • Mid-Autumn Festival, Dragon Boat Festival Bonus, year-end bonus, seniority bonus, performance bonus, special contribution bonus, proposal bonus • Employee remuneration (dividend), employee stock warrants, treasury stock, restricted stock
Work/life Balance Measures	<ul style="list-style-type: none"> • Clubs for a variety of sports • TCI Coin events (employee purchases, 5-star trips, Michelin star cuisine, booking a luxury cinema, DIY classes, sports classes) • Library, concert, birthday celebration, marathon, family day
Subsidy	<ul style="list-style-type: none"> • Marriage and funeral subsidy • Home purchasing subsidy • Parking spaces for motorvehicles and cars, private car for public use subsidy, business telecommunication subsidy • External training subsidy, on-the-job training subsidy • Expatriate allowance, expatriate family allowance • Information equipment subsidy
Physical and Mental Health	<ul style="list-style-type: none"> • Professional massages from the visually impaired • Employee health check-up/genetic testing discount • Gym/shower facilities
Others	<ul style="list-style-type: none"> • TC Dream Come True Project: full-time employees who have been with the company for 2 years are eligible to apply for interest-free loans

6.3.4 COVID-19 Employee Defense Project

In the face of the COVID-19 pandemic, TCI offers paid vaccine leave and total subsidies for the cost of self-pay vaccines. The "TCI Service Center" actively assists colleagues in making vaccination appointments, tracking and caring about their vaccination status, and providing assistance with related medical resources. The vaccination rate for all colleagues exceeded 70% in November 2021.

In May 2021, when Taiwan entered level 3 alert due to the Covid-19 pandemic, TCI encouraged online exercise classes to motivate colleagues to strengthen their bodies against the epidemic. At the same time, considering that the number of vaccines at that time was scarce, all colleagues had insufficient protection. Therefore, the Company offered free pandemic prevention commuting, depending on their residence. In groups of 3 to 4 people, TCI arranged commuting routes, pick up and drop off at colleague's residences, and implemented regular rapid testing and PCR testing to ensure the health of passengers and drivers. Between January and October 2021, the Company provided more than 3,300 commuter trips with a total investment of more than NTD \$4 million. As a result, not only did TCI protect the health and safety of our employees, reduce the risk of infection, and reduce the psychological stress from the pandemic, but the Company also protected their families from the risks and anxieties of infection. To date, TCI continues to provide free rapid testing every day to ensure the health of our staff. For those who tested positive, TCI also provides free pandemic prevention kits containing herbal drinks, vitamin C, masks, alcohol, throat lozenges, snacks, instant noodles, bottled water, and books to help our staff with daily necessities during isolation.

During the outbreak of the COVID-19 pandemic, the Administration Service Center especially hosted TCI Coin events such as booking an exclusive salon, a luxury movie theater, a manicure and eyelash salon, household cleaning, and other activities. This maintains the quality of life at home and considers the value of pandemic prevention, protecting employees and their families by reducing the risk of contracting the virus.

In the face of external organizations, TCI and the National Taiwan University College of Medicine jointly released the "QVS-96, the fully automated detection integration system," published in Nature Biotechnology, a top journal in the biology field, to promote the application of epidemic prevention technology worldwide. In addition, this collaboration helped Taiwan increase its nucleic acid testing capacity for pandemic prevention by integrating the original time-consuming nucleic acid testing procedure with automated programming and testing process. Cumulatively, more than 300,000 PCR testings were conducted up to the reporting period.

6.4 Occupational Health and Safety

Work Safety Measures at the Pingtung Rock Factory

Regularly	Irregular
<ul style="list-style-type: none"> Monthly online disaster report Quarterly outsourced high-temperature environmental monitoring Semi-annual outsourced work environment and noise monitoring Conduct semi-annual fire drills and first aid drills. In addition, conduct annual fire maintenance reports and building public safety reports per law Labor health and safety education and training at least once every six months 	<ul style="list-style-type: none"> Formulate labor health and safety and work regulations Develop and publicly disclose sexual harassment prevention measures Labor health and safety education and training (extra course) Continuous health and safety education and training for contractors Irregular factory safety inspections

6.4.1 Occupational Health and Safety Policy and Management

To protect workers' fundamental human rights, TCI complies with relevant labor laws and regulations and follows international human rights conventions to protect employees' legal rights. Per the spirit of the occupational health and safety management system P-D-C-A, the Company systematically implements occupational safety and health management. The BioCosme PABP Factory (S11) in Pingtung's Rock Factory passed the ISO 45001 certification to ensure employees' quality and a safe working environment. We also conduct external accreditation of the management of human rights norms, labor rights, labor conditions, employment relations, environmental safety, and other aspects of the factory through Sedex's SMETA (Sedex Members Ethical Trade Audit) social auditing methodology.

Each factory established a health and safety management unit, employing health and safety administrators and specialists to plan and execute health and safety operations and to implement the promotion, supervision, and inspection of health and safety management operations, directly under the management of each factory manager. In addition, per local laws and regulations, each factory shall form an Occupational Health and Safety Committee jointly by labor and management every three months and hold regular meetings to review, coordinate and recommend health and safety management affairs. In 2021, four regular meetings were held to discuss the prevention of Covid-19, consider proposals to improve occupational health and safety, and promote the preparation of action plans for the occupational health and safety management system.

6.4.2 Occupational Injury and Disease Statistics

In 2021, only two occupational injury incidents occurred at TCI's Pingtung Rock Factory, with a recordable occupational injury rate of 2.04. No occupational injury resulting in death, severe occupational injury, or occupational disease.

Employee	Incidence of fatalities due to occupational injuries	0
	Incidence of severe occupational injuries	0
	Recordable incidence of occupational injuries	2.04
	Incidence of death due to occupational diseases	0
	Recordable incidence of occupational diseases	0
All non-employees whose jobs and/or workplaces are under the control of the organization	Incidence of fatalities due to occupational injuries	0
	Incidence of severe occupational injuries	0
	Recordable incidence of occupational injuries	0
	Incidence of death due to occupational diseases	0
	Recordable incidence of occupational diseases	0

Note 1 Occupational injury and occupational disease statistics only cover the Pingtung Rock Factory.

Note 2 The statistics do not include commuting accidents; the incidence rate is taken at two decimal places, and the third place is rounded off unconditionally.

Note 3 Incidence of fatalities caused by occupational injuries = Number of fatalities caused by occupational injuries / Total working hours * 1,000,000.

Note 4 Incidence of severe occupational injuries = Number of severe occupational injuries / Total working hours * 1,000,000.

Note 5 Recordable occupational injury rate = Number of recordable occupational injuries / Total working hours * 1,000,000.

Note 6 Incidence of deaths caused by occupational diseases = Number of deaths caused by occupational diseases / Total working hours * 1,000,000.

Note 7 Incidence of recordable occupational diseases = Number of recordable occupational diseases / Total working hours * 1,000,000.

Note 8 Total working hours are calculated by multiplying the number of employees at the end of each month of the year by the number of national working days in each month multiplied by the standard working hours (nine hours per day).

Social Prosperity

7.1 Public Welfare

7.2 Prosperity Through Reservation – Biodiversity Park



7.1 Public Welfare

MATERIAL ISSUES
MANAGEMENT POLICY

TCI's Commitment

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

Key Actions

1. Established TCI Academy, accountable for biotechnology-related industry-academia cooperation by combining the Company's biotechnology talents.
2. With flipped education as the central theme, the Company long-term cooperates with enterprises, science museums, local public welfare organizations, and other organizations in science education activities.



2021 Performance

1. TCI has set up Corner Bookshelves in 218 schools and organizations, including 175 elementary schools, 43 junior high schools, and social welfare organizations in Pingtung County, covering about **5,000** people.
2. 46 industry-academia interactions and receptions, 18 local charitable activities and exchanges (in-person and online), and 1 community concert. TCI cooperated with the National Museum of Natural Science to promote popular science education and lectures in Pingtung, comprising **15,226** participants.
3. Called on employees to donate to the Taipei Orphan Welfare Foundation. Employee and company donations amounted to a total of NT\$1.5 million.

2022 Target

1. 10,000 people use Corner Bookshelves
2. The number of participants in community visits, science education, and charity activities reached **17,500**

7.1 Public Welfare

7.1.1 Establishing Corner Bookshelves

The Pingtung-based TCI and the Yung-Chiang Foundation have long shown interest in local education issues and understanding local needs. A book can bring knowledge, new perspectives, hope, and opportunities. In 2016, TCI initiated the "Corner Bookshelf" project, starting in Pingtung's rural elementary schools, setting up bookshelves with books in schools to create a reading atmosphere, hoping to enable Pingtung's local rural children to break through geographical limitations and harbor a broader vision. In addition, to create a comprehensive carbon reduction network, TCI Academy promotes carbon reduction on campus by placing energy-saving and carbon-reducing books or picture books on the corner bookshelves so that the spirit of sustainability is deeply rooted in daily reading.

By the end of 2021, TCI established corner bookshelves in 218 elementary schools in Pingtung County and sponsored new books for students to borrow each month, creating regular reading opportunities for nearly 5,000 students. After completing the first phase of the corner bookshelf in rural elementary schools, the scope will gradually expand to other non-rural areas in Pingtung County and schools of all levels above the elementary school level, which expects to create reading opportunities for about 30,000 students.





7.1.2 Promote Science

On the occasion of the 50th anniversary of World Earth Day in 2020, the Ministry of Education invited all five major science museums in Taiwan to plan the first "Taiwan Science Festival" and invited public and private institutions with scientific research capacity and science education connotation to be the "Top 10 Popular Sciences Foundation." As the only private business organization selected, TCI held 1,000 factory receptions.

Continuing the promotion of popular science education, in 2021, TCI collaborated with the National Museum of Natural Science to organize the special exhibition "From Sea to Land." The exhibition features vertebrates, introducing the evolution of animals from swimming in the sea, and walking on land to soaring in the sky. The Science Museum's science exhibitions are the starting point for inspiring scientific research. TCI has become a global leader in biotechnology thanks to the strong commitment of scientific talents in research and development. Through cooperation with the National Museum of Natural Science, TCI held a special exhibition at the Pingtung Rock Factory for Pingtung students to have popular science resources, hoping to inspire young students to learn science and nurture future biological talents in Taiwan.



7.1.3 Support Future Literacy School

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.” Like 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, 10 outstanding schools are awarded the “Model School of Reading Literacy.” Through this partnership, TCI adopted Daguang elementary school in Pingtung County and Jia Bao elementary school in New Taipei City to provide necessary educational resources for the year.

7.1.4 Purchasing Pineapples from Shan-Dao Academy

Located in Gao-Shu Township, Pingtung County, Shan-Dao Academy's mission is "to integrate social reform into educational practice so that human civilization can develop sustainably and become more virtuous." Through education, skills training, community building, and the cultivation of fruits and vegetables, the school provides guidance for disadvantaged children and parents to pursue education and employment on their land and hopes to spread the school's philosophy to other rural areas, helping more children to grow up happily and in addition, assisting more disadvantaged families to turn their fortunes around. Recognizing the philosophy and commitment of Shan-Dao Academy, TCI has continued to work with the Academy since 2018 to purchase organic pineapples planted by children instead of donations. In addition to the children learning life skills with their own hands, the proceeds from buying pineapples fund counseling for children to achieve their dreams to reverse education and



economic restraints. TCI plans to collaborate long-term with Shan-Dao Academy to create various values such as education for children, caring for disadvantaged families, and community building.

7.1.5 TCI Biology Self-transformation Day

In collaboration with the Yung-Chiang Foundation, TCI organized educational teams to travel to Eastern Taiwan to promote self-transformation learning among students and increase epidemic prevention concepts, environmental education, biotechnology scientific knowledge, and other popular sciences knowledge. Organized by Tao-Yuan Elementary School in Taitung, a KIST concept public school managed by the private sector, the event invited 260 teachers and students from San-Min Elementary School in Hualien and Wan-An Elementary School Taitung County to hold the "TCI Biology Self-transformation Day" hoping that self-transformation learning education takes root. During the event, the Chairman of the Yung-Chiang Foundation, Chuen-Wen Guo, personally attended the event teaches the students the Covid-19 prevention methods during the pandemic. Professor Yung-Kai Lin from the National Taiwan Ocean University lectured on the environmental pollution caused by marine particles. TCI's facial mask experts prepared a hands-on course, "The Little Facial Mask Designer." The "TCI Biology Self-Transformation Day" combined ten courses prepared by teachers from Tao-Yuan Elementary School in Taitung, San-Min Elementary School in Hualien, and Wan-An Elementary School Taitung County. The event initiates "self-transformation learning," allowing students to choose courses of interest and actively select courses of interest for lecture and practical work. Through this event, TCI brings biotechnology knowledge to Eastern Taiwan and hopes to inspire students to improve their knowledge and turn their lives around through self-transformation learning activities.



7.1.6 Donation to the Taipei Orphan Welfare Foundation

Since 2016, TCI has worked with the Taipei Orphan Welfare Foundation every year to take practical action to protect orphans. At the end of each year, colleagues generously join the donation drive for scholarships, academic and academic advancement counseling, talent training, career exploration, employment, and entrepreneurship. After the individual donations, TCI doubled the total donations in the company's name and worked with the staff to protect orphans.

In 2021, TCI turns this internal donation campaign to the public and joins hands with the Taipei Orphan Welfare Foundation to release a Mother's Day video, "The Companion," and launch a campaign in which "for every like on the Facebook post, TCI will donate \$100." This event hopes to remind the public to care for orphans through the power of the community. In addition to public communication, TCI also announced this message to its stakeholders (including customers) and invited them to interact with each other on social media to raise the voice of social welfare. The total amount of donation in 2021 amounted to NT\$1.5 million. The accumulated donation in the past three years amounted to \$6.5 million.



7.2 Prosperity Through Reservation - Biodiversity Park

In recognition of its unique and diverse strengths in developing tropical agriculture, the National Pingtung University of Science and Technology spared no effort in nurturing agricultural talents over the years. In 2021, TCI and the National Pingtung University of Science and Technology worked together to complete land preparation and irrigation systems on 2.5 hectares of land to create a "biodiversity park" for diversified crop cultivation in compliance with the GLOBAL G.A.P. management model. The park rehabilitates Taiwan's native plants, cultivation and production of bio-medical functional crops, and low-carbon agricultural tests. Through cooperation with the academic community, the Company hopes to work together to develop technological agriculture, protect local biodiversity, develop a precise and healthy future, and realize plant restoration to create prosperity through three methods covering economic, social, and environmental aspects.

1. Ecological Prosperity : In recognition of its unique and diverse strengths in developing tropical agriculture, the National Pingtung

2. Industrial Prosperity : Introduce environmentally friendly farming methods to create economic benefits for farmers. Develop and manufacture natural health care products and skin care products to benefit customers economically.

3. Future Prosperity : Cultivate prospective skilled personnel and realize a future of social prosperity.

TCI has a long history of caring for consumers and understanding their needs. Through IBD (Integrated Bioscience Design), the Company provides customers with a full range of services from product planning, marketing, research and development, design, manufacturing, quality control, legal affairs, and import/export services. The park plans to restore a variety of Taiwan's native plants, such as protea, Hibiscus sabdariffa, Rhinacanthus communis, Chiapao melon, Daylily flower, and white wax-apple, through environmentally friendly farming methods to protect the biodiversity in the area. In addition to the park, TCI also works with the World Vegetable Center on a seedling project to participate in global seed conservation initiatives and support rescuing Asian vegetable seeds to preserve more species.



Through plant restoration, TCI can protect more plant species and discover the health and economic value of native plants through the "Bio-Resource Data Mining Platform" that TCI specializes in and create industrial wealth through plant restoration. In 2021, after extracting and experimenting with Chiapao melon, the Company expects to sell it in famous cosmetic stores in Europe in 2022. Simultaneously, TCI and the National Pingtung University of Science and Technology conduct the "Rehabilitation Internship Program," leading students to practice cultivating and producing functional biomedical crops in the "Biodiversity Park."

The "Biodiversity Park" also combines the research resources of different academic institutions to carry out various projects, such as: cooperating with the Endemic Species Research Institute, Taiwan Agricultural Research Institute, and the Agricultural Research and Extension Station to collect precious plant materials and conduct rehabilitation under suitable environmental conditions; cooperating with the Department of Forestry and the Graduate Institute of Bioresources of National Pingtung University of Science and Technology to conduct regular surveys to investigate the soil carbon pool and species changes in the park, and to study how to increase soil carbon sequestration capacity and biodiversity in the field.

The "Biodiversity Park" launched in 2021 and will continue to invest more than NT\$2 million each year to expand the park, considering various plants' environmental conditions and actual situations.



Appendix

8.1 GRI Index Catalogue

8.2 The UN Global Compact

8.3 2021 List of Awards

8.4 Association Member

8.5 ISAE 3000 Assurance Item Summary Sheet

8.6 Third-party Assurance Statement and Assurance Report

8.7 The GHG Emmissions Validation Statement

8.1 GRI Index Catalogue

GRI 2 Universal Standards

Topics	Disclosures	Relevant Sections	Page	Notes
Organization and Reporting Practices	2-1	Organization details	1.1 About TCI	12
	2-2	Entities covered in organizational sustainability reports	About This Report	2
	2-3	Reporting period, frequency, and contact information	About This Report	2
	2-4	Restatements of information	-	Non-restated
	2-5	External guarantee	About This Report 8.5 ISAE 3000 Assurance Item Summary Sheet 8.6 Third-party Assurance Statement and Assurance Report	2 177 178
Activities and Workers	2-6	Activities, value chains and other business relationships	1.2 Main Products and Value Chain	14
	2-7	Employees	6.1.1 Employee Structure	132
	2-8	Non-employee workers	-	No non-employee workers
Governance	2-9	Governance structure and composition	3.1.2 Organizational Structure of the Board of Directors and Functional Committees 3.1.3 Corporate Governance Structure	50 52
	2-10	Nomination and selection of the highest governing units	3.1.1 Board Member Diversity and Professionalism	48
	2-11	Chairman of the highest governing unit	3.2.1 Integrity Management Policy	58 Chairman and General Manager (concurrent)
	2-12	The role of the highest governance body in overseeing influential management	2.5.1 Process for Identification of Material Issues	42
	2-13	Managing influential responsibility for delegation	2.2.2 ESG Development Unit 2.5.1 Process for Identification of Material Issues	30 40
	2-14	The role of highest governance units in sustainability reporting	2.5.1 Process for Identification of Material Issues	42
	2-15	Conflicts of interest	3.2.1 Integrity Management Policy	58
	2-16	Communication of critical concerns	2.4.1 Stakeholder Engagement Method	38
	2-17	Collective knowledge of the highest governance units	3.1.1 Board Member Diversity and Professionalism	48

Topics	Disclosures	Relevant Sections	Page	Notes
Governance	2-18	Performance evaluation of the highest governance unit	3.1.1 Board Member Diversity and Professionalism	48
	2-19	Remuneration Policy	3.1.2 Organizational Structure of the Board of Directors and Functional Committees	50
	2-20	The process of deciding on remuneration	3.1.2 Organizational Structure of the Board of Directors and Functional Committees	50
	2-21	Annual total remuneration ratio	-	Not disclosed
	2-22	Statement of sustainable development strategy	2.2.1 ESG Policy TCI official website	30
Strategies, Policies and Practices	2-23	Policy commitment	2.2.1 ESG Policy TCI official website	30
	2-24	Implementation of policy commitments	2.2.1 ESG Policy 2.2.2 ESG Development Unit TCI official website	30 30
	2-25	Process of compensating for negative impacts	Material Issues Management Policy of Each Chapter	
	2-26	Mechanisms for seeking advice and raising concerns	2.4.1 Stakeholder Engagement Method	38
	2-27	Compliance with laws and regulations	3.3 Legal Compliance	60
Stakeholder Engagements	2-28	Association Membership	8.4 Association Member	176
	2-29	Stakeholder engagement method	2.4.1 Stakeholder Engagement Method	38
	2-30	Collective bargaining agreements	-	Not applicable

GRI 3 Specific Standards

Economic

Topics	Disclosures	Relevant Sections	Page	Notes
201 Economic Performance	201-1	Direct economic value generated and distributed	1.4.1 Operational Performance	22
	201-2	Financial implications and other risks and opportunities due to climate change	5.1.1 Climate Related Financial Disclosure Recommendations	102
203 Indirect Economic Impacts	203-1	Infrastructure investments and services supported	7.1 Social Welfare	156
205 Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	3.2.1 Integrity Management Policy	58
206 Integrity Management	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	3.2.1 Integrity Management Policy	58

Environment

Topics	Disclosures	Relevant Sections	Page	Notes
302 Energy	302-1	Energy consumption within the organization	5.2 Energy Management	110
	302-2	Energy consumption outside the organization	5.2 Energy Management	110
	302-3	Energy intensity	5.2 Energy Management	110
	302-4	Reduction of energy consumption	5.2 Energy Management	110
	302-5	Reductions in energy requirements of products and services	5.5.4 Green Product	126
305 Emissions	305-1	Direct (Scope 1) GHG emissions	5.1.2 Management of Greenhouse Gas Emissions	108
	305-2	Energy indirect (Scope 2) GHG emissions	5.1.2 Management of Greenhouse Gas Emissions	108
	305-3	Other indirect (Scope 3) greenhouse gas emissions	5.1.2 Management of Greenhouse Gas Emissions	108
	305-4	Greenhouse gas emission intensity	5.1.2 Management of Greenhouse Gas Emissions	108
306 Waste	306-1	Waste generation and waste-related significant impacts	5.4 Waste Management	120
308 Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	3.6 Supplier Sustainability	70

Social

Topics	Disclosures	Relevant Sections	Page	Notes
401 Employment	401-1	New employees and former employees	6.1.1 Employee Structure	132
	401-3	Parental leave	6.2.2 Parental Leave	145
403 Occupational Health and Safety	403-1	Occupational health and safety management system	6.4.1 Occupational health and safety policy and management	152
	403-4	Participation, consultation and communication of occupational safety and health workers	6.4.1 Occupational Health and Safety Policy and Management	152
	403-5	Worker training on occupational health and safety	6.4.1 Occupational Health and Safety Policy and Management	152
	403-9	Work-related injuries	6.4.2 Occupational Injury and Disease Statistics	153
	403-10	Work-related ill health	6.4.2 Occupational Injury and Disease Statistics	153
404 Training and Education	404-1	Average hours of training per year per employee	6.1.3 Employee Retention and Development	138
405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	6.1.1 Employee Structure 6.1.2 Diversity and Non-discrimination	132 136
	405-2	Ratio of women to men's base salary plus remuneration	6.3.1 Competitive Compensation	146
406 Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	6.2.1 Human Rights Policy	144 No incidents of discrimination
408 Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	6.2.1 Human Rights Policy	144 No incidents of child labor
414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	3.6 Supplier Sustainability	70
418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.5.2 Customer Benefits and Privacy	69

8.2 The UN Global Compact

Category	10 Principles	TCI Implementation	Relevant Sections
Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	TCI values labour human rights, and create friendly working environment in accordance with the <i>Universal Declaration of Human Rights, ILO Convention, UN Global Compact.</i>	
	Principle 2 Make sure that they are not complicit in human rights abuses.		
Labour	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Human rights and work principle : • Eliminate any discrimination, harassment, force labour, and recruitment of child labour. • Protect employees' freedom of association and provide multiple communication and appeal channels. • Regular management and labour council in place to ensure the quality of mutual communication. • Protecting work rights equality, provide reasonable salary and work environment.	6.1 Talent Employment and Development 6.2 Labor Rights Equality 6.3 Joyful Workplace
	Principle 4 The elimination of all forms of forced and compulsory labour.		
	Principle 5 The effective abolition of child labour.		
	Principle 6 The elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges.	• Provide sustainable products and solutions. • Implement circular economy concept and utilize agricultural by-product. • Establish carbon reduction target and energy management system. • Reduce the intensity of resources consumption, improve the recycle of water and waste.	5.2 Energy Resource Management 5.3 Water Resource Management 5.4 Waste Management 5.5 Green Product
	Principle 8 Undertake initiatives to promote greater environmental responsibility.		
	Principle 9 Encourage the development and diffusion of environmentally friendly technologies.		
Anti-Corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	• Provide integrity management training yearly. • Enhance the <i>Integrity Management Code.</i> • Ethical clause signed with the partners.	3.2 Integrity Management

8.3 2021 List of Awards

ESG Awards

HR Asia Awards	Best Companies to Work for in Asia
1111 Job Bank Happy Enterprise Award	Gold Award
CSR Excellence in Corporate Social Responsibility Award	Honored in Medium-sized Enterprise Category
Enterprise Asia Awards	International Innovation Awards
Sustainalytics	ESG rating 25.4, medium risk
EcoVadis Sustainability Ratings	BioCosme PABP Factory: Silver Rating PABP Factory: Bronze Rating
SBTi Science Based Targets initiative	Passed the audit
Sedex Ethical Trade	Passed the audit

Research and Development Awards

	Awarded Items	Award
2021 Geneva International Exhibition of Inventions	NMN yeast, TCI fruit and vegetable Enzyme™	Gold Award
2021 WGC, The World Genius Convention & Education Expo	Prunus domestica ferment, PRO6X	Silver Award
2021 iCAN International Invention Innovation Competition	Blackberry extract	Gold Award

Research and Development Awards

	Kiwifruit Enzyme	Gold Award
	Acerola Unripe Fruit	
	Aronia Extract	Gold and Special Award
	Carica Papaya Ferment	
	Golden Formula	
2021 Seoul International Invention (Korea)	TCI711 Bacillus coagulans	Silver Award
	TCI837 Lactobacillus plantarum	Silver Award
	Dandelion extract	Silver Award
	Hibiscus sabdariffa Extract	Silver Award
	White Versailles Fruit	Silver Award
	TCI275 Lactobacillus fermentum	Bronze Award
	Blood Peach Extract	Bronze Award
2021 World Plant Based Awards	Golden Formula	Best Plant-Functional Product
2021 China Beauty Expo – Meiyi Award	TCI 633 Streptococcus thermophilus	Best Raw Material
	Hyaluronic Acid Moisturizing Collagen Drink	Best Product
2021 China Nutrition Healthy Industry Entrepreneur Conference	Shanghai BioTech Group	Outstanding Enterprise of Industry Innovation and Social Responsibility
Health Food Society of Taiwan 2021 Health Food Innovation Award	NMN yeast TRILLION PROBIO™	Awarded
2021 18th Annual National Innovation Award	Double NUTRI 2® QVS-96, the fully automated detection integration system	Renewal Award Renewal Award

8.4 Association Members

Classification	Association	Purpose of Participation		
Enterprise	International Life Sciences Institute Taiwan Taiwan Bio Industry Organization Institute for Biotechnology and Medicine Industry Taiwan Chamber of Commerce & Industry Importers & Exporters Association of Taipei National Association of Small & Medium Enterprise, R.O.C. Total Quality Food Association Taiwan Listed Company Association National Innovation and Entrepreneurship Association, R.O.C. Winner's Fellowship of the Award of Outstanding SMes Affiliated with National Association of Small & Medium Enterprises Pingtung County Industrial Association Taiwan Sunshinebless Association European Chamber of Commerce Taiwan Taiwan Listed Company Association	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.		
	ESG	Commonwealth CSR European Chamber of Commerce Taiwan – Low Carbon Initiative	To understand international sustainability trends, innovative technologies, and domestic and international sustainability or climate-related regulatory developments.	
	Cosmetics	Taiwan Beauty Valley Taipei Cosmetics Industry Association Taiwan Cosmetics Industry Association	To exchange the latest market trends, grasp the changes in supply and demand and technical information, and pursue product innovation.	
	Food	Taiwan Cannery Association Health Food Society of Taiwan Taiwan Association for Food Science and Technology Winner's Fellowship of the Taiwan Association for Food Science and Technology Taiwan Functional Food Industry Association Food Distributors Association of Taiwan Food Association of Taiwan Agricultural Chemical Society of Taiwan Taiwan Elderly Care Industry Association	To exchange the latest market trends, grasp the changes in supply and demand and technical information, and pursue product innovation.	
		Industry-academia	Academia Industry Consortium for Science Parks in Central Taiwan Academia-Industry Consortium for Agricultural Biotechnology Park	To promote industry-academia cooperation and youth development, integrate cross-sectoral technological innovation in industry-academia research.
		Certification	Taiwan Halal Integrity Development Association Taiwan Accreditation Foundation	To understand certification standards and specifications to provide customers with quality certified products.

8.5 ISAE 3000 Assurance Item Summary Sheet

No.	Assurance Item	Applicable Standards	Page
1	P.50 to P.51 Discloses that the average attendance rate of the Audit Committee in 2021 is 100%. P.50 to P.51 Discloses that the average attendance rate of the Remuneration Committee in 2021 is 100%.	Based on the meeting minutes of the Audit Committee and Remuneration Committee meetings and members' sign-in records provided by the Board of Directors' team for 2021, the calculation is based on the actual attendance divided by the number of attendees.	P.50 P.51
2	P.112 The "Electricity Consumption Intensity Statistics" table discloses that the electricity intensity of Pingtung Precise iManufacturing Center is 105 in 2021.	Electricity consumption intensity (A) is calculated by dividing "electricity consumption (MWh)" (B) by "revenue per million dollars" (C).	P.112
3	P.118 The "Water Consumption Intensity Statistics" table discloses that the water intensity of Pingtung Precise iManufacturing Center is 1,734 in 2021.	Water consumption intensity (D) is calculated by dividing "water consumption (metric tons)" (E) by "revenue per million dollars" (C).	P.118
4	P.132 Discloses that the percentage of female employees to all employees at the end of 2021 is 41.5%. P.132 Discloses that the proportion of female management to management employees at the end of 2021 is 60.3%.	Based on the employee information of Taipei Headquarters and Pingtung Precise iManufacturing Center as of December 31, 2021, the management level is defined as those who hold the position of team leader (F) or above.	P.132
5	P.153 "Occupational Injury and Disease Statistics" table discloses that the Pingtung Precise iManufacturing Center had zero serious occupational injuries in 2021. P.153 "Occupational Injury and Disease Statistics" table discloses that the recordable occupational injury incidence rate of Pingtung Precise iManufacturing Center is 2.04 in 2021.	The incidence of death due to occupational injury (G) is calculated by dividing the "number of serious occupational injuries (those disabled for more than six months)" (H) by the "total number of hours worked" (I) multiplied by 1,000,000. The incidence of recordable occupational injuries (J) is calculated by dividing the "number of recordable occupational injuries" (K) by the "total number of hours worked" (I) multiplied by 1,000,000. The number of recordable occupational injuries excludes injuries from commuting accidents not caused by transportation arranged by TCI.	P.153

The calculation of the measurement basis is described as follows:

(1) Electricity consumption intensity (A) = "electricity consumption (MWh)" (B) divided by "revenue per million dollars" (C), where:

B = The total electricity consumption of Pingtung Precise iManufacturing Center in 2021 is based on the electricity bill from Taiwan Power Company and the total electricity generated from Pingtung Precise iManufacturing Center S12 automatic warehouse in 2021 according to Chungghwa Telecom's Intelligent Environment Network.

C = The amount of operating revenues of TCI for 2021, as audited by our auditors, was converted into U.S. dollars using the average exchange rate of New Taiwan dollars to U.S. dollars for the year 2021.

(2) Water consumption intensity (D) is calculated by dividing "water consumption (metric tons)" (E) by "revenue per million dollars" (C), where E = The water consumption of Pingtung Precise iManufacturing Center in 2021 is based on the water bill of Taiwan Water Corporation.

(3) TCI classifies its employees into three levels, of which (F) team leader or above refers to the first and second level of the company's employees.

(4) The incidence of death due to occupational injury (G) is calculated by dividing the "number of serious occupational injuries (those disabled for more than six months)" (H) by the "total number of hours worked" (I) multiplied by 1,000,000, where: H: The number of serious occupational injuries (disabled for more than six months) is defined with reference to the definition of "GRI 403: Occupational Health and Safety."

I: The total working hours are calculated by multiplying the number of employees at the end of each month of the current year by the number of national working days in each month multiplied by the standard working hours (nine hours per day).

(5) The incidence of recordable occupational injuries (J) is calculated by dividing the "number of recordable occupational injuries" (K) by the "total number of hours worked" (I) multiplied by 1,000,000, where: K: The number of serious occupational injuries (those who have been disabled for more than six months) is defined based on the definition of "GRI 403: Occupational Safety and Health," excluding injuries caused by commuting accidents not caused through transportation arranged by TCI.

8.6 Third-party Assurance Statement and Assurance Report



Independent Limited Assurance Report

To TCI CO., LTD.

We have been engaged by TCI CO., LTD. (the "Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2021 Sustainability Report, and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 177 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the "Scope and Boundary" on page 3 of the Sustainability Report.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable

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assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed analytical procedures on the Subject Matter Information and performed selective testing including inquiry, observation, and inspection to obtain evidence for limited assurance.

We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls. Our assurance does not extend to information in respect of earlier periods.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

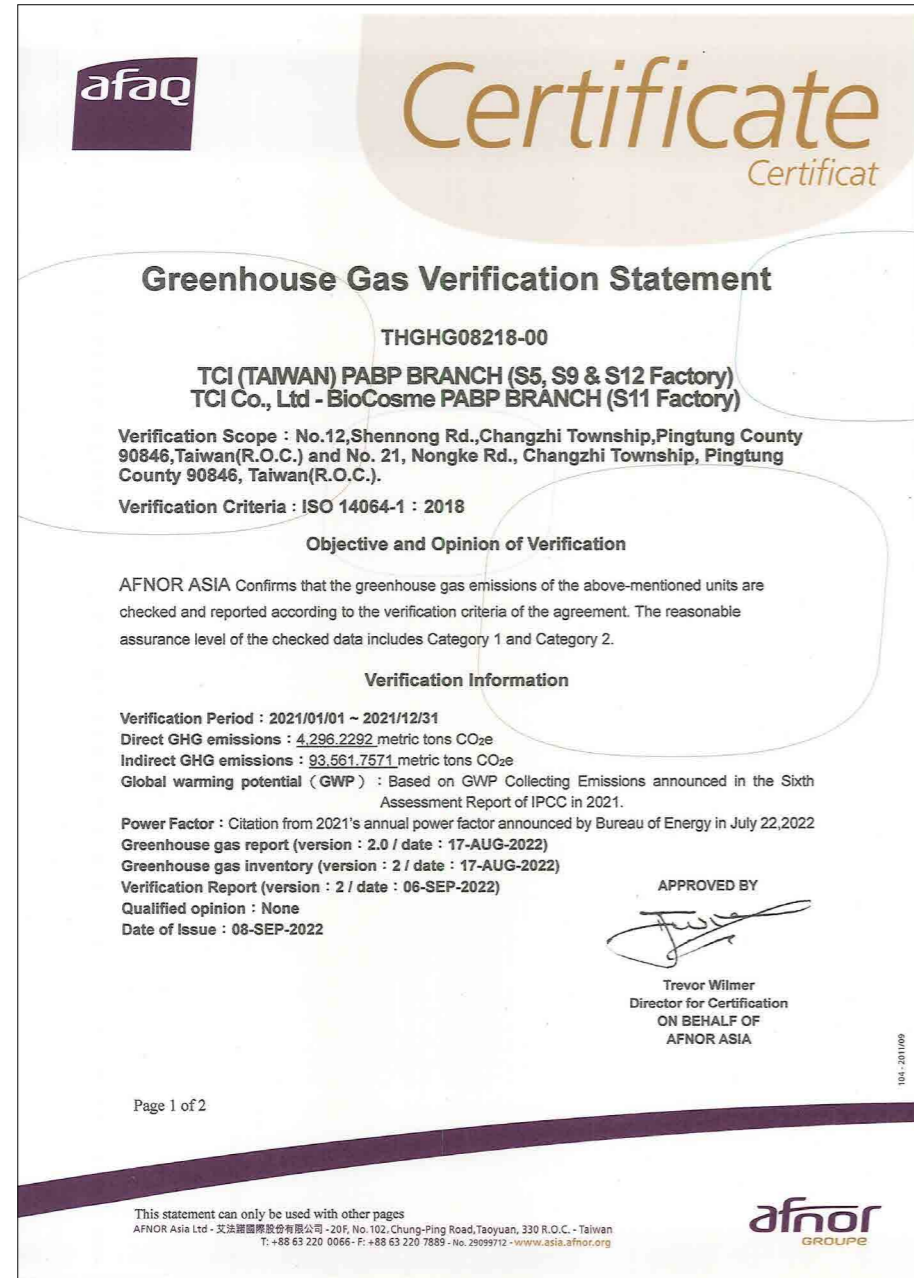
Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria."



Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

8.7 The GHG Emissions Validation Statement



afaq Certificate

Greenhouse Gas Verification Statement

THGHG08218-00

TCI (TAIWAN) PABP BRANCH (S5, S9 & S12 Factory)
TCI Co., Ltd - BioCosme PABP BRANCH (S11 Factory)

Verification Scope : No.12,Shennong Rd.,Changzhi Township,Pingtung County 90846,Taiwan(R.O.C.) and No. 21, Nongke Rd., Changzhi Township, Pingtung County 90846, Taiwan(R.O.C.).

Verification Criteria : ISO 14064-1 : 2018


Objective and Opinion of Verification

AFNOR ASIA Confirms that the greenhouse gas emissions of the above-mentioned units are checked and reported according to the verification criteria of the agreement. The reasonable assurance level of the checked data includes Category 1 and Category 2.

Verification Information


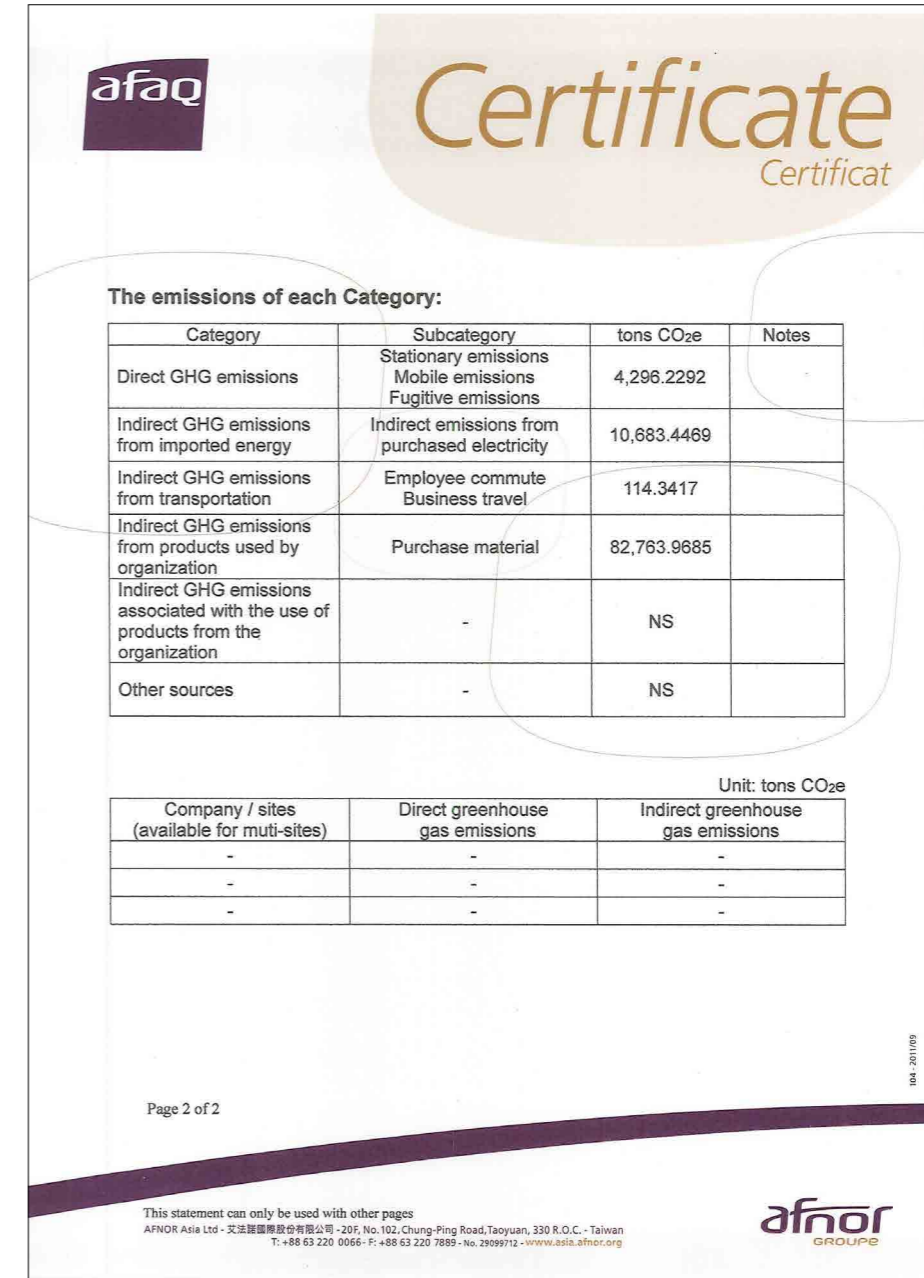
Verification Period : 2021/01/01 ~ 2021/12/31
 Direct GHG emissions : 4,296.2292_metric tons CO_{2e}
 Indirect GHG emissions : 93,561.7571_metric tons CO_{2e}
 Global warming potential (GWP) : Based on GWP Collecting Emissions announced in the Sixth Assessment Report of IPCC in 2021.

Power Factor : Citation from 2021's annual power factor announced by Bureau of Energy in July 22,2022
 Greenhouse gas report (version : 2.0 / date : 17-AUG-2022)
 Greenhouse gas inventory (version : 2 / date : 17-AUG-2022)
 Verification Report (version : 2 / date : 06-SEP-2022)
 Qualified opinion : None
 Date of Issue : 08-SEP-2022

APPROVED BY

 Trevor Wilmer
 Director for Certification
 ON BEHALF OF
 AFNOR ASIA

Page 1 of 2

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afaq Certificate

The emissions of each Category:


Category	Subcategory	tons CO _{2e}	Notes
Direct GHG emissions	Stationary emissions	4,296.2292	
	Mobile emissions		
	Fugitive emissions		
Indirect GHG emissions from imported energy	Indirect emissions from purchased electricity	10,683.4469	
Indirect GHG emissions from transportation	Employee commute Business travel	114.3417	
Indirect GHG emissions from products used by organization	Purchase material	82,763.9685	
Indirect GHG emissions associated with the use of products from the organization	-	NS	
Other sources	-	NS	

Unit: tons CO_{2e}

Company / sites (available for multi-sites)	Direct greenhouse gas emissions	Indirect greenhouse gas emissions
-	-	-
-	-	-
-	-	-

Page 2 of 2

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