

Profit
People
Planet

TCI

Join & Delight consumer's life.

Sustainability Report

vol. 2022

About This Report

Starting in 2018, TCI Co., Ltd. (hereinafter referred to as TCI) publishes an annual Sustainability Report. The previous report was released in September 2022.

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” section of the Company’s website responds to address the concerns and expectations of global stakeholders on the issue of sustainable development. It aims to establish long-term partnerships with stakeholders to promote social inclusion and sustainable growth.



Website | ESG

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Reported Period and Compliance

This report was compiled per GRI Standards, 2021 edition, issued by the Global Reporting Initiative (GRI). The information disclosure period is from January 1, 2022, to December 31, 2022, the same as the reporting period of TCI’s 2022 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 topics of Taipei headquarters and Pingtung Precise iManufacturing Center (Rock Park) of TCI. Some indicators include the Shanghai Precise iManufacturing Center (Golden Mountain Park). Different organizational boundaries for specific information reporting are indicated separately.

The environment-related data of the 2022 report included Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park). The disclosure scope represented 99% of the manufacturing-related revenue, increasing 30% of the disclosure coverage compared to the previously published report.

(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)

(3) Shanghai Precise iManufacturing Center (Golden Mountain Park): No.989, Jin Ge Rd., JinShan Industrial Park, Shanghai 201506, China

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.

Words from Management

The future is now!

Founded in 1980, TCI has created tens of thousands of best-selling products and sold them in 64 countries worldwide. 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. With production sites in Taiwan, Shanghai, and Utah, USA, TCI establishes state-of-the-art intelligent factories; stable and responsible supply chains; pursues the highest global quality standards; and optimizes digital management. In 2022, we made numerous positive changes that we believe will serve as momentum for a better future in 2023. TCI will continue to move forward in the following aspects in 2023:

- 1. Accelerate globalization and growth of global business
- 2. Innovation, Join & Delight
- 3. TCI Group’s intelligent manufacturing and investment in factories
- 4. Talent recruitment & cultivation
- 5. Renewable energy and net zero pathway
- 6. Strengthen cost and risk management

We continue to “join & delight consumer’s life” as TCI’s corporate vision. In addition, TCI will continue to communicate with all stakeholders to create value as the foundation, scientific research, and development as the cornerstone, and global development as a long-term strategy to move towards an Integrated Bioscience Design Trading Company with biotechnology-focused diversification strategy, to realize corporate ESG sustainable operations, and to innovate, move 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 to 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 92
- 4.3 Product-centric One-stop Service 99

V 、Environmental Protection

- 5.1 Climate Change and Carbon Management 102
- 5.2 Energy Resource Management 112
- 5.3 Water Resource Management 120
- 5.4 Waste Management 122
- 5.5 Green Products 124

VI 、A Positive and Caring Workplace

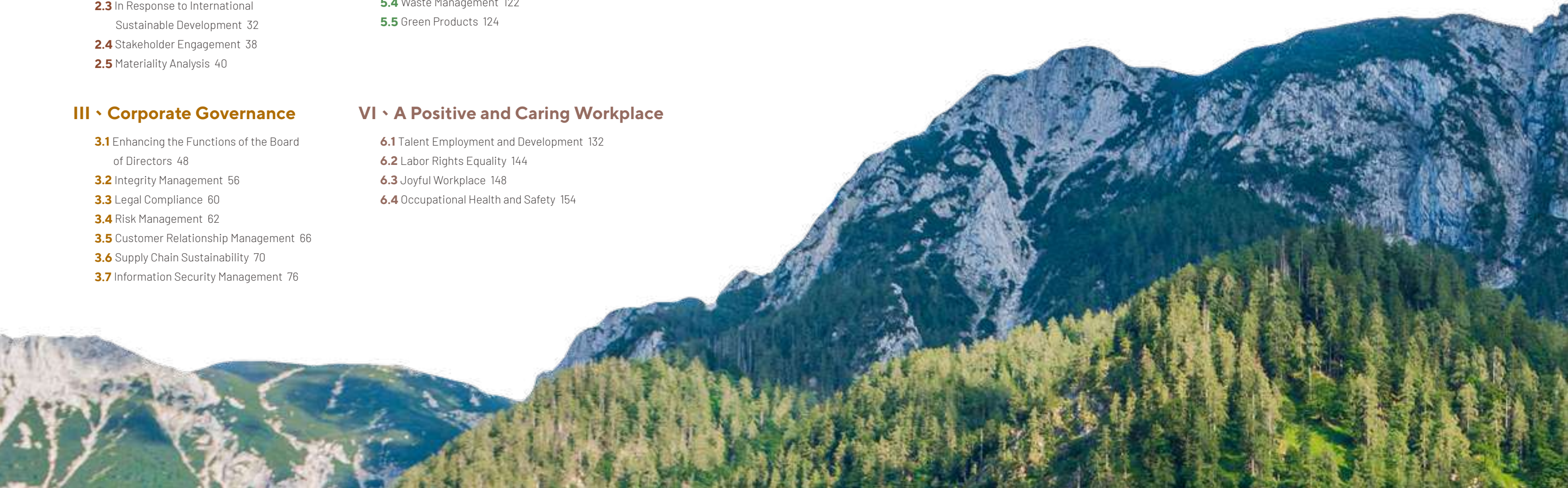
- 6.1 Talent Employment and Development 132
- 6.2 Labor Rights Equality 144
- 6.3 Joyful Workplace 148
- 6.4 Occupational Health and Safety 154

VII 、Social Prosperity

- 7.1 Social Welfare 160
- 7.2 From Ocean to Land - Investing in Education and Protecting the Ecosystem 165
- 7.3 Prosperity Through Reservation - Biodiversity Park 168

VIII 、Appendix

- 8.1 GRI Index Catalogue 172
- 8.2 The UN Global Compact 177
- 8.3 TCFD Task Force on Climate Related Financial Disclosures 178
- 8.4 2022 TCI List of Awards 180
- 8.5 Annual Donation Record 182
- 8.6 Association Member 182
- 8.7 ISAE 3000 Assurance Item Summary Sheet 184
- 8.8 Third-party Assurance Statement and Assurance Report 185
- 8.9 The GHG Emissions Validation Statement 188



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 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 launched the "Integrated Bioscience Design Trading Company" concept starting the first year of mergers and acquisitions, thus, aiming for further rapid global expansion and breaking new ground.

TCI Group consists of several subsidiaries, including TCI, MBI, TCI Gene, TCI Living, Quantum Biology Inc., SMY-IOP, 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!

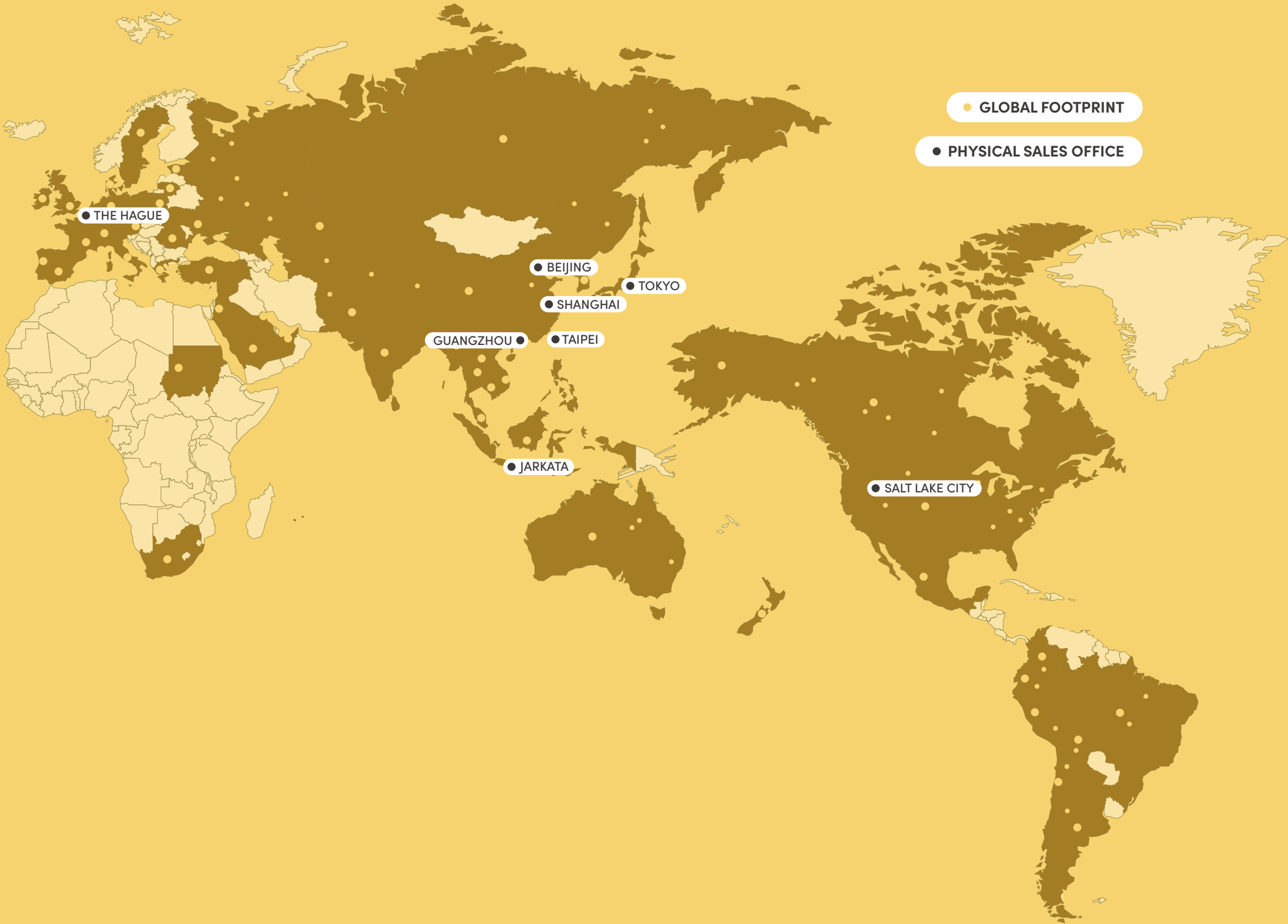


1.1 About TCI

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 2022, there were 875 employees in the TCI global organizations. 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 64 countries around the world. TCI aims to accelerate the development of higher-performance products based on “Integrated Bioscience Design (IBD)” and “BioResource 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 2022, its consolidated revenue reached NTD 7.43 billion. Through effective planning and development of the economy, environment, and society, TCI has created sustainable value for enterprises, the environment, and society and opened up the potential for shared prosperity.

* Prior to the publication of this report, sales expanded to 64 countries.



1.2 Main Products and Value Chain

Among the TCI Group, TCI has 43 years the history on Contract Development and Manufacturing Organization as its core business and has longest professional CDMO experience. 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 64 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, Standards, and Speed. The Precise iManufacturing Center (Rock Park) passed global GMP, GMPC, FSSC22000, SQF(Safe Quality Food), HACCP, ISO 9001, ISO22000, ISO 22716, ISO 14001 Environmental Management Systems, ISO 50001 Energy Control Management, ISO 45001 Occupational Safety and Health Management Systems ISO 14644, ISO 46001, ISO 14046 Water Management Systems, 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 for Australia, and the annual EcoVadis CSR assessment. In addition, TCI assists customers in FDA registration, China food marketing authorization, Indonesia BPOM application registration, and 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.

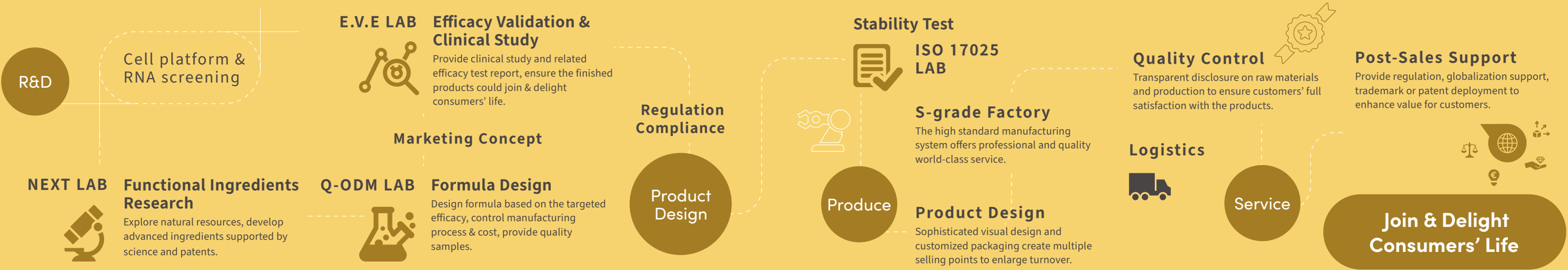
3S

SAFETY
STANDARD
SPEED

International Audit

Category	Audit	English	Country/Region	Rock Park (S5.S9.S12)	Rock Park (S11)	Golden mountain Park (S8)
GFSI	BRC	Food Safety Standards	International (EU & US)	V		V
	BRC	Food Safety Standards(Packaging Materials)	International (EU & US)	V	V	
	FSSC22000	Food Safety Management System	International	V		V
	IFS	International Food Safety Standards	International (DEU/FRA)	V		V
	SQF	Food Safety Standards	International	V		In process
	SQF	Food Safety Standards(Packaging Materials)	International	V	V	
	Global GAP	Good Agricultural Practices	International	V		V
	ISO 9001	Quality Management System	International	V		
ISO	ISO22000	Food Safety Management System	International	V	V	V
	ISO14001	Environmental Management System	International	V		V
	ISO45001	Occupational Health and Safety System	International	V	V	V
	ISO50001	Energy Management System	International	V	V	V
	ISO22716	Cosmetic Safety Management System	International	V		V
	ISO14064-1	GHG	International		V	
	ISO14644	Clean Room Standards	International	V	V	V
	ISO46001	Water Management System	International	In process	In process	
	ISO14046		nternational	In process	In process	
	ISO13485	Medical Facility Management System	International	In process		
OTHERS	TGA	GMP	International (AUS)	V		In process
	PAS2060	Carbon Neutrality	International	V	V	
	NSF	GMP	International (US)	V		V
	HACCP	HACCP	International	V		V
	TQF	GMP	TAIWAN	V		
	TFDA-GMP	TFDA-GMP	TAIWAN	V	V	
	GMPC	GMP	International		V	
	SMETA	Social Responsibility	International	V	V	V
	SA8000	Social Responsibility	International			V

Integrated Bioscience Design



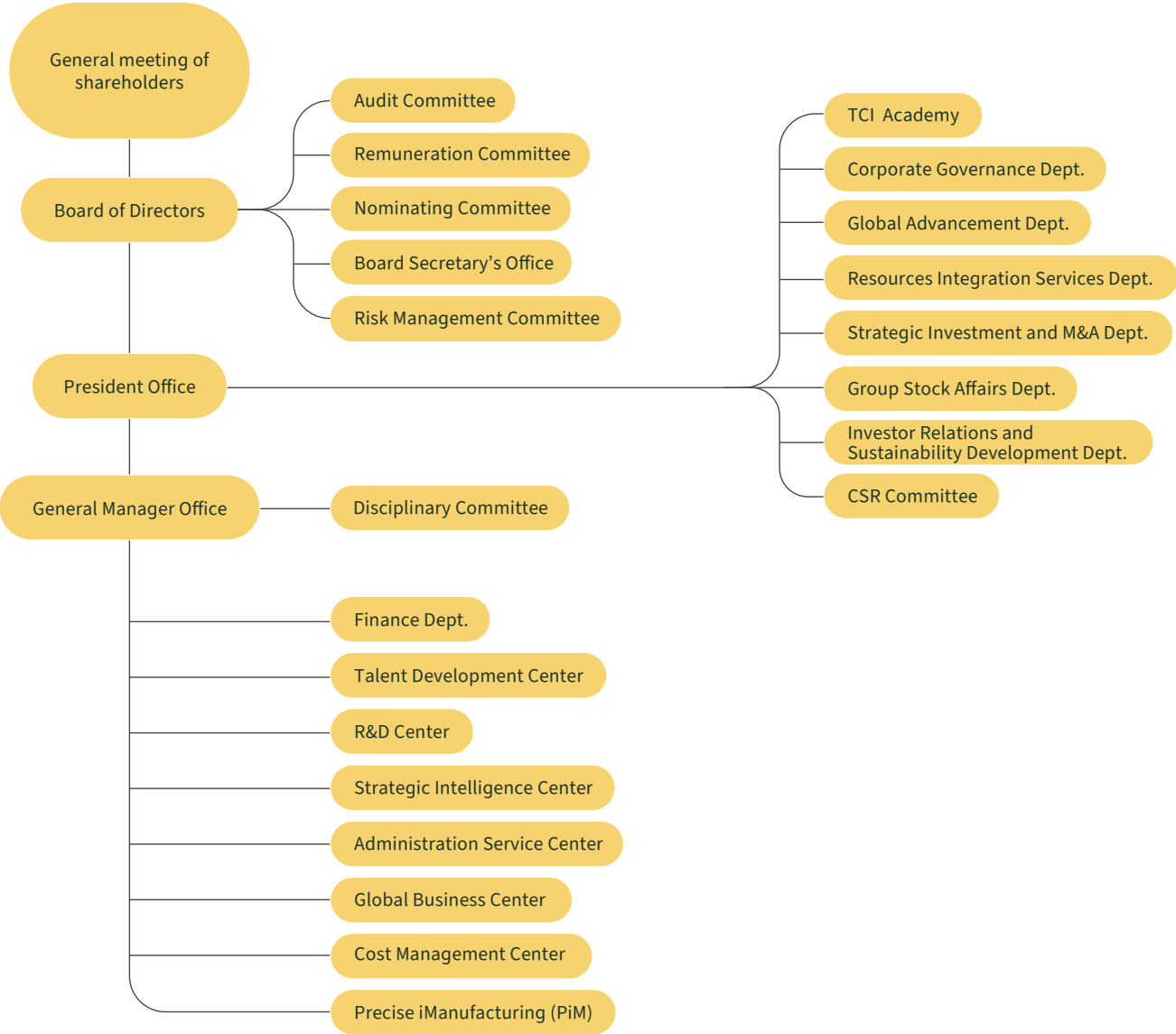
1.2.1 Exclusive Integrated Bioscience Design

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 64 countries worldwide. Committed to its CDMO business model, TCI creates market-steady and popular products for brand customers.

1.2.2 Create Differentiated Products

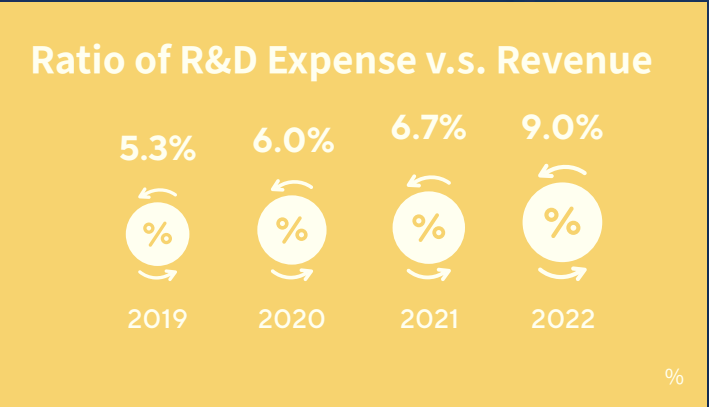
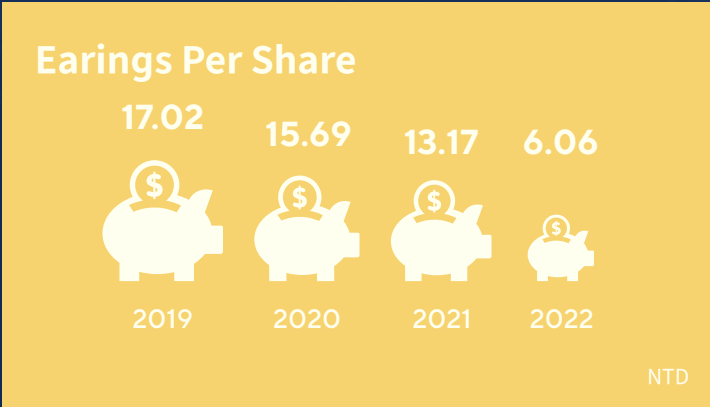
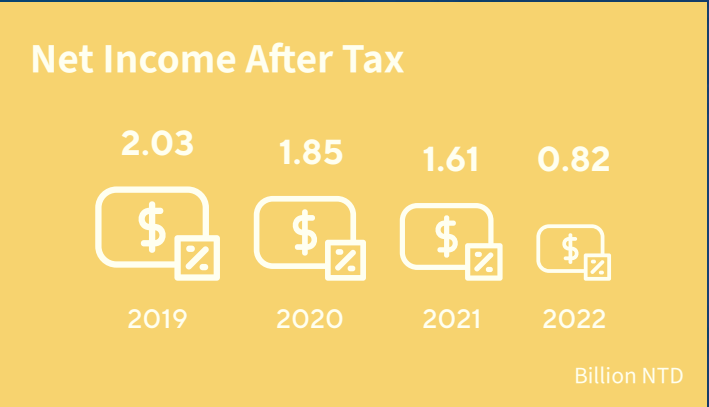
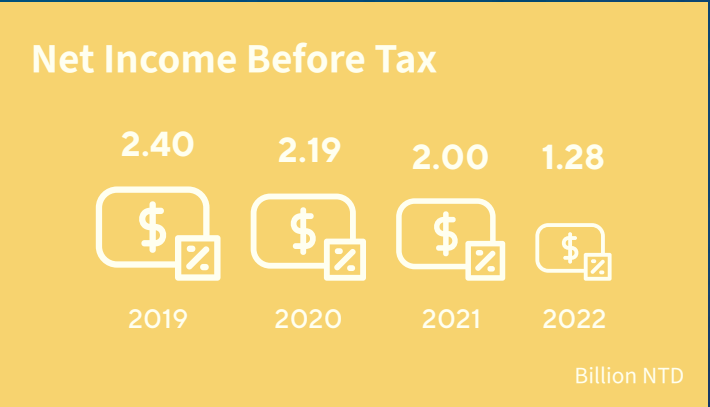
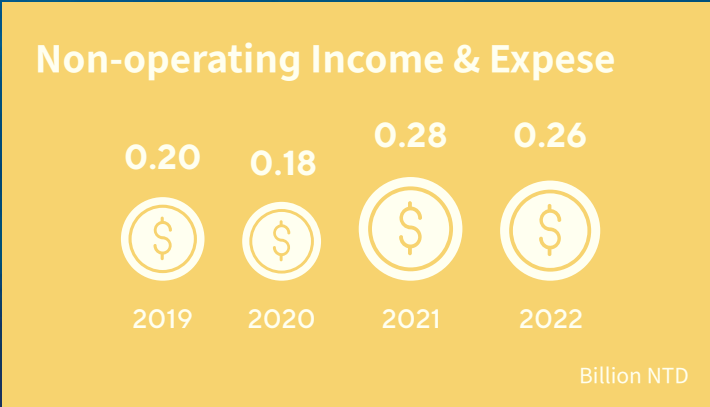
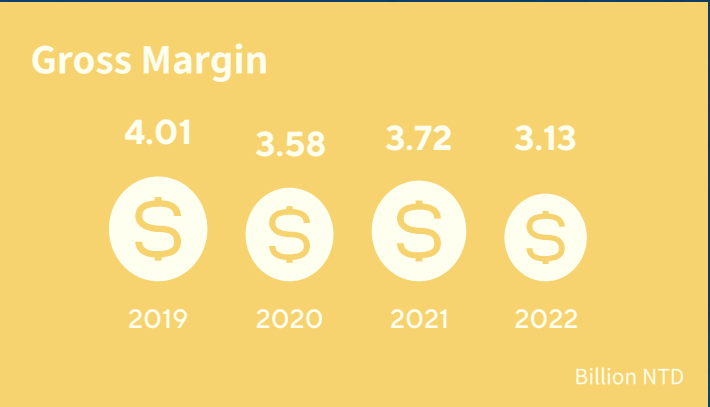
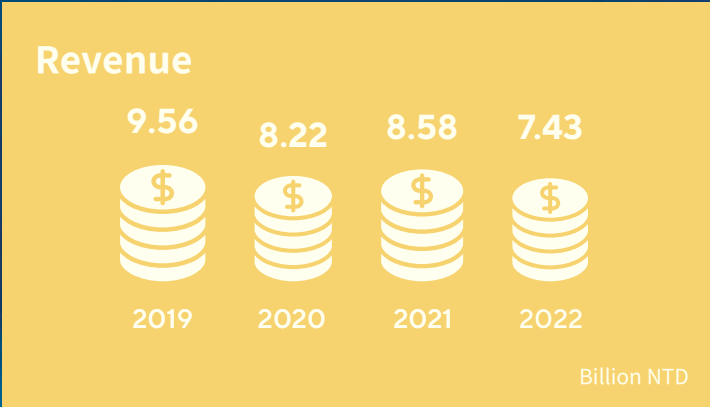
TCI adheres to the spirit of "loyal to customers." The Company designs and develops differentiated products for customers in the international market and assists customers in ensuring that their products satisfy consumer demands of different regions in terms of function, taste, user experience, and environmental 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.

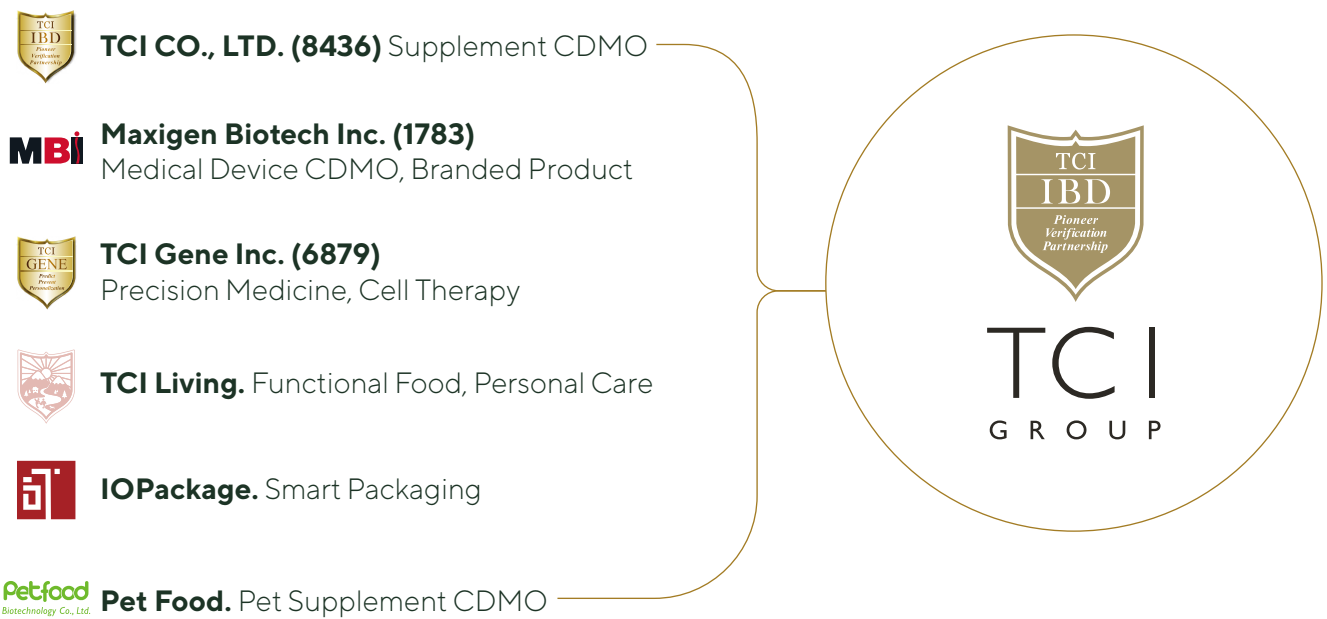
1.3 Organizational Overview



1.4 Operational
Overview

1.4.1 Operation Performance





1.4.2 Biotechnology-focused Diversification 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 diversification strategy.



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



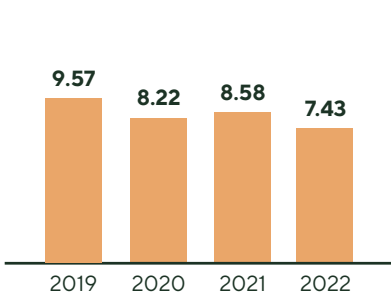
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Number of Directors

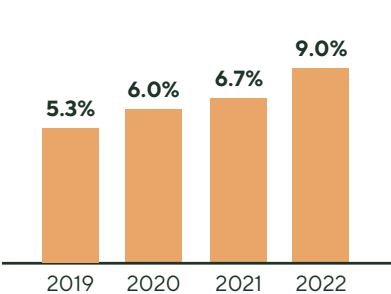


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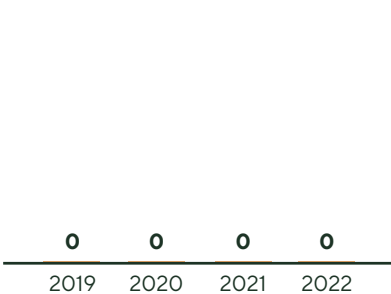
Number of Independent Directors



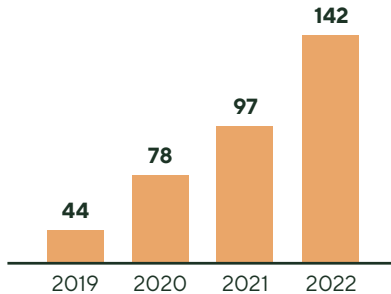
Company Revenue (NT\$ billion)



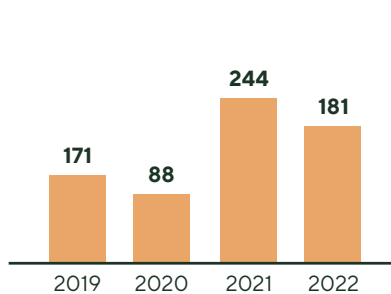
Ratio of R&D expenses to total revenue



Violation of ethics, integrity management incidents (case)



Number of Patents Obtained



Number of Trademarks Obtained

Environmental

Rock Park Golden Hill Park



S&P Global Sustainable 1

Participated in the S&P CSA in 2022 and scored in the top 13% of the world's personal care products industry



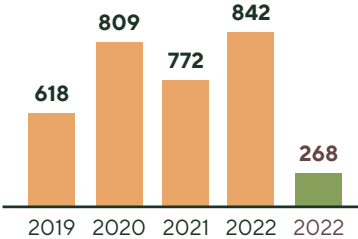
1,362kW 689kW

Rock Park Golden Hill Park

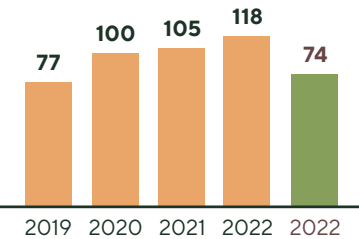
Solar Panel Installation Capacity



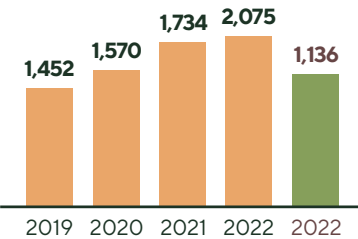
The first Taiwanese company has been granted permission to join the Alliance for Water Stewardship (AWS), an international organization for water resource management.



Energy production rate (GJ/\$Million revenue)



Electricity Intensity (MWh/\$Million revenue)



Water Intensity (tons/\$Million revenue)



Received a B grade in the 2022 CDP Climate Change Questionnaire and GREEN WORLD AWARDS



Social



46.3%

Female management job ratio



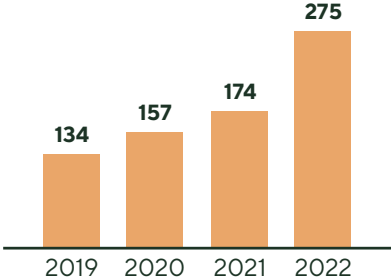
916,000 NTD

The average salary of non-manager full-time employees



53,273

Number of people completes lessons on the TCI App online learning platform



Education training hours per capita (hours)



Awarded Silver and Bronze for EcoVadis



Awarded Golden for Stieve Awards

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, with the Board of Directors as the highest level of supervision and carrying out concrete actions at all levels.

- TCI’s ESG policies includes the following aspects:
- Establishment of regulations on non-use of hazardous substances.
 - Procurement policies of conflict minerals.
 - Pollution prevention: air quality, waste, wastewater, noise.
 - Greenhouse gas management.
 - Mitigate food loss.
 - Use of resources and circular economy.
 - Biodiversity.
 - Equality of human rights.
 - Prohibition of sexual harassment and various forms of harassment such as verbal, physical, and stalking.

2.2.2 ESG Development Structure

The ESG Committee promotes the sustainability affairs of TCI, and the Chairman leads the ESG Committee as the Chairperson. The Chairman appoints members of the ESG Committee who represent the top executives of each department, consisting of 19 senior executives. The professional capabilities of the Committee members include fields such as finance, legal affairs, business development, information technology, ESG, corporate governance, human resources, etc., and participate and discuss ESG projects and provide cross-departmental resources. 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 ESG Committee routinely convenes a meeting every quarter and reports to the Board of Directors at least once a year.

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.



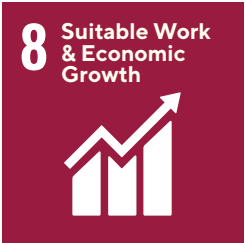
Goals 7 | Affordable and Clean Energy

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 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 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 Initiatives

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	Affected companies must commit to using 100% renewable energy by 2050	100% use of renewable energy by 2030
EP100	2019	Affected 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.
	2022	Improving the sustainable management of water resources: implementing internal(organizational)and external(watershed)measures to maximize the water resource benefits for society, the environment, and the economy.	The first Taiwanese company has been granted permission to join the Alliance for Water Stewardship(AWS), an international organization for water resource management.

2.4 Stakeholder Engagement

Through the ESG Committee, TCI invites interdepartmental colleagues 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 Methods

To handle and respond to the issues of stakeholders’ concerns, 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	2022 Communication Results
<div>Investors</div> <div></div>	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 4 investor conferences TCI attended 2 investor forums In addition, there are immediate responses to investor calls and emails to maintain an open engagement channel.
<div>Customers</div> <div></div>	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	TCI conducted 10,400 business review meetings. Customer needs were immediately feedbackedto senior executives of various departments. The Company formulated specific response policies after unobstructed engagement to rapidly respond to customer needs and expectations.
<div>Suppliers</div> <div></div>	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	TCI held 2 supplier meetings and engaged all supplier suggestions through open channels.
<div>Employees</div> <div></div>	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 2,691 proposals and opinions from employees in labor meetings, proposal meetings, internal communication channels, and TCI Service, and engaged all through open channels.
<div>Communities</div> <div></div>	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 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 12,585 participants. Furthermore, TCI sponsored 2 local Pingtung athletes; and sponsored 60 Pingtung national elementary school children with nutritious lunches.
<div>Government</div> <div></div>	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 for Identification of Material 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 CSR report, and set up the goals of internal sustainability management so as to continuously improve sustainable operational performance, strengthen information disclosure and take necessary measures.

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 Standards(2021)and the Sustainability Accounting Standards Board(SASB)Standards 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 10 material issues.



Process for Identification of Material Topics

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.

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

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, 6 social issues.




Approval of Material Issues



In 2022, the Company has analyzed 10 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 (Downstream)
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	⊙	
Environment		4.1 Innovation and R&D	201 Economic performance		⊙
		5.1 Climate change and carbon management	201 Economic performance 302 Energy 305 Emissions	○	○
		5.2 Energy management	302 Energy	○	○
		5.5 Green product	302 Energy		○
			306 Waste		
Social		6.1 Talent employment and cultivation	404 Training and education	⊙	
		6.2 Equality of labor rights	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

TCI's "Organizational Regulations for the Nomination Committee" and "Director Election Procedures," it is stipulated that the selection of directors should consider their professional knowledge, skills, experience, as well as diversity in terms of gender, age, nationality, culture, and other aspects. Additionally, by Article 192-1 of the Company Act, the nomination of members of the highest governing body incorporates the perspectives of shareholders. Furthermore, the governance supervisor of the company attends both the nomination committee and the board of directors to ensure the independence of director candidates and to prevent situations where directors have spousal or immediate family relationships within the second degree of kinship.

The Board of Directors of TCI consists of three directors and four independent directors, with a term of three years and an average tenure of 7.3 years. Among the seven directors, two are female directors (one female independent director and one female representative director). The board members possess professional and practical experience in areas such as business management, accounting, economics, biochemistry, and industry marketing. The overall composition of the board aligns with the company's operational development and strategic objectives. The board provides timely decision-making recommendations and adheres to the Code of Conduct for Board Meetings to avoid conflicts of interest. If a director or manager engages in activities within the company's business scope or potentially generates conflicts of interest, they are required to follow the regulations outlined in the Code of Conduct for Board Meetings. In addition to specific expertise or knowledge backgrounds, the composition of the board also considers the skills such as operational decision-making ability, leadership, crisis management, and international perspectives to strengthen the supervisory role of the highest management unit. In line with industry trends and the company's operational strategy, the directors participated in training programs in 2022 covering topics such as implementing corporate sustainability and social responsibility, corporate governance, proxy risk management, capital market operations, private acquisitions in the biotechnology industry, and risk management of significant company transactions.

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." 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. In the future, an external organization will continue to conduct performance evaluations of the Board of Directors at least once every three years. In addition, TCI formulated the "Board of Directors Self-evaluation or Peer Evaluation Management Measures" and conducts internal performance evaluations at least once a

year. The evaluation is conducted using a self-evaluation questionnaire. Furthermore, the Taiwan Corporate Governance Association provides counseling, training, evaluation, and assessment services related to the corporate governance of listed companies. Therefore, TCI arranged for the Taiwan Corporate Governance Association to conduct an external organization performance evaluation of the Board of Directors. The external organization reviewed the following issues comprehensively in 2021.

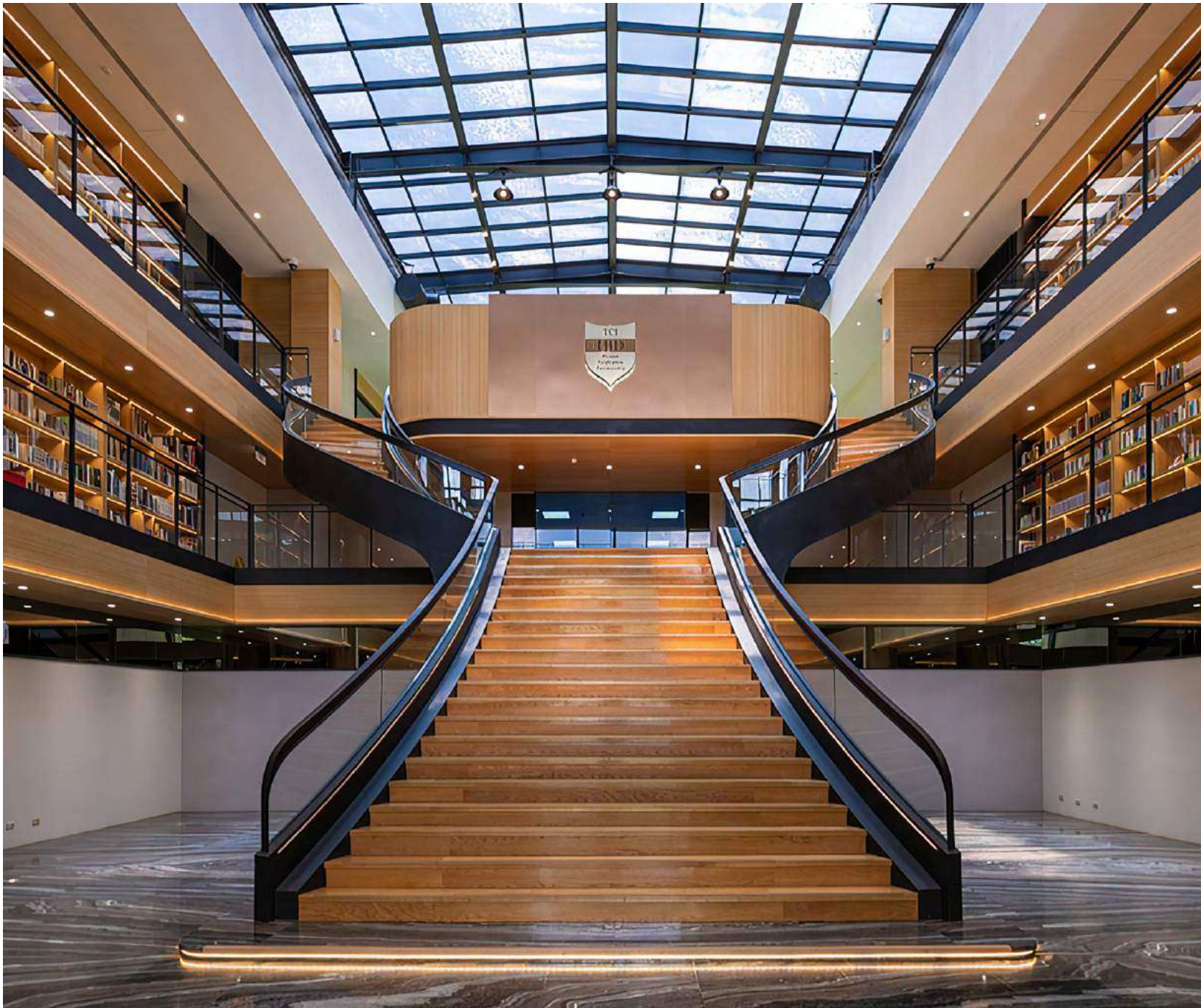
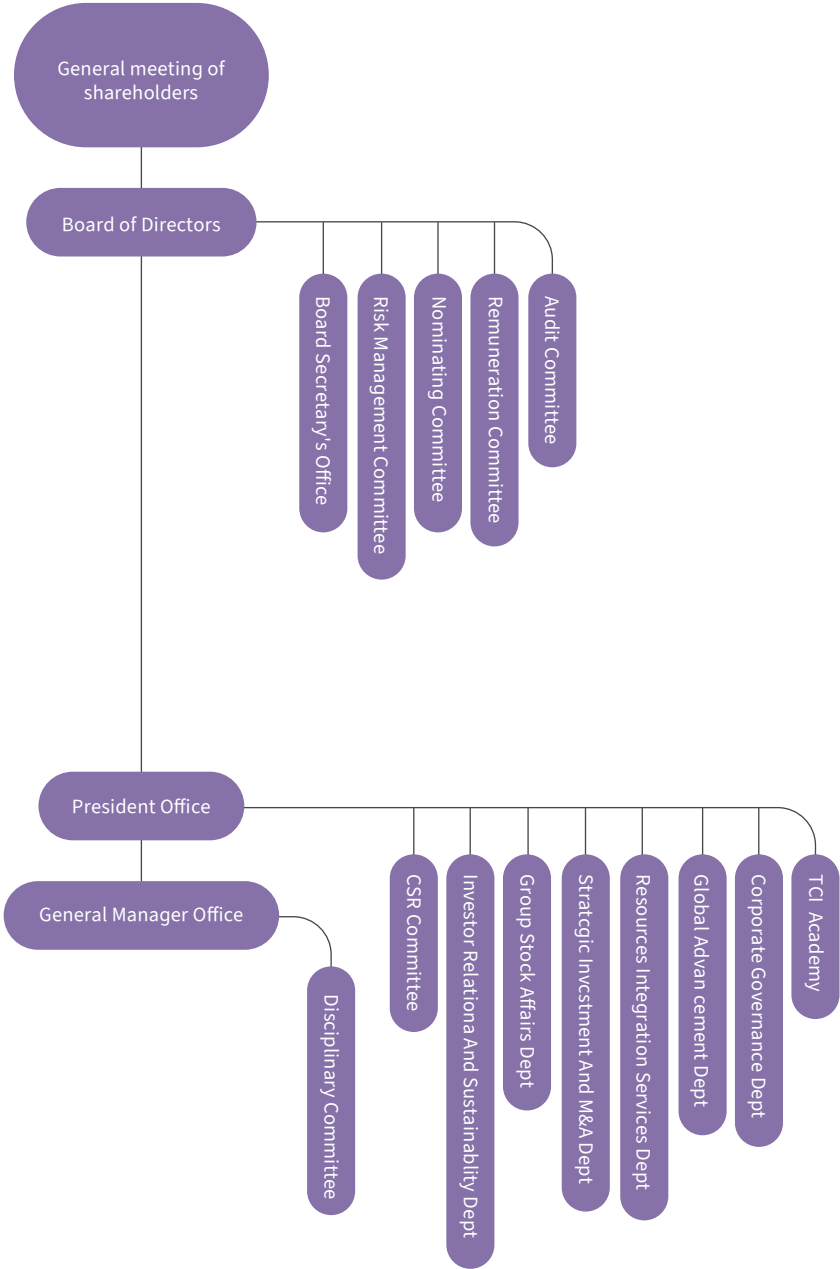
Evaluation Items of the Board of Director's Performance by an External Organization

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.)

3.1.2 The Structure of the Board of Directors and Functional Committees

	Constitute	Responsibilities	Frequency of meetings
<div><div>Audit Committee</div><div></div></div>	The Audit Committee consists of 4 independent directors.	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.	At least 1 regular meeting per quarter. A total of 7 regular meetings convened in 2022 with an 89% attendance rate.
<div><div>Nominating Committee</div><div></div></div>	The Nomination Committee consists of the Chairman and 4 independent directors.	<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 "Nomination 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.	A total of 1 regular meeting convened in 2022 with a 100% attendance rate.
<div><div>Remuneration Committee</div><div></div></div>	The Remuneration Committee consists of 4 independent directors.	<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.	A total of 5 meetings convened in 2022, with an average attendance rate of 90%.
<div><div>Risk Management Committee</div><div></div></div>	The Nominating Committee consists of the Chairman and 4 independent directors.	<ol style="list-style-type: none">1.To strengthen corporate governance and ensure the sound operation and sustainable development of the company, the decision was made by the Board of Directors on May 6, 2022, to establish a "Risk Management Committee."2.The committee members are appointed by the Board of Directors, with a minimum of three members, more than half of whom are independent directors. Additionally, at least one member possesses the required expertise for the committee. The committee's role is to review the company's overall risk management policies and strategies, improve mechanisms, and regularly report its implementation to the Board of Directors.	On December 28, 2022, the Board of Directors passed a resolution to establish the risk management plan for the company for the year 2023. Additionally, a new Chairman (Convener) was appointed for the Risk Management Committee as part of the plan.

3.1.3 Corporate Governance Structure



3.1.4 Significant Issues Reported to the Board of Directors

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 2022.

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. In the 2022 report to the Board of Directors, it was mentioned that TCI had a total of 908 global patent applications and 567 approved patents. No significant abnormalities were detected in intellectual property management in 2022.

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.

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.

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.

2022 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	4
Management level interdepartmental job rotation	50
Business management related training	32
Number of Total	50 (5.7% of total employees)

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.
3. Full-time employees must sign the Integrity Procedures and Guidelines.
4. Integrity Management Education and Training

2022 Performances

1. **0** business violations of integrity management regulations and conflict of interest incidents
2. **100%** coverage rate of employee integrity management education and training.
3. **100%** of full-time employees signed the Integrity Procedures and Guidelines in 2022.

2023 Target

1. Maintain **0** business violations of integrity management regulations and conflict of interest incidents
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 at the source.

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 regarding 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 ensures that employees do not engage in fraud, misconduct or other misconduct.
- TCI prohibits directors, managers, employees and other insiders from engaging in or instructing others to engage in any illegal or unethical behavior for any reason
- Directors, managers, and employees must adhere to integrity and disciplinary standards, and clearly define the code of conduct for employee behavior.

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 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 2022, TCI offers 16 courses on integrity management, covering a wide range of topics such as legal affairs, taxation, legal transactions, and business secrecy, with 2,996 training hours and 5,506 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 with laws and regulations.

Aspects of Legal Concerns

Legal Aspects	Laws	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, Corporate Governance Department, Audit Division, 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, Corporate Governance 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, Corporate Governance Department.
Quality Safety	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, Corporate Governance Department.

Legal Compliance Implementation

In 2022, TCI did not receive any warnings or fines from relevant government agencies for violating corporate governance, labor, environmental protection, quality, or safety regulations. There were also no occurrences of executives violating insider trading laws or receiving customer complaints regarding privacy infringements.

Non-Compliance Record (Disclosure of Major Non-Compliance Incidents below.)

Non-Compliance Category	Penalties or Fines	Description
Environmental Protection	None	
Labor	None	
Human Rights	None	
Quality Safety (Product Recall)	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



2022 Performance

Invest NT\$**106** million in capital expenditures to address potential climate-related risks

2023 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 64 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 works with suppliers in a long-term partnership and collaborations, actively creating a model for good collaboration.
Information Security Risk	Phishing Threats	TCI has ISO 27001 certification and has developed an information security policy in accordance with the company's internal management requirements. It has established a comprehensive information security system and proactively conducts regular information security drills within the organization to enhance employee 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 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, 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



2022 Performance

- 1. Through written or telephone inquiries, a customer satisfaction survey was conducted, revealing a customer satisfaction rate of **92.1%**. The survey data was collected from key partner clients, with a revenue coverage rate of 68%
- 2. **0** incidents of violation of privacy regulations, policies, or disputes.
- 3. **100%** coverage rate of information security education and training

2023 Target

- 1. Through written or telephone inquiries, a customer satisfaction survey was conducted, revealing a customer satisfaction rate of **95%**. The survey data was collected from key partner clients, with a revenue coverage rate of **70%**
- 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,' which includes aspects such as product research and development, product pricing, quality, customer service, delivery timelines, and other elements. This survey focuses on reviewing and improving issues that customers value, serving as a reference for formulating business strategies. In 2022, a customer satisfaction survey was conducted through written or telephone inquiries, resulting in a customer satisfaction rate of 92.1%. The survey data originated from key partner clients, with a revenue coverage rate of 68%. 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.

3.5.2 Customer Right and Privacy

Purpose of Privacy Management

The trust of those whose data is collected 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 strengthen 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 2022, 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.



2022 Performance

- 1. 105 suppliers signed the Supplier Code of Conduct, with first tier suppliers accounting for **62.5%** of the endorsement rate. First tier key suppliers had a **100%** endorsement rate.
- 2. 168 ESG self-assessment forms were evaluated, **100%** evaluation rate.

2023 Target

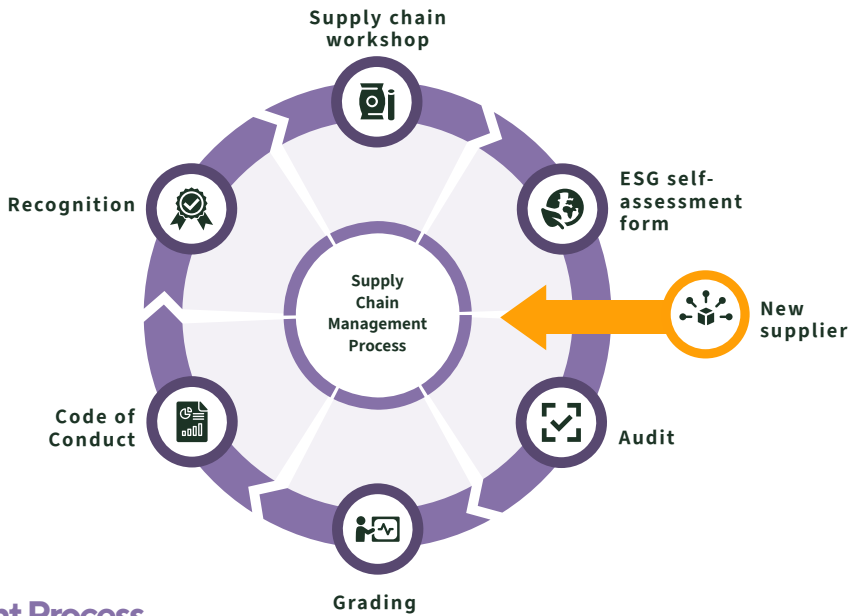
- 1. **100%** of new suppliers sign the Supplier Code of Conduct.
- 2. **100%** evaluation rate of ESG self-assessment form from first tier suppliers

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•Prohibition of sexual harassment and various types of harassment	<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 Method	Execution Ratio	Future Management Focus
First Tier Supplier	Evaluation rate of ESG self-assessment form	100 % (Total of 168 suppliers, 168 suppliers completed the assessment)	Strengthen on-site audits
	Sign the Supplier Code of Conduct	62.5% (Total of 168 suppliers, 105 suppliers signed)	Continue to increase the percentage of supplier signatures 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 evaluation rate of 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.



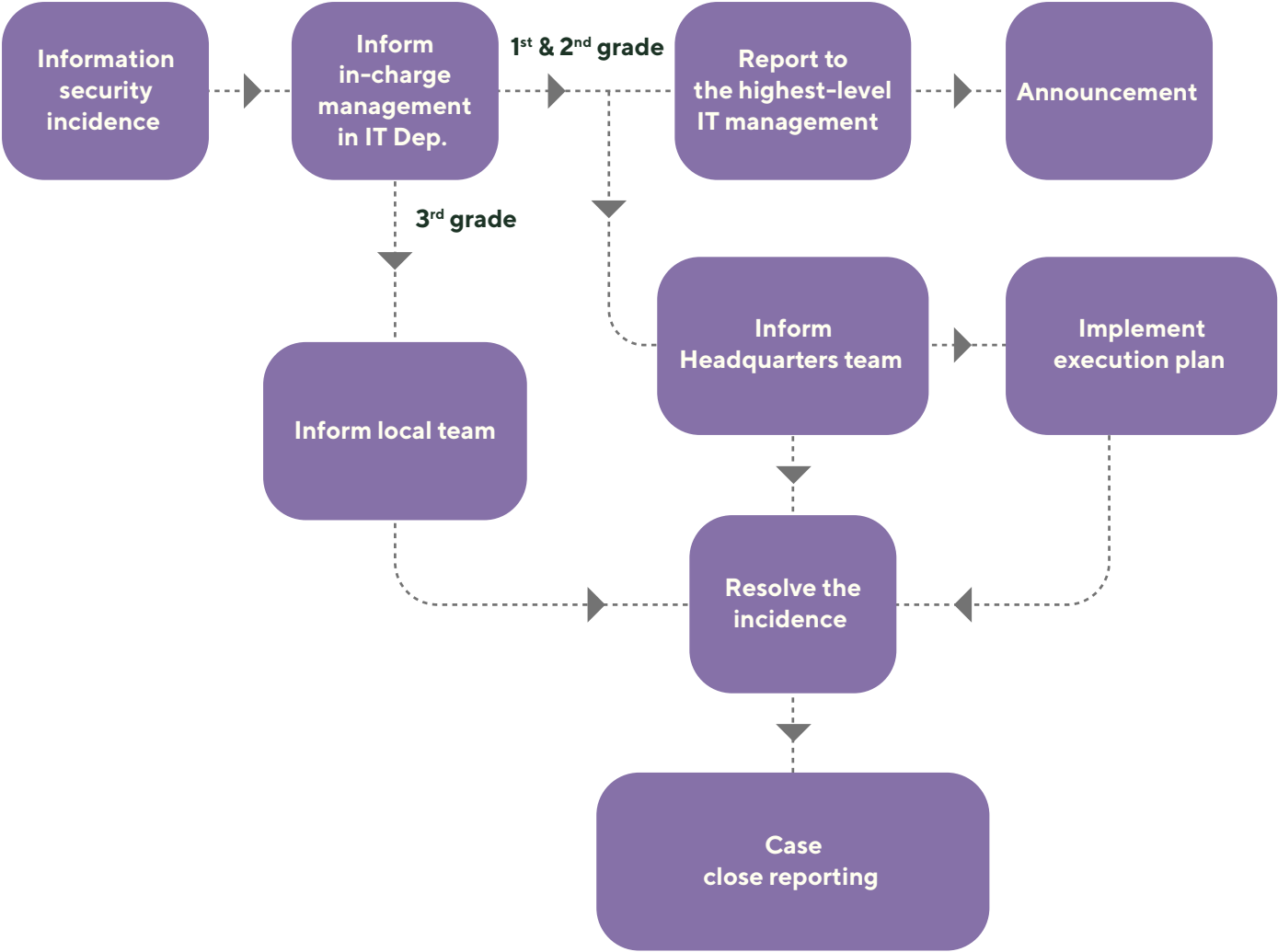
3.7 Information Security Management

Information Security Policy

TCI uses ISO 27001 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. Strengthen Information Security Awareness: New employees are required to participate in the “New Employee Information Security Education and Training,” and employees are required to participate in regular “Information Security Advocacy” and the semi-annual “Information Education and Training Exam.”
- 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.



2022 Information Security Management Actions

Action Programs	Action Plan	Implementation Results
Information Security Defense	Through data analysis, anomalies can be effectively detected, and real-time handling can be provided to the relevant units.	We continue to analyze and address information security incidents, proactively blocking abnormal connections and suspicious emails to reduce the risk of hacker attacks and data breaches.
	Continuously optimize the information security management platform and enhance the capabilities of advanced persistent threat (APT) protection systems and incident analysis and investigation.	
	Establishing a dedicated cybersecurity unit to collaborate with the existing cybersecurity team, aiming to strengthen the collaborative defense for enhanced cybersecurity.	We have established a dedicated cybersecurity unit to strengthen information governance.
	Enhancing endpoint protection mechanisms and endpoint management functionalities, coupled with endpoint malware detection operations, to strengthen the defense-in-depth capabilities.	Strengthened antivirus protection and operations for personal computers and servers, analyzing suspicious programs and behaviors.
	Conducting regular penetration testing on the systems to identify potential vulnerabilities and enhance the overall security posture.	Complete a real-world test at least once a year to meet cybersecurity requirements for service capacity, contingency response, and timely reporting of conditions.
	Continuously conduct regular vulnerability scans on the system	We have completed regular vulnerability scanning and remediation using publicly disclosed system vulnerabilities.
	Continuously provide relevant patch management for system vulnerabilities on an irregular basis.	We have completed the irregular system patching for critical security vulnerabilities



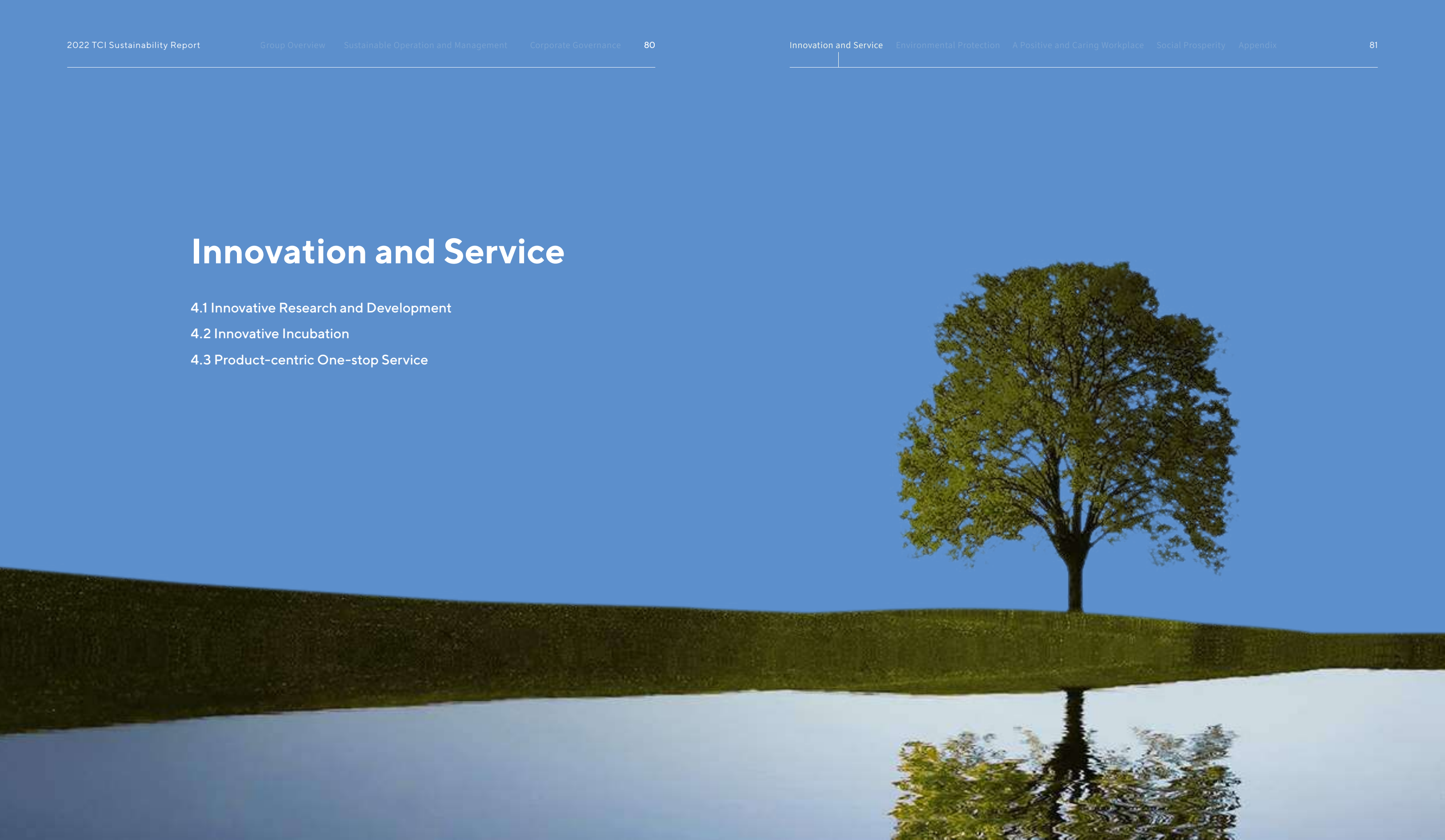
In 2021, TCI establishes a dedicated information security unit to coordinate, manage and supervise all information security operations of the Group. In addition, dedicated information security engineers handle information security work regularly, conduct vulnerability scans, social engineering drills, protection system effectiveness checks, and other related information security tests, and provide related information security dissemination and education and training courses. In 2022, 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 R&D talent recruitment, raw materials, manufacturing processes, formulas, and packaging.



2022 Performances

- 1. 2022 intelligent manufacturing system optimization, manufacturing process improvement in production efficiency, saving cost, and reducing losses, with an estimated benefit of approximately NT\$**36** million.
- 2. TCI's patent commercialization value reached NT\$**2.3** billion in 2022.
- 3. Research and development expenses amounted to NT\$**\$670,095** thousand, accounting for 9.02% of the total revenue.

2023 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 R&D Results of Integrated Bioscience Design

TCI has invested in the "Turning Agricultural Waste into Gold" recycling project since 2015 in response to drastic climate change. TCI utilizes its proprietary "bioresource data mining platform" to explore whether these discarded "plant wastes" still possess structures and ingredients with health benefits. In 2022, TCI aimed to globalize its business and invested \$670 million in researching plant waste, especially Happy Banana®, a natural ingredient highly favored by international markets, and became the first New Dietary Ingredients (NDI; Certificate No.: 1206) certified by the USA FDA in 2021. In addition, we developed Happy Angel® extracted from the banana stamen. During the same year, we obtained the US FDA's certification of New Dietary Ingredients (NDI) (Certificate No.: 1205), a remarkable achievement. Thus, it shows that TCI created a sustainable circular system where agricultural by-products can be recycled, reused, and upgraded. Currently, the ratio of TCI's circular economy products achieved a remarkable 25.9%.

[New IBD and Its Ingredients] White Jade Pomegranate

Using the high-temperature cracking extraction technology, TCI maximizes the resource utilization of white jade pomegranate. It releases the natural antibacterial agents found in white jade pomegranate, such as polyphenols, flavonoids, and tannic acid. Experimental studies have confirmed its effectiveness in relieving discomfort in intimate areas. In 2022, it was honored with the ITE London International Invention Award.

[Sustainable Raw Material Utilization] D Cream Jar

In 2022, TCI continued to explore sustainable raw materials through collaboration with local farmers. We repurposed the residual Djulis husks left after selling Taiwanese Djulis, transforming agricultural by-products into skincare product containers. The bottle caps are made from marine waste, while the appearance maintains its natural design. The replaceable inner core fuses with the recycled plastic, aligning with the 3R concept of environmental protection: Reduce, Reuse, and Recycle.

[Microbiome Series]

In response to changing dietary habits and associated health concerns, TCI developed functional probiotics. This includes the TCI227 Gout Relief Probiotics for alleviating symptoms of arthritis, TCI803 Gastric Protection Probiotics for protecting the stomach lining and reducing inflammation, and TCI904 Fat Burning Probiotics for suppressing fat enzyme activity and reducing fat accumulation. TCI's achievements in probiotic development have resulted in 6 patents and recognition with the Bronze Medal at the 2022 Geneva International Invention Exhibition and the Silver Medal at the 2022 Tokyo International Genius Invention Exhibition.

[Collagen]

Utilizing our strengths in research and development, TCI has created the customer product 'Maxi Collagen Ultimate Collagen' using a medical-grade collagen manufacturing process. It incorporates 5000mg of high-concentration tripeptides. The patented double 2 Nutri® technology, validated through clinical trials at National Taiwan University, has been shown to increase the absorption rate of water-soluble vitamins by 133%. This outstanding data has earned us eight international patents and six awards. In 2022, we partnered with the Belgian

international company VeCollal® to introduce the world's first 'biomimetic collagen efficacy raw material,' which closely resembles human collagen. This innovation will also be applied in the development of various health products, aiming to create animal-free, low-carbon, and sustainable collagen efficacy health products for our customers in 64 countries.

[Formulation Innovation]

TCI employs exclusive formulation innovation technology, the TDN Micro-Lipid Encapsulation Technology - TCI double 2 NUTRI®, ensuring product stability, emulsion stability, and rapid absorption without the need for physical digestion intervention. This technology enhances absorption rates by 22% and concentration rates by 30%, while completely retaining the stability and efficacy of the active ingredients. The Lipo powder utilizes micro-lipid encapsulation technology, proven in human experiments to have superior absorption compared to conventional vitamin C formulations. Lipo Vit C (vitamin C encapsulated with TCI's double 2 NUTRI® technology) has excellent absorption and can stay in the body for up to 8 hours, resulting in a two-fold increase in absorption. TCI's exclusive formulation innovation technology provides customers with more efficient products, reduces packaging waste, and significantly lowers carbon emissions. This technology obtained 13 patents domestically and internationally and received the 2022 National Innovation Award.

2023 Innovation and Research Development Goal

[Probiotics and Quality Development]

Probiotics have been developed for over 40 years and have been found to promote not only gastrointestinal health but also scalp health, intimate care, and sports performance. Currently, TCI focuses on the development of functional probiotics, with expected applications for allergic rhinitis, hearing health, appetite control, and other areas. The goal is to develop 20 new products. Additionally, TCI is working on developing specific prebiotics for the Akkermansia muciniphila bacteria, aiming to regulate human health by increasing the population of this beneficial bacteria in the body. The plan is to develop 9 new products in this area.

[Sustainable Product Development]

TCI's waterless sheet mask utilizes special plant extraction technology to extract essences from agricultural by-products such as Taiwanese Djulis, pineapple skins, and discarded citrus unripe freeze-drying technology securely locks the essence onto a natural fiber cloth mask. The mask only requires a small amount of water to apply, and the finished packaging is a recyclable paper bag that can be recycled after use. The mask production factory is the world's first LEED Gold-certified solar-powered green factory, making the entire process environmentally friendly. TCI also utilizes ocean-recovered PCR recycled plastic to replace the intermediate layer of conventional mask pouches, further enhancing the use of eco-friendly packaging materials.

Important Awards and Recognition

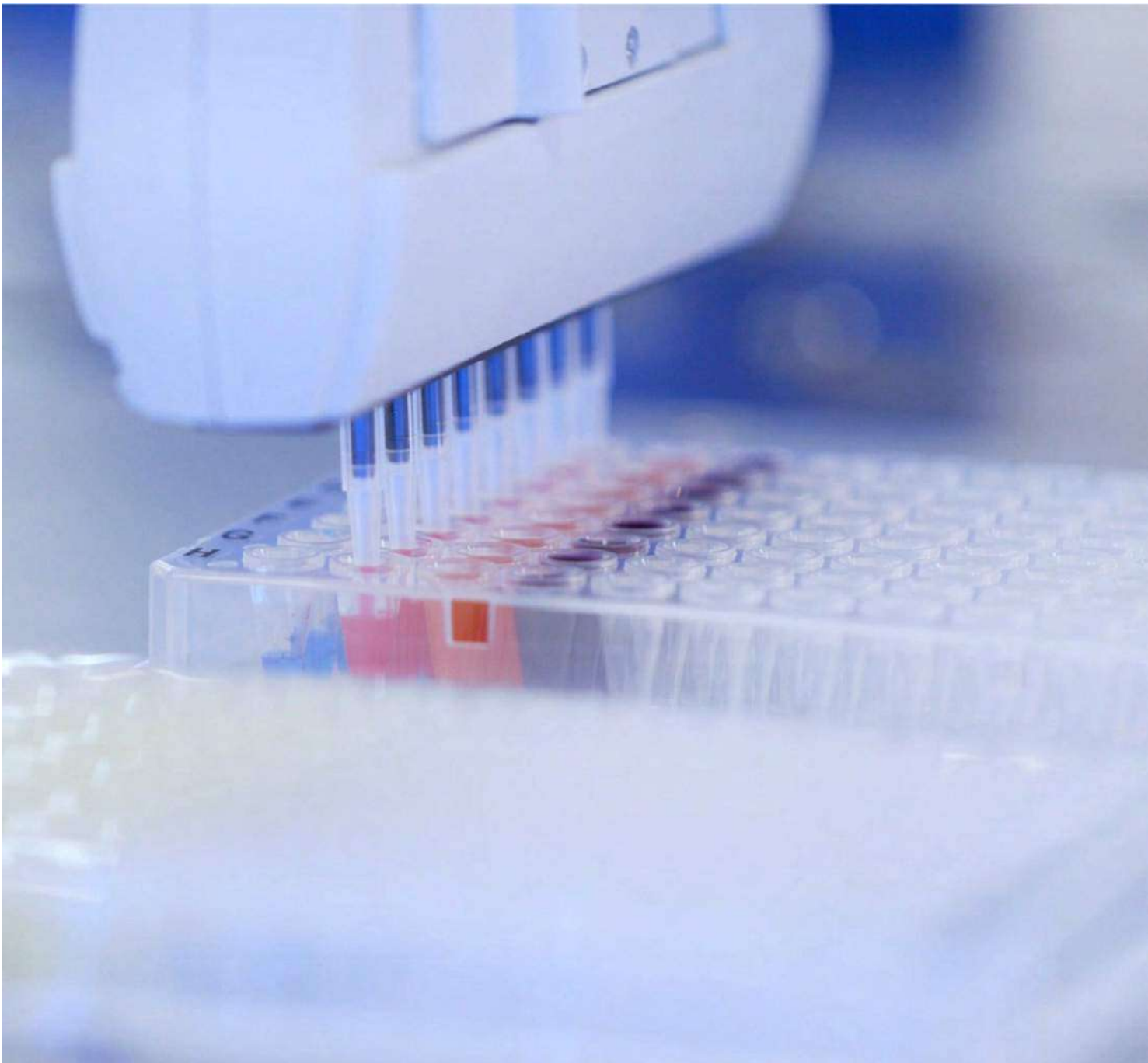
	Awarded Products	Award
2022 The Geneva International Invention Award	Rose Apple Extract, Yellow Pitaya Ferment, TCI188 Oral Care Probiotics, TCI227 Gout Relief Probiotics, Golden Clam Peptide, Biomimetic Peptide HAPA-5, Slim BT Formula, MBI-Maxi Collagen	4 bronze and silver medals and 3 gold medals
2022 The Tokyo Genius International Invention Award	Bayberry juice, Black Diamond Apple Juice, Bacillus coagulans TCI803, Lactobacillus paracasei TCI708, MAXIHA	3 gold medals and 2 silver medals
2022 The Canada International Invention Award	Probio-Ark Delivery Tech, Gentiana scabra extract, Kanzan Cherry Liquid, Relax Mint Catnip Extract, Kiwi Berry Extract, Fermented Geisha (Plum) Juice, Clpb Formula (black tea soybean peptide compound powder)	7 gold medals, 5 special awards, and 2 convention special awards
2022 The London International Invention Award	Lactobacillus bulgaricus TCI904, White Pomegranate Juice, Saskatoon Berry Extract, Humanoid Collagen Peptide	4 gold medals, 2 special awards, and 2 convention special awards
2022 International Invention Award in Paris, France	TCI-Effective Clean Beauty – the outer packaging of the product uses marine-recycled materials and post-consumer recycled materials	Bronze medal

	Awarded Products	Award
2022 German IF Design Award	Condensed Lutein Drops	Winner
2022 National Startup Award	double 2 NUTRI®	Winner

Note: Please refer to the Appendix for the complete list of TCI's awards for 2022.

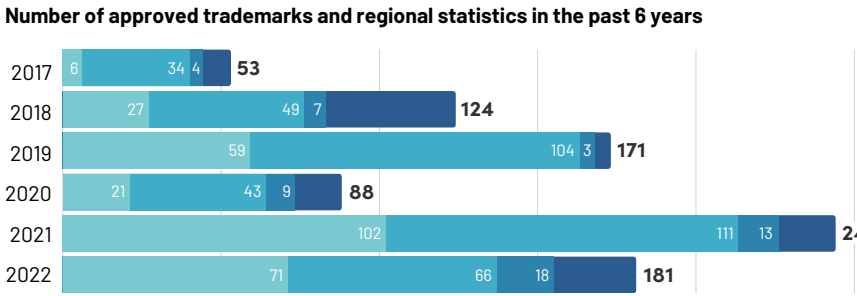
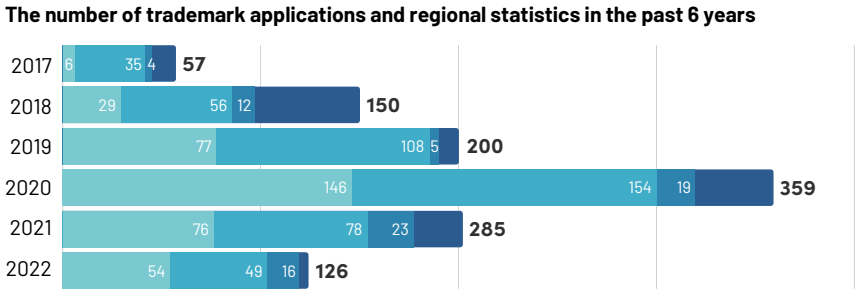
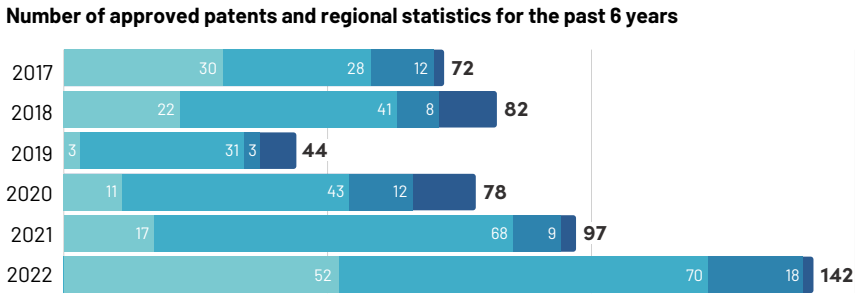
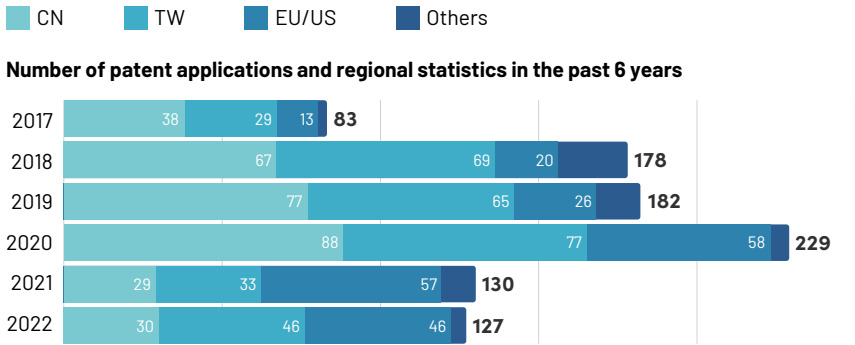
4.1.2 “Bio-Resource Data Mining” Model

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 Deployment

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 2022, there were 929 accumulated patent applications and 515 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 2022, there were 1,177 trademark applications, 861 approved trademarks, and trademark applications in 30 countries worldwide.



4.2 Innovative 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



Q O D M 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).



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.

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.

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 Innovative 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. The winning teams receive the "TCI Coin" Research and Development Innovation Bonus to encourage internal innovation and stimulate the development of new solutions.

2022 Key System Optimization Projects

System Name	Optimizing 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">• Quickly correct production loss rates and reduce losses• Reduce manpower of logistics and at support sites

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 2022, 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.

4.2.4 External Innovation Incubation

In addition to internal research and development and innovation, TCI strives to invest in cultivating 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 2022, TCI invited 20 startup companies for discussions, leveraging its 43 years of industry experience and expertise in three key areas to assist the startup industry. Additionally, TCI provided financial support of 2 million NTD to the AAMA(Asia America MultiTechnology Association)Cradle Program. Mr. Lin Yung-Hsiang, Chairman of TCI, personally served as a mentor to offer guidance and support to the program. 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. 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. 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.

4.2.5 Open Innovation

[Clinical Trial Response Product Sales]

TCI has an excellent in-house R&D team dedicated to R&D innovation and through clinical trials with hospitals to understand and prove the safety of new products. In 2022, we collaborated with institutions such as Chung Shan Medical University Hospital, China Medical University Hospital, National Pingtung University of Science and Technology, Taipei Medical University Hospital, and Chia Nan University of Pharmacy and Science to evaluate the efficacy of various products, including probiotic TCI227, ketogenic enzymes, probiotic TCI904, TCI711, red quinoa, and citrus fruits, and others.

[Collaboration with Academic Units to Shorten the Research and Development Schedule]

Ceramide, also known as 'molecular nails' or 'ceramides,' is one of the primary components of the lipid layer between cells in the human stratum corneum. There are over 300 to 1000 variations of ceramides, and they possess both hydrophilic and hydrophobic properties. This allows them to form a lipid bilayer structure. In recent years, many skincare products have highlighted the inclusion of ceramides. Therefore, TCI collaborates with external academic institutions to develop tests for ceramides, ensuring the optimal effectiveness of this ingredient. This research infusion aims to bring new energy to our R&D efforts and potentially shorten the development timeline.

[Cooperating with Suppliers in Green Packaging Development]

TCI has devoted considerable effort in the past to green initiatives in sourcing raw materials and establishing eco-friendly factories. Since 2022, we have extended our sustainability efforts to packaging materials. We now utilize PCR(Post-Consumer Recycled) plastics to create our facial mask bags, incorporate recycled plastics into pouches, and employ a recycled paper process for outer packaging. Our aim is to maximize environmental friendliness. Through research and design, we have achieved a 38.6% reduction in carbon emissions related to our plastic packaging materials. Furthermore, in the case of outer packaging, we have effectively reduced emissions by 86.7%.

[Launch of Integrated Bioscience Design Trading Company in Collaboration with MBI]

TCI developed Good Joint TCI 633(TCI 633), which, through unique strains of bacteria and patented formulation technology, effectively utilizes probiotics to promote the body's self-generation of Hyaluronic Acid, which, together with MBI's Hyaluronic Acid intra-articular injection products constitute a complete therapeutic and healthcare solution. The product was awarded the Symbol of National Quality (SNQ). Additionally, TCI developed MaxiCollagen, a medical-grade collagen-based drink using double 2 Nutri® patented tripeptide Maxi Collagen, which significantly enhances the efficiency of in-body absorption, replenishes lost extracellular matrix from the inside out, and improves the integrity of repair and regeneration.

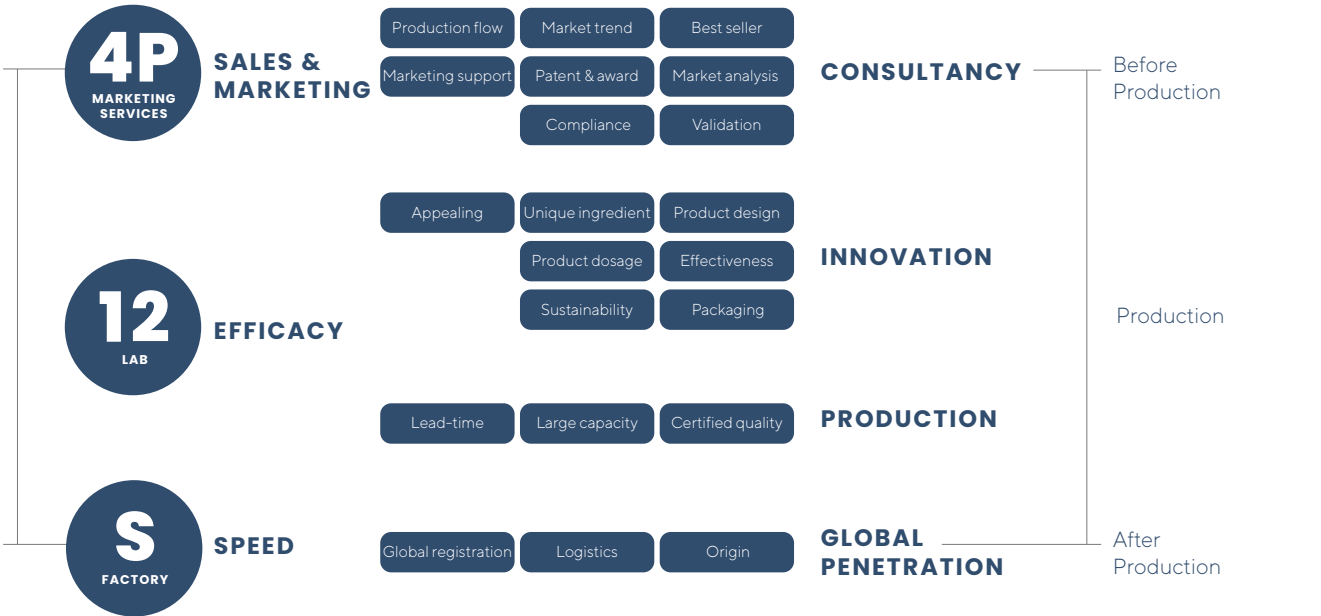
[Creates World's First Biomimetic Collagen with VeCollal® as Strategic Partners]

VeCollal®, based in Belgium, is the world's first company to develop organic, animal-free collagen. Through a strategic alliance with TCI, VeCollal® has developed a new form of biomimetic collagen and has already released numerous scientific validation data internationally. TCI will join hands with VeCollal® to launch the world's first biomimetic collagen efficacy raw materials closest to human collagen. In addition, the Company has already developed a variety of nutraceutical applications. TCI will create biomimetic collagen efficacy nutraceutical products made from animal-free raw materials, low carbon emission, sustainable, and certified by VeCollal® for customers in 64 countries.

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.



2022 Performance

- 1. Implement TCFD framework to assess operational climate risks and opportunities
- 2. Carbon intensity **82** tCO2e/\$Million USD revenue of Rock Park Factory, 91 tCO2e/\$Million USD revenue of Golden mountain Factory.

2023 Target

- 1. Deepen TCFD climate scenario analysis to quantify risk and financial values of opportunities.
- 2. **1.5%** reduction in carbon intensity by 2022.

5.1.1 Climate Related Financial Disclosure Recommendations

TCFD Framework and TCI's Response Measures

Governance	<p>The Board of Directors</p> <p>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 2022, 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.</p> <p>ESG Committee</p> <p>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. In 2022, the ESG Committee approved the investment in the construction of power plants and the installation of energy-saving and energy-storage-related equipment.</p> <p>Risk Management Team</p> <p>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.</p> <p>ESG Development Department</p> <p>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.</p>
	<p>Defining Short, Medium, and Long-Term Risks and Opportunities</p> <p>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.</p> <p>Deepen TCFD Applications</p> <p>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.</p> <p>Strengthen Situational Analysis</p> <p>Follow the latest IPCC assessment report to plan risk and opportunity responses for at least two climate scenarios of varying severity.</p>

Risk management	<p>Information Mastery</p> <p>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.</p> <p>Implementation in Stages</p> <p>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.</p> <p>Effectiveness Review</p> <p>Review the implementation results against the goals set for the project. Submit significant motions to the Board of Directors for review and rolling adjustments.</p>
Indicators and Goals	<p>Key Management Indicators</p> <p>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.</p> <p>International Initiative Goals</p> <p>Publicly responding to international energy and carbon reduction initiatives such as RE100, EP100, AWS (Alliance for Water Stewardship) and SBTi serves as the Company's climate goal and as a commitment and declaration to external stakeholders.</p>

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 6 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 6 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	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.	·Self-built renewable energy generating facilities. ·Implement greenhouse gas reduction projects.
Policy and Regulation: Carbon Fee	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 expects new 'carbon fee' operating costs as levy begins in 2024 at the earliest	Implement greenhouse gas reduction projects.
Market: Change in Raw Material Production and Quality	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.	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	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.	Increase the proportion of renewable energy use yearly. Provide low and zero carbon product solutions.

Physical Risk Management and Adaptation

Risk Category	Potential Financial Impact	Risk Factor	Countermeasures
Chronic: Water Scarcity	·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.	Promotewatermanagement andwaterconservation programstoenhancewater resourceusageefficiency.
Acute: Flooding	·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.	Capital expenditure related to improving drainage systems and investing in flood prevention.

Major Climate Opportunities and Countermeasures

Opportunity Category	Potential Financial Impact	Opportunity Causes	Actions
Green Product Sales	·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.
Promote ESG performance	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 Precise iManufacturing Center(Rock Park) in accordance with the GHG Protocol every year since 2018, while the Shanghai Precise iManufacturing Center(Golden Mountain Park) independently conducts organized greenhouse gas inventory and has gained third-party verification against ISO 14064-1. The direct emissions in 2022 are 4,543 tCO2e, and the indirect energy emissions are 16,480 tCO2e.

Pingtung Precise iManufacturing Center (Rock Park)						Shanghai Precise iManufacturing Center (Golden Mountain Park)
Year	2018	2019	2020	2021	2022	2022
Direct (tCO2e)	2,540	3,800	4,917	4,296	3,723	820
Energy indirect (tCO2e)	6,051	8,021	10,205	10,683	9,954	6,526
Total (tCO2e)	8,591	11,821	15,122	14,979	13,677	7,346
Emission Intensity (tCO2e/USD\$ Million revenue)	51	58	74	73	82	91

Note 1: Greenhouse gas emissions data only covers Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park).
Note 2: Greenhouse gas emissions intensity is the total tons of emissions from each factory/USD\$ Million revenue of each factory of the current year.

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 2022 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 actions and energy conservation and establishes energy transformation and carbon reduction goals and strategies. By responding to international climate, TCI joins global benchmark initiatives such as RE100, EP100, and SBTi. Additionally, TCI became the first Taiwanese company to join the Alliance of Water Stewardship(AWS), dedicated to improving our water efficiency and the use of sustainable water sources. Through international benchmarking initiatives, the Company publicly commits to green operations. TCI 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.
- 4. Becoming the first Taiwanese company to join AWS (Alliance of Water Stewardship), an international organization for water resource management.



2022 Performance

- 1. Energy consumption intensity: Pingtung Precise iManufacturing Center (Rock Park) **846**GJ/USD\$ Million revenue, Shanghai Precise iManufacturing Center (Golden Mountain Park) **268**GJ/USD\$ Million revenue.

2023 Target

- 1. **6.5** % reduction in electricity consumption intensity compared to 2022.

Energy Use

The energy used at TCI's Pingtung Precise iManufacturing Center(Rock Park)consists of fossil fuels(natural gas, diesel, gasoline, steam) 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. In 2022, the impact of the pandemic continued to affect the sales volume; however, there is still much fixed power consumption in the factory. The Pingtung Precise iManufacturing Center(Rock Park)and Shanghai Precise iManufacturing Center(Golden Mountain Park)use electricity intensively with purchased non-renewable electricity. Compared to the current year's revenue of each factory(USD\$ Million), the total electricity consumption of the Pingtung Precise iManufacturing Center(Rock Park)in 2022 totaled 19,755(MWh), with an electricity intensity of 118 MWh / USD million. This represents a reduction of 729 tons of CO2 emissions compared to 2021. The Shanghai Precise iManufacturing Center(Golden Mountain Park)totaled 6,011(MWh), with an electricity intensity of 74 MWh / USD million.

Pingtung Precise iManufacturing Center (Rock Park)						Shanghai Precise iManufacturing Center (Golden Mountain Park)
Year	2018	2019	2020	2021	2022	2022
Purchased Non-renewable Electricity (MWh)	10,924	15,759	20,050	20,989	19,256	5,323
Non-renewable Electricity Consumption (MWh)	10,924	15,759	20,050	20,989	19,256	5,323
Total Renewable Electricity Consumption (MWh)	0	25	529	489	499	688
Total Electricity Consumption (MWh)	10,924	15,784	20,579	21,478	19,755	6,011
Electricity Consumption Intensity (MWh/USD\$ Million revenue)	65	77	100	105	118	74
Natural Gas (GJ)	46,737	69,736	91,377	80,089	69,043	0
Diesel (GJ)	30	140	340	103	65	0
Petrol (GJ)	150	169	190	170	186	141
Steam (GJ)	0	0	0	0	0	29,255
Electricity	39,326	56,822	74,084	77,321	71,118	21,639
Total Energy Consumption (GJ)	86,243	126,868	165,992	157,681	140,435	51,035
EnergyIntensity(GJ/USD\$ Million revenue)	510	618	809	772	842	268

Note 1 : Energy calorific values are calculated using fixed values. Natural gas: 9,900 Kcal/m3, diesel: 8,800 Kcal/L, petrol: 7,800 Kcal/L.

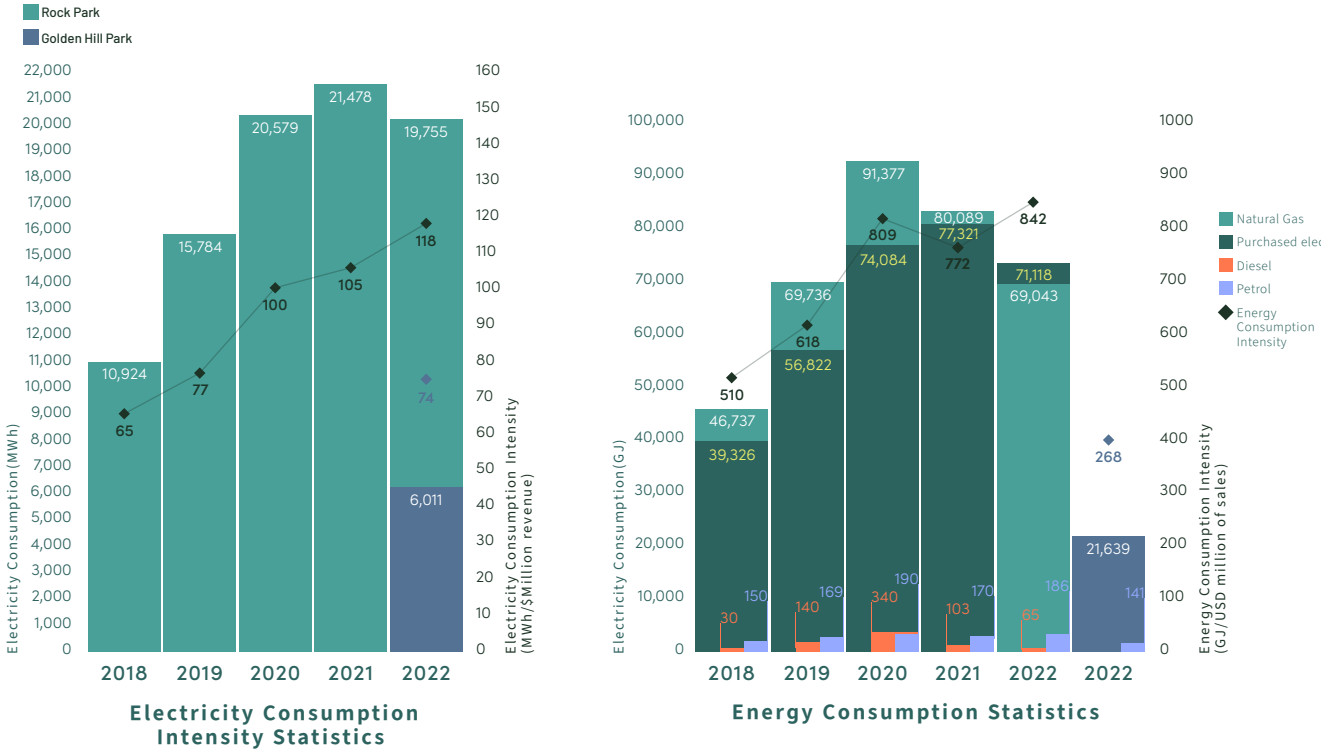
Note2 : Total non-renewable electricity consumption refers to the deduction of non-renewable electricity purchased through non-coincidental renewable energy certificates (such as T-REC).

Note3 : Total renewable electricity consumption includes self-generated renewable energy, PPA (Power Purchase Agreement) electricity procurement, and non-coincidental renewable energy certificates (such as T-REC).

Note4 : The exchange rates for USD and RMB to TWD are calculated based on the monthly average historical exchange rates from Taiwan Bank.

Note5 : Energy statistics data includes historical data from Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park) in 2022.

Energy Consumption Statistics



Energy Management

TCI's Pingtung Precise iManufacturing Center(Rock Park) and Shanghai Precise iManufacturing Center(Golden Mountain Park) have 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). Faced with the trend of Industry 4.0, TCI initiated the intelligent transformation of its factories in Taiwan. The S12 factory in the Pingtung Agricultural Science and Technology Park implemented the automatic warehouse equipped with 8,238 storage spaces, automated picking and handling equipment, and efficient automated guided vehicles. Additionally, an all-encompassing automation system was implemented throughout the production line. After the Manufacturing Execution System(MES)sends the command, the automated warehouse receives the materials and sends it to the automated guided vehicles; thus, resulting in a completely unmanned production process from filling to packaging. Combined with production management improvements, enhanced production scheduling forecasts contribute to increased overall efficiency, waste reduction, and lower energy consumption. The factory roofs are equipped with solar panels to provide green energy to the plant, aiming to become TCI's human-machine control and intelligence center, progressing toward a low-energy consumption intelligent production base.

To achieve the goal of 100% renewable energy usage by 2030, TCI continues to invest in projects and capital expenditures to improve energy efficiency, including upgrading energy-efficient equipment, replacing LED lighting systems, installing smart meters and energy monitoring systems, and integrating cloud-based AI computing, etc., to achieve more comprehensive energy management. In 2022, regarding energy management, we will continue to implement the energy conservation program to improve the compressed dry air (CDA)piping leakage, and in December 2021, we introduced a heat pump system in the S12 factory to replace the traditional steam heating for the air-conditioning tank hot water bypass to regulate the humidity control in the clean room workspace, which will result in a power saving rate of 7.14% as recognized by the energy declaration. In 2023, the Company expects to achieve the energy-saving benefit of the magnetic chiller, continue to improve the air pressure pipeline leakage inventory, and optimize the utilization rate of the magnetic chiller(replacing the S5 chiller), which is expected to result in a power saving rate of 38 %. In addition, the steam recovery system in the Shanghai Precise iManufacturing Center(Golden Mountain Park) also heats soft water for direct supply to tanks 1 and 2 of the cooling machine, which is expected to save 25 tons of steam per month.



Solar Panel Construction in the Factory

TCI installed solar power generation equipment on the rooftop of the Pingtung Precise iManufacturing Center(Rock Park) and Shanghai Precise iManufacturing Center(Golden Mountain Park). Pingtung Precise iManufacturing Center's total installed capacity is 1,362kW, with an installed area of 7,940 square meters. Shanghai Precise iManufacturing Center's total installed capacity is 689 kW, with an installed area of 7,500 square meters. 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. Thus, reducing greenhouse gas emissions by approximately 886 metric tons of carbon dioxide equivalent (CO2e) compared to a non-solar photovoltaic system. 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.





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 Precise iManufacturing Center (Rock Park). 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.

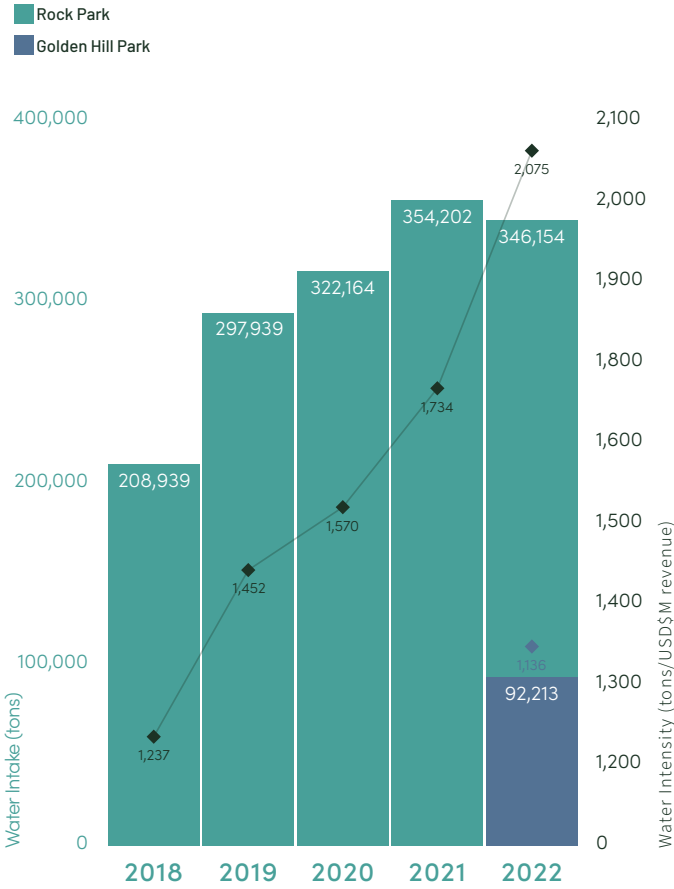
5.3 Water Resource Management

Water consumption Statistics

Pingtung Precise iManufacturing Center (Rock Park)						Shanghai Precise iManufacturing Center (Golden Mountain Park)
	2018	2019	2020	2021	2022	2022
Water Intake (tons)	208,939	297,939	322,164	354,202	346,154	92,213
Water Intensity (tons/\$M revenue)	1,237	1,452	1,570	1,734	2,075	1,136

Note 1: The exchange rate of the U.S. dollar and the Chinese Yuan (RMB) 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 consumption statistics only cover Pingtung Precise iManufacturing Center (Rock Park) and the Shanghai Precise iManufacturing Center (Golden Mountain Park) from 2022 onwards.



Management of Water Use

TCI's Pingtung Precise iManufacturing Center(Rock Park)uses tap water as the industrial water source, with approved water consumption of 1,500 metric tons per day(1,500 CMD). In 2022, 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 addition, the Shanghai Precise iManufacturing Center(Golden Mountain Park) also implemented countermeasures, including recycling bottle-washing RO water to directly supply water for rewarming machines every month, adopting an intelligent water conservation system to remotely monitor the water meter data regularly to enhance water management efficiency, and recycling water from the first stage of water treatment to directly supply water to factory cooling towers and toilets, which estimated to save 1,050 tons of water every month. The Jinshan Factory was honored as a water-saving enterprise in 2022. 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 2022, the factory's recycled and reclaimed water ratio reached 12%. The Company expects there to be opportunities for an overall reduction in the amount and intensity of water consumption in the future and gradually achieve a 25% reduction in water intake intensity by 2030.

Management of Wastewater

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 2022.

5. 4Waste Management

Waste Management Statistics

Industrial Waste

Pingtung Precise iManufacturing Center (Rock Park)					Shanghai Precise iManufacturing Center (Golden Mountain Park)
	Year	2020	2021	2022	2022
Reuse/recycle		581.4	740.5	604.3	253
Non-reusable/non-recyclable	Incineration	0	0	0	0
	Landfill	516.9	719.7	518.7	100
	Other disposal	0	0	0	0
Total Amount(tons)		1460.2	1098.3	1123	353

Hazardous Industrial waste

Pingtung Precise iManufacturing Center (Rock Park)					Shanghai Precise iManufacturing Center (Golden Mountain Park)
	Year	2020	2021	2022	2022
Reuse/recycle		0	0	0	0
Non-reusable/non-recyclable	Incineration	0	0	0	1.071
	Landfill	0	0	0	0
	Other disposal	1.1	0.6	0.675	0
Total Amount(tons)		1.1	0.6	0.675	1.071

Note: The waste statistics only cover Pingtung Precise iManufacturing Center (Rock Park) and the Shanghai Precise iManufacturing Center (Golden Mountain Park) from 2022 onwards.

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. Pingtung Precise iManufacturing Center(Rock Park)used a total of approximately 276.9 metric tons of plastic material(including packaging, cushioning, film, and other materials). 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

To enhance the green competitiveness of our products by adopting the concepts of circular economy, low carbon, and environmental friendliness in every aspect of raw materials, 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



2022 Performance

- 1. In 2022, the proportion of recyclable packaging materials used in products reached **30%**
- 2. In 2022, the proportion of products using circular economy concept raw materials reached **25.9%**

2023 Target

- 1. In 2023, increase the ratio of recyclable packaging materials used in products by **4.5%**
- 2. In 2023, the proportion of products using circular economy concept raw materials will reach **38%**

5.5.1 Bestowing Value on Agricultural By-Products-End Food Loss and Waste

TCI recognizes that approximately one-third of global food production is lost or wasted. Hence, losses and waste are prevalent at any point between the production and consumption of food, regardless of location. To collaboratively reduce waste with the rest of the world, TCI responds to the global target of reducing food loss and waste by 50% by 2030. Since 2021, TCI worked together with Taiwanese farmers to develop innovative and collaborative methods to prevent waste. The Company purchases subpar fruits or agricultural wastes from farmers, increasing farmers' additional income and transforming these original waste materials into highly valuable healthcare products, skincare items, and packaging materials. For example, TCI utilizes banana peels and stems to create 100% biodegradable face masks, and mix Djulis husks with biodegradable PBS to manufacture containers for Djulis cream. These containers consist of caps, inner boxes, and outer boxes. Caps and outer boxes are made from recycled plastic(PCR), while inner boxes are crafted from Djulis husks. After using the lotion, consumers only need to purchase the inner box. If this production model sells 100,000 units annually, with 50,000 units being inner boxes, it is estimated to reduce 14,286 kgCO2e, which is roughly equivalent to the carbon sequestration capacity of 1,190 trees. TCI dedicates to developing agricultural waste into high-value products, helping consumers prevent food loss and waste, and responding to the global objective of reducing food loss and waste by 50% by 2030.

5.5.2 Reduce Packaging-Clean Beauty Laboratory

Recognizing the irreversible impact of plastic packaging on the environment and oceans and aiming to achieve zero waste from the production end by 2030, TCI established the Clean Beauty Lab in 2022. Embracing the principles of the circular economy, the Company integrates waste reduction into design and incorporates bio-based materials for applications that enable post-use biodegradation or easy recycling. In the future, TCI will continue to invest in sustainable product design and develop multifunctional packaging materials which combine aesthetics and practicality. For example, in the research and experimentation of mask packaging materials, the Clean Beauty Laboratory focuses on using environmentally friendly materials like EVOH, a non-toxic material easily recyclable due to its single-material nature, and Post-Consumer Recycled(PCR) materials. Residual Djulis generated from agricultural byproducts is also applied to skincare product bottles, achieving sustainable reuse of product resources and comprehensively reducing carbon emissions from packaging.



Sustainable Economic Value of Taiwan Djulis—Recyclable Skincare Containers

In 2022, TCI incorporated the concept of circular economy in the design of Taiwan Djulis cream jars, allowing beauty and environmental protection to go hand in hand. The design concept of these cream jars comes from the insistence on protecting the environment, whether replaceable inner cores and recycled plastics, adhering to the principles of reduce, reuse, and recycle. Finally, the biodegradable inner shell causes less pollution than ordinary plastics if disposed of in the environment, while the outer shell can be reused and recycled until it is damaged.

Ocean Waste Transformation Technique—Recyclable Face Mask Packaging

TCI collaborated with suppliers to use recycled plastics (PCR) derived from ocean waste to upgrade the original non-recyclable aluminum-plastic packaging from a single-material to a safe, recyclable mask bag. Additionally, ocean-recovered PCR plastic is used to replace intermediate layers in some bags. The quality is stable and meets international safety standards, and these efforts have already resulted in successful commercialization.



5.5.3 Sustainable Materials and Fair Trade

Approximately 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 purchaser of health supplement ingredients, TCI is committed to controlling the sustainability of raw material production. The highest criterion for raw materials are not harming human health and being environmentally friendly. Raw material suppliers are required to submit relevant certificates, and raw materials undergo standardized acceptance procedures, including specification and quality testing. Inspection standards also reference the latest international trends and prioritize surpassing regulations from various countries, such as the US FDA, Canada CFIA, UK FSA, Germany BVL, France ANSES, Australia TGA, among others, or based on customer requirements. All products are regulated, conforming to or exceeding EU REACH standards. The raw materials used in products are committed to not containing the EU REACH SVHC highly concerning substances(accumulating 233 items) to ensure their safety. 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.

We utilize freeze-drying technology to lock the essence of ingredients extracted from agricultural waste into the natural fiber cloth and package the finished product in a recyclable paper bag, reducing the weight of the physical product by more than 20g, which dramatically reduces our transportation carbon emissions, and is environmentally friendly from the source to end consumer. The dry mask emphasizes environmental protection from the inside out. The cloth is made of 100% natural fibers, and the inner material is made of special TCI extracts, such as Taiwan's unique red quinoa, pineapple peels, and discarded ponkan unripe fruit, extracting the efficacy ingredients from original waste products, and utilizing freeze-drying technology for the cloth mask to carry concentrated essences. The addition of highly concentrated human-like collagen is the finishing touch. We package the prepared product into a recyclable paper bag. The user can apply the mask using the remaining water on their hands and face after showering or washing their face. It can also be used with commercially available mineral water, requiring only around 10g for a convenient experience. Users can insert the final packaging into magazines for recycling.

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 addition, the Company made efforts in the labeling of drink bottles. Traditional collagen drinks use 106mm*64mm bottle labels. However, we reduced them to 55mm*35mm, and the new carbon reduction labels are estimated to emit 212.76 kg CO2e per 100,000 labels, a reduction of 71% in carbon emissions compared to traditional bottle labels.

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.



2022 Performance

1. 275 hours of education and training per capita, with a **97.8%** course satisfaction rate.
2. Received "2022 HR Asia Best Companies to Work For in Asia" Award from HR Asia and "2022 Happy Enterprise" Gold Award from 1111 Job Bank.

2023 Target

1. **98.3%** course satisfaction rate

6.1.1 Employee Structure

By the end of 2022, the total number of employees at TCI was 875. Nearly 90% of employees are located in Taiwan and Shanghai Golden Mountain, totaling 672 individuals. Among these, male employees amounted to 373(55.51%), while female employees numbered 299(44.49%). Among the female workforce, 40 individuals hold managerial positions, constituting a managerial ratio of 44.44%. Thus, demonstrating that gender does not limit colleague promotion and development assessment. Based on the design and manufacturing of beauty functional healthcare products, TCI has a total capacity for people with physical and mental disabilities and provides a friendly working environment. 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 account for 33.7% of the total workforce, young adults aged 31 to 50 account for 61.7%, and those older than 50 account for 4.6%. 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 Headquarters and Pingtung Precise iManufacturing Center (Rock Park)		Shanghai Precise iManufacturing Center (Golden Mountain Park) and Other Offices in China		Other Overseas Offices	
	Male	Female	Male	Female	Male	Female
Full-time Employees	294	252	121	122	40	46
Total: 875 people						

Ratio of Male to Female (include overseas offices)

	Male	Female	Male to Female Ratio
Management	66	57	1.16:1
Business Department	81	55	1.47:1
STEM-related Employees	135	73	1.88:1
All Full-time Employees	455	420	1.08:1

Age Distribution of Full-time Employees (include overseas offices)

Full-time Employees	Taipei Headquarters and Pingtung Precise iManufacturing Center (Rock Park)	Shanghai Precise iManufacturing Center (Golden Mountain Park) and Other Offices in China	Other Overseas Offices	Total	Ratio
Age under 30	176	98	17	291	33.2%
Age 31-50	355	139	54	548	62.6%
Age 50 and up	15	6	15	36	4.1%

Recruitment Policy

TCI is committed to creating products that effectively improve the quality of life for our customers. Our corporate culture is deeply ingrained in the collective identity and actions of all our employees. Therefore, the Human Resources Department collaborates closely with hiring units to continuously attract outstanding professionals from various fields who share our values, with an emphasis on diversity and equality.

Our recruiting units also undergo ongoing training related to interviews, including recruitment training for diversity, interview skill enhancement, and the use of professional assessment tools. Throughout the recruitment process, we uphold transparency and fairness in the selection process, ensuring that all candidates have equal opportunities to enhance the fairness and effectiveness of our interview selections.

In addition to public recruitment on internal and external recruitment websites, we actively cooperate with higher education institutions. Through campus engagement programs and research and development substitute military service programs, we help young students gain early insights into industry structures and employ young talents with various expertise and growth potential.

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.

Employee Structure by Location

Category	Item	Total number of employees at the beginning of the year		Total number of employees at the end of the year	
		Male	Female	Male	Female
Region	Taipei	58	90	50	106
	Pingtung	294	143	244	146
	Shanghai Precise iManufacturing Center (Golden Mountain Park) and Other Offices in China	122	134	121	122
	Other Overseas Offices	31	43	38	48



6.1.2 Diversity and Non-Discrimination

At TCI, one of our core corporate values is a strong commitment to diversity and inclusivity. We adhere to the principles of 'respecting human rights' and 'hiring based on individual qualifications.' In our talent recruitment, we implement a diversity program that complies with national regulations such as the Labor Standards Act and the Gender Equality in Employment Act. We prioritize individual professional competence as the primary selection criteria.

Furthermore, we uphold the guidelines advocated by international agreements like the United Nations Universal Declaration of Human Rights, International Labor Organization conventions, and United Nations Global Compact. We ensure fair compensation for our employees, offering salaries above local minimum wage levels, safeguarding the freedom of association, providing welfare benefits, and actively preventing discrimination, forced labor, child labor, or any violations of human rights or labor rights.

In 2022, TCI employed a total of 21 employees from different nationalities, aiming to leverage the diverse backgrounds of our workforce to bring unique perspectives and contribute to the development of our group's business.

6.1.3 Employee Retention and Development
Retention

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.

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. 4 senior managers were seconded to affiliated companies in 2022. 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 2022, TCI held 1033 online courses containing 4,271 digital materials(videos and handouts) on the TCI App. By December 31, 2022, 53,273 people will have completed the online learning, learning assessments, and course ratings.

Training Hours

	Management		Professional Jobs		Total	Number of trainees as a percentage of total employees
	Male	Female	Male	Female		
Number of Employees	66	57	389	363	875	100%
Total Training Hours	16309	15105	110088	99524	241026	
Average Training Hours	247	265	283	274	275	

Training Hours per Capita (hours)

2019	2020	2021	2022
134	157	174	275

Annual Expense for Employee Education and Training (NT\$)

Item	2018	2019	2020	2021	2022
General Training and Seminars	355,750	1,050,173	756,361	696,342	535,242
External Training	294,854	716,180	973,106	767,246	1,581,280
Scholarship for further studies	89,022	227,713	282,054	271,578	536,592
Total	729,626	1,994,066	2,011,521	1,735,166	2,653,114

Overview of Education and Training Programs

In 2022, TCI divided the education and training courses into six categories, including new employee, professional, business, general, regulatory, and factory training. In 2022, the Company held a total of 274 physical courses and 407 online courses, a total of 681 courses. The expenses amounted to approximately NT\$2,653,114, with a total of 241,026 hours and 16,067 participants. The average hours of education and training per capita amounted to 275 hours, with 100% of employees receiving the training. The satisfaction rate for all courses reached over 97.8%. 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 2022 is 17, totaling \$536,592 and a per capita grant cost of NT\$31,564.

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

Integrity management, information security, and human rights courses

TCI requires all new employees to attend 8 hours of new employee training courses upon arrival, including 1 hour of integrity and ethics courses, with the training ratio of new employees reaching 100%; for current employees, TCI offers numerous in-depth courses from time to time on integrity management, risk awareness, information security, human rights, and others. In 2022, the total number of training hours of TCI's integrity management, risk awareness, information security, human rights, and other relevant courses. The total training hours amounted to 6,949 hours, with 10,915 trainees.

Course Name		Hours	Number of Trainees	Total Training Hours (Hours x Number of Trainees)
Integrity Management Risk Awareness				13
	2022 Prohibition of Insider Trading	1	1464	1464
	Trade Secret Education and Training Course	1	1519	1519
Information Security	Information Security 1	0.5	776	388
	Information Security 2	0.5	1103	551.5
	Information Security 3	0.5	1103	551.5
	Information Security 4	0.5	1103	551.5
	Information Security 5	0.5	1103	551.5
	Information Security 6	0.5	1103	551.5
	Information Security 7	0.5	748	374
Human Rights	Discrimination and Harassment Education and Training	0.5	867	433.5

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 .



2022 Performance

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

2023 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, including various forms of harassment, such as language, physical, and stalking harassment; furthermore, establishing diversified and unobstructed labor-management communication channels to ensure employees a high-quality and safe working environment.

Human Rights Issues	TCI's Policy
Prohibition of Child Labor and Forced Labor	Check the identity documents of new employees to confirm that they have reached the legal working age Employ per the law, no forced labor, slavery, and human trafficking.
Equal Pay for Equal Work	Assess salary based on professional competence, with no differences based on gender, nationality, race, religion, or other factors.
Occupational Health and Safety	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.
Harassment Prevention	Develop and publicly disclose prevention measures for various forms of harassment
Freedom of Association	o 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 four years, except for 2020, which had a higher number of applicants for parental leave, 40 people, the number of applicants accumulated was 107, and the actual number of applicants was approximately 41. 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	2022
Number of people eligible for parental leave	Male	13	27	15	15
	Female	9	13	8	8
	Total	22	40	23	22
Actual number of applicants	Male	0	1	1	5
	Female	9	12	7	6
	Total	9	13	8	11
Number of people who should be reinstated	Male	0	1	1	5
	Female	9	9	10	6
	Total	9	10	11	11
Actual number of reinstatements	Male	0	1	1	1
	Female	9	7	6	2
	Total	9	8	7	3
Reinstatement rate1	Male	-	100%	100%	20%
	Female	100%	78%	60%	50%
	Total	100%	80%	64%	27%
Number of people reinstated for one year in the previous year	Male	0	0	1	2
	Female	1	8	3	3
	Total	1	8	4	5
Retention rate2	Male	-	-	100%	100%
	Female	20%	89%	43%	50%
	Total	20%	89%	50%	71%

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 2022, the average annual salary of a non-manager at TCI amounted to NT\$916,000. 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\$602,102(NT\$ thousand), the average benefit expense for all employees amounted to NT\$1,014(NT\$ thousand), and the average salary expense for all employees amounted to NT\$845(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 2022 was 13%, with the average adjustment for non-managerial employees at 11%. According to a survey released by 104 Job Bank, the salary adjustment rate for companies in 2022 was only 3.1%. 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	1.08	1
Pingtung Precise iManufacturing Center (Rock Park)	1.15	1
All Employees	1.16	1

Full-time Salaries for Non-managerial Employees

	2020	2021	2022
Number of Pople	642	569	499
Average Salary	1,028	949	916
Median Salary	923	842	811

(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 2022 has a total face value of approximately NT\$12,000,000.



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.

Salary and Remuneration	<div>- Mid-Autumn Festival, Dragon Boat Festival Bonus, year-end bonus, seniority bonus, performance bonus, special contribution bonus, proposal bonus</div> <div>- Employee remuneration (dividend), employee stock warrants, treasury stock, restricted stock</div>
Work/life Balance Measures	<div>- Clubs for a variety of sports</div> <div>- TCI Coin events (employee purchases, 5-star trips, Michelin star cuisine, booking a luxury cinema, DIY classes, sports classes)</div> <div>- Library, concert, birthday celebration, marathon, family day</div>
Subsidy	<div>- Marriage and funeral subsidy</div> <div>- Home purchasing subsidy</div> <div>- Parking spaces for motorvehicles and cars, private car for public use subsidy, business telecommunication subsidy, External training subsidy, on-the-job training subsidy</div> <div>- Expatriate allowance, expatriate family allowance</div> <div>- Information equipment subsidy</div>
Physical and Mental Health	<div>- Professional massages from the visually impaired</div> <div>- Employee health check-up/genetic testing discount</div> <div>- Gym/shower facilities</div>
Others	<div>- 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</div>



6.4 Management of Occupational Health and Safety

Targets

- Placing occupational health and safety policies at the center of business management to create a pleasant and safe workplace for employees.
- To comply with relevant laws and regulations and practice ESG management by establishing the occupational health and safety system.
- Establish a more comprehensive occupational health and safety supporting culture by strengthening safety awareness and training of every employee, with a training coverage of 100%.
- The executive management shall serve as the top decision-making body for occupational health and safety-related plans and policies.

Work Safety Measures at the Factory

Regularly	Irregular
<div><div>- Monthly online disaster report</div><div>- Quarterly outsourced high-temperature environmental monitoring</div><div>- Semi-annual outsourced work environment and noise monitoring</div><div>- Conduct semi-annual fire drills and first aid drills. In addition, conduct annual fire maintenance reports and building public safety reports per law</div><div>- Labor health and safety education and training at least once every six months</div></div>	<div><div>- Formulate labor health and safety and work regulations</div><div>- Develop and publicly disclose sexual harassment prevention measures</div><div>- Labor health and safety education and training</div><div>- Continuous health and safety education and training for contractors</div><div>- Irregular factory safety inspections</div></div>

6.4.1Occupational 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 Precise iManufacturing Center(Rock Park)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 of health and safety management operations. The coverage rate of relevant courses shall exceed 90%, and each factory manager shall fulfill the responsibilities of management, supervision, and auditing. 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 2022, the Pingtung Precise iManufacturing Center(Rock Park)held four regular meetings, and the Shanghai Precise iManufacturing Center(Golden Mountain Park)held five regular meetings to 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 2022, no occupational injury incidents occurred at TCI's Pingtung Precise iManufacturing Center(Rock Park)and Shanghai Precise iManufacturing Center(Golden Mountain Park). No occupational injury resulting in death, severe occupational injury, or occupational disease.

		Pingtung Precise iManufacturing Center (Rock Park)					Shanghai Precise iManufacturing Center (Golden Mountain Park)
		2018	2019	2020	2021	2022	2022
Employee	Incidence of fatalities due to occupational injuries	0	0	0	0	0	0
	Incidence of severe occupational injuries	0	0	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)	1.02	0	0	2.04	0	0
	Incidence of death due to occupational diseases	0	0	0	0	0	0
	Recordable incidence of occupational diseases	0	0	0	0	0	0
All non-employees whose jobs and/or workplaces are under the control of the organization	Incidence of fatalities due to occupational injuries	0	0	0	0	0	0
	Incidence of severe occupational injuries	0	0	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)	0	0	0	0	0	0
	Incidence of death due to occupational diseases	0	0	0	0	0	0
	Recordable incidence of occupational diseases	0	0	0	0	0	0

Note 1 Occupational injury and occupational disease statistics only cover the Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park)

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 Lost Time Injury Frequency Rate (LTIFR)= 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 Social Welfare

7.2 From Ocean to Land - Investing in Education and
Protecting the Ecosystem

7.3 Restoration for Prosperity - Biodiversity Parks



7.1 Social 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. Collaborating with educational institutions to engage in marine ecological records, aiming to enhance awareness of endangered wildlife conservation issues.
- 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.



2022 Performance

- 1.Taitung County Sea Turtle Reproductive Ecology Conservation Research Project: TCI, with a focus on marine ecology, partnered with National Taiwan Ocean University to witness the birth of **2,273** endangered sea turtles.
- 2.Corner Bookshelf Project: As of the end of 2022, we have provided support to a total of 218 schools and institutions, including 175 elementary schools and 43 junior high schools in Pingtung County, benefiting approximately **5,630** individuals.
- 3.We conducted 46 industry-academia interactions, one community concert, and collaborated with the Science Museum to promote science education exhibitions in Pingtung, with a total of **12,585** participants.

2023 Target

To engage with the community through activities such as visits, science education, charity initiatives, and other interactions, with the aim of involving **20,000** participants.

7.1 Social 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 2022, 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 5,600 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 See the Future with Flipped Education

TCI collaborated with the Yung-Chiang Foundation in the Yung-Chiang and TCI Series of Educational Events, providing young students with diverse forms of education. Through the involvement of experts from different fields, students are exposed to career-related content, allowing them to envision their future aspirations. In 2022, TCI organized events such as "Study Self-transformation Day," "Dream Discovery Camp," "Taichung Science Camp," and the "Harmonizing Love, Cultivating Purity Ten-Year Seed Project."

TCI traveled to Eastern Taiwan with the Yung-Chiang Foundation to implement the "Study Self-transformation Day" at Tao-Yuan Elementary School, a KIST-concept public school managed by the private sector. In addition, the program invited students and teachers from San-Min Elementary School in Hualien and Wan-An Elementary School in Chishang Township. The event offered students a variety of curriculum choices, including skincare, marine and terrestrial ecology, and Covid-19 prevention concepts. In total, the event attracted 200 participants in 2022.

Additionally, TCI collaborated with the HappyRecome Group in the "Dream Discovery Camp" project. The project led students to explore different professions, including health, craftsmanship, technology, gourmet, aesthetics, and lifestyle, inviting professionals from various fields to guide the students and help them understand different careers and development aspects. Thus, the students can meet talents from all walks of life and prepare them for future career choices. In 2022, a total of 40 students participated in the program.

The "Taichung Science Camp" allows Pingtung students to explore science, space, flora, and fauna exhibits at the National Museum of Natural Science in Taichung. In addition, the program provides students with room, board, and fares for transportation; thus, students and schools can invest more in education. As of 2022, a total of 692 students participated in the Taichung Science Camp.

Since 2016, TCI allocated resources to provide NT\$80,000 scholarships to the Xuhai Elementary School and NT\$120,000 annually to Wangjia Elementary School to cover the cost of nutritious lunches. With Pingtung as the starting point, TCI will continue to subsidize the 2 institutions and schools in the future to ensure equal educational opportunities in all regions and eliminate the gap between urban and rural areas and the knowledge barriers that come with it.



7.2 From Sea to Land – Invest in Education and Protect the Ecosphere

7.2.1 Sea Turtles Conservation- Understanding Marine Ecology

After successfully producing mask packaging materials from recycled plastics and biodegradable raw materials (BIO PBS), TCI began to invest resources in marine-related research. In 2022, TCI provided a grant of NT\$250,000 to the Institute of Marine Biology at National Taiwan Ocean University for the "Research Project on Nesting Ecology and Conservation of Sea Turtles in Taitung County." Eight students and volunteers participated in the project, which recorded 33 nests and an 81% hatching rate, resulting in the birth of 2,273 newborn sea turtles.

Through this project, researchers and students gain a better understanding of the spatial and temporal variations in wild sea turtle populations. This knowledge is crucial for implementing appropriate management measures and effective conservation strategies. In addition, the project allows the government and academia to take appropriate actions to address the threat of extinction and environmental hazards faced by sea turtles, ensuring the survival of these populations.



7.2.2 ShenNong Project – Transfer of Knowledge of Land and Sea

TCI collaborated with the Lovely Taiwan Foundation and Turtle Spot Taiwan to implement the ShenNong Project and deliver marine ecology education seminars to pass on knowledge of marine and land ecology, local agricultural culture, ecological sustainability, and civic science to young students, and to pass on the concepts of environmentally friendliness and eco-sustainability through the content of the education so that children can implement sustainable living from an early age.

The ShenNong Project that TCI participated in was hosted in Pingtung's Silin Elementary School and Chau Nan Primary School, with 155 and 72 students participating in each project respectively. The project allows students to experience organic farming, gives them a better understanding of the local agricultural culture, and encourages them to learn about the impact of humans and the ecosystem through on-site observation while promoting the elementary school's unique food and agriculture curriculum. Furthermore, after TCI introduced the Shen Nong Project to Silin Elementary School, its student enrollment increased by 68% over the past six years.

7.2.3 "From Sea to Land" Special Exhibition

Starting in 2021, TCI collaborated with the National Museum of Natural Science to organize the "From Sea to Land" special exhibition, which features vertebrate animals and introduces the evolutionary process of animals from swimming in the ocean, strolling on land to soaring in the sky. To provide students with a comprehensive touring experience during the special exhibition, TCI arranged for colleagues to conduct professional tour guide training and learn how to explain to students the evolutionary process of vertebrate animals in the ocean, on land, and in the sky in hopes that through the special exhibition activities, children will be able to see the richness of living organisms, thus planting the seeds of interest in their hearts and inspiring future scientific exploration. The "From Sea to Land" exhibition attracted 1,673 visitors, and the instructional videos recorded during the exhibition had 3,660 views



7.3 Creating Prosperity Through Restoration – Biodiversity Park

7.3.1 Knowledge Transfer on Ecology, Plants, and Farming Practices

Create ecological, industrial, and future prosperity with the power of biology!

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. In 2022, three interns joined the program to understand environmental sustainability from the different perspectives of ecology, soil, and farming practices, as well as how people affect ecology, thus, giving the students more practical experience in this field and providing them with more research perspectives in the future. The Company strives 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 encompassing economic, social, and environmental aspects.

1. Ecological Prosperity: Restore Taiwan's native or rare plants, seed rescue, create and enhance biodiversity, and experiment with low-carbon farming methods to improve soil carbon sequestration benefits
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. After extracting and experimenting with Chiapao melon planted in the Park, the Company sold 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.

With the launch of the "Biodiversity Park" in 2021, TCI continued to invest more than NT\$2 million in 2022. In addition, the Company will continue to expand the Park considering the environmental conditions of various plants and the actual situation.



Appendix

- 8.1 GRI Index Catalogue
- 8.2 The UN Global Compact
- 8.3 TCFD Task Force on Climate Related Financial Disclosures
- 8.4 2022 TCI List of Awards
- 8.5 Annual Donation Record
- 8.6 Association Member
- 8.7 ISAE 3000 Assurance Item Summary Sheet
- 8.8 Third-party Assurance Statement and Assurance Report
- 8.9 The GHG Emissions 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	-		Not-restated
	2-5 External guarantee	About This Report 8.7 ISAE 3000 Assurance Item Summary Sheet 8.8 Third-party Assurance Statement and Assurance Report	2 184 185	
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	134	
	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	50	
		3.1.3 Corporate Governance Structure	52	
		3.1.1 Board Member Diversity and Professionalism	48	
	2-10 Nomination and selection of the highest governing	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	40	
	2-13 Managing influential responsibility for delegation	2.2.2 ESG Development Unit	31	
		2.5.1 Process for Identification of Material Issues	40	
	2-14 The role of highest governance units in sustainability reporting	2.5.1 Process for Identification of Material Issues	40	
	2-15 Conflicts of interest	3.2.1 Integrity Management Policy	58	
	2-16 Communication of critical concerns	2.4.1 Stakeholder Engagement Methods	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	-		Personal privacy is 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	
	2-25 Process of compensating for negative impacts	Material Topic Management Policy of Each Chapter		
	2-26 Mechanisms for seeking advice and raising concerns	2.4.1 Stakeholder Engagement Methods	38	
	2-27 Compliance with laws and regulations	3.3 Legal Compliance	60	
	2-28 Association Membership	8.6 Association Member	182	
	2-29 Stakeholder engagement method	2.4.1 Stakeholder Engagement Methods	38	
Stakeholder Engagements	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 Overview	22
	201-2	Financial implications and other risks and opportunities due to climate change	5.1.1 Climate Related Financial Disclosure Recommendations	104
203 Indirect Economic Impacts	203-1	Infrastructure investments and services supported	7.1 Social Welfare	162
205 Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	3.2. Integrity Management Policy	56
206 Integrity Management	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	3.2. Integrity Management Policy	56

Environment

Topics	Disclosures	Relevant Sections	Page	Notes
302 Energy	302-1	Energy consumption within the organization	5.2 Energy Management	112
	302-2	Energy consumption outside the organization	5.2 Energy Management	112
	302-3	Energy intensity	5.2 Energy Management	112
	302-4	Reduction of energy consumption	5.2 Energy Management	112
	302-5	Reductions in energy requirements of products and services	5.5 Green Product	129
305 Emissions	305-1	Direct (Scope 1) GHG emissions	5.1.2 Management of Greenhouse Gas Emissions	110
	305-2	Energy indirect (Scope 2) GHG emissions	5.1.2 Management of Greenhouse Gas Emissions	110
	305-3	Other indirect (Scope 3) greenhouse gas emissions	5.1.2 Management of Greenhouse Gas Emissions	110
	305-4	Greenhouse gas emission intensity	5.1.2 Management of Greenhouse Gas Emissions	110
306 Waste	306-1	Waste generation and waste-related significant impacts	5.4 Waste Management	122
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	401-3	Parental leave	6.2.2 Parental leave	147	
403 Occupational Health and Safety	403-1	Occupational health and safety management system	6.4.1 Occupational Health and Safety Policy and Management	155	
	403-4	Participation, consultation and communication of occupational safety and health workers	6.4.1 Occupational Health and Safety Policy and Management	155	
	403-5	Worker training on occupational health and safety	6.4.1 Occupational Health and Safety Policy and Management	155	
	403-9	Work-related injuries	6.4.2 Occupational Injury and Disease Statistics	156	
	403-10	Work-related ill health	6.4.2 Occupational Injury and Disease Statistics	156	
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	134 138	
	405-2	Ratio of women to men's base salary plus remuneration	6.1.2 Diversity and Non-discrimination	148	
406 Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	6.3.1 Competitive Compensation	146	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	146	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 human rights at work and creates a friendly work environment per the standards advocated in the "Universal Declaration of Human Rights," "ILO Convention," and "The UN Global Compact."
	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	- Eliminate any discrimination, sexual harassment, forced labor, bullying, and child labor. - Protect employees' freedom of association and freedom of speech and provide a smooth and diversified communication channel and complaint mechanism.
	Principle 4	The elimination of all forms of forced and compulsory labour	- Protect freedom of speech and assembly and hold regular labor-management meetings for two-way communication.
	Principle 5	The effective abolition of child labour	- Equal job opportunities and reasonable wages and working conditions.
	Principle 6	The elimination of discrimination in respect of employment and occupation	
	Principle 7	Businesses should support a precautionary approach to environmental challenges	- Develop and provide green products and solutions to customers - Implement circular economy concept and utilize agricultural by-products as raw materials.
Environment	Principle 8	Undertake initiatives to promote greater environmental responsibility	- Establish carbon reduction target and energy management systems.
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies	- Enhance resource efficiency and strengthen water and waste recycling.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	- Provide integrity management training yearly. - Enhance the Integrity Management Code. - Sign Ethical Clause with partners.

8.3 TCFD

(Task Force on Climate Related Financial Disclosures)

Category	Topic	Relevant Sections
Governance	Board's Oversight of Climate Related Risks and Opportunities.	1.3 Organizational Overview
		3.1 Enhancing the Functions of the Board of Directors
		5.1 Climate Change and Carbon Management
		5.2 Energy Management
		5.5 Green Products
	Management's Role in Assessing and Managing Climate-related Risks and Opportunities.	2.5 Materiality Analysis
		3.4 Risk Management
		5.1 Climate Change and Carbon Management
		5.2 Energy Management
		5.5 Green Products
Strategy	Identified Short-, Medium- and Long-term Climate-related Risks and Opportunities	2.3 In Response to International Sustainable Development
		3.4 Risk Management
		5.1 Climate Change and Carbon Management
	Impact of Climate-related Risks and Opportunities on the Organization's Businesses, Strategy, and Financial Planning.	3.4 Risk Management
		5.1 Climate Change and Carbon Management
	The Potential Impact of Different Scenarios on Organizational Business, Strategy, and Financial Planning	3.4 Risk Management
		5.1 Climate Change and Carbon Management
		5.2 Energy Management
		5.5 Green Products

Category	Topic	Relevant Sections
Risk Management	Organization's Processes for Identifying and Assessing Climate-related Risks.	3.4 Risk Management
		5.1 Climate Change and Carbon Management
	Organization's Processes for Managing Climate-related Risks.	3.4 Risk Management
		5.1 Climate Change and Carbon Management
		5.2 Energy Management
		5.5 Green Products
	The Processes for Identifying, Assessing and Managing Climate-Related Risks and How the Processes are Integrated into Overall Risk Management.	3.4 Risk Management
		5.1 Climate Change and Carbon Management
Targets and Indicators	Disclose Scope 1, Scope 2, and Scope 3 Emissions and Related Risks.	3.4 Risk Management
		5.1 Climate Change and Carbon Management
	Indicators used by the Organization to Assess Climate-Related Risks and Opportunities in line with the Strategy and Risk Management Processes.	3.4 Risk Management
		5.1 Climate Change and Carbon Management
		5.2 Energy Management
		5.5 Green Products

8.4 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	
Taiwan Corporate Sustainability Awards (TCSA)	Top 100 Corporate Sustainability Awards , Corporate Sustainability Bronze Rating , Best Performance of Specific Categories-Circular Economy Leader Awards	
Dun & Bradstreet 1st ESG Certificate of Assessment Completion	Recognized	
EcoVadis Sustainability Ratings	Pingtung BioCosme PABP Factory: Silver Rating	
S&P Corporate Sustainability Assessment	Recognized	
AWS(Alliance of Water Stewardship)	Passed the audit	
Research and Development Awards		
	Awarded Items	Award
2022 Geneva International Exhibition of Inventions	NMN yeast, TCI fruit and vegetable Enzyme™	Gold Award
	Prunus domestica ferment, PR06X	Silver Award
	MBI Maxi Collagen	Gold Award
	SlimBT Formula	
	Golden Clam Peptide	
	TCI188	Silver Award
	Biomimetic Peptide	Bronze Award
	Yellow Pitaya Ferment	
	Rose Apple Extract	

Research and Development Awards		
2022 The World Genius Convention & Education Expo	White Bayberry Extract	Gold Award
	Black Diamond Apple	
	MAXI HA	Silver Award
	Bacillus coagulans TCI803	
iCAN International Invention Innovation Competition	Lactobacillus paracasei TCI708	Gold, Special, Conference Special Award
	Pro-Bio Ark (PBA)	
	Gentiana scabra Extract	
	Kanzan Cherry Liquid	
	Relax Mint Catnip Extract	
	Kiwi Berry Extract	
2022 International Invention and Trade Expo	Geisha Ferment	Gold, Special, Conference Special Award
	ClpB Formula	
	Lactobacillus bulgaricus TCI904	
	White Pomegranate Extract	
2022 World Dairy Innovation Awards	Saskatoon Berry Extract	Best Dairy Drink
	Humanoid Collagen	
2022 Concours Lépine	Super X	Bronze Award
	TCI-Effective Clean Beauty - the outer packaging of the product uses marine-recycled materials and post-consumer recycled materials	
Health Food Society of Taiwan 2022 Health Food Innovation Award	Probio-Kombu Black Tea	Awarded
2022 19th Annual National Innovation Award	double 2 Nutri®	Awarded

8.5 Annual Donation Record(\$/NTD)

Item/ Year	2019	2020	2021	2022
Industry association or tax-exempt group expenditure	895,470	893,670	881,100	2,471,516
Community Care and Public Welfare Activities	200,000	1,583,000	1,326,120	5,077,238
Environmental Research and Ecological Conservation	-	-	3,886,975	2,567,624

8.6 Association Member

Classification	Association	Purpose of Participation
Enterprise	International Life Sciences Institute Taiwan	To grasp the changes in import and export patterns in the market, various industrial certifications, related regulations and policies of enterprises to respond to industry trends and comply with various regulations in a timely manner.
	Taiwan Bio Industry Organization	
	Institute for Biotechnology and Medicine Industry	
	Taiwan Chamber of Commerce & Industry	
	(Jhong-Long Chen recommended the Company to join the Association)	
	Importers & Exporters Association of Taipei	
	National Association of Small & Medium Enterprise, R.O.C.	
	Total Quality Food Association (TQF Association)	
	Taiwan Listed Company Association	
	National Innovation and Entrepreneurship Association, R.O.C. (newly established Association)	
	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	
	Chinese Non-Store Retails Association	

Classification	Association	Purpose of Participation
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 Canners 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.
G ene	A Community Of Minds Pushing Forward Advancements In Precision Medicine Taiwan Research-based Biopharmaceutical Manufacturers Association	To grasp the changes in regulations and policies related to industry certification and enterprise-related regulations and policies to respond to industry trends and comply with various regulations promptly.

8.7 ISAE 3000 Assurance Item Summary Sheet

No.	Assurance Item	licable Standard	Page
1	P.50 to P.51 Discloses that the average attendance rate of the Audit Committee in 2022 is 89%. P.50 to P.51 Discloses that the average attendance rate of the Remuneration Committee in 2022 is 90%.	Based on the meeting minutes and attendance records provided by the Board's committees for the Audit Committee and Remuneration Committee for 2022, in cases of remote attendance via video conferencing,visual screenshots will be relied upon for identification purposes.	P.50 P.51
2	P.114 The “Electricity Consumption Intensity Statistics” table discloses that the electricity intensity of Pingtung Precise iManufacturing Center (Rock Park) is 118 and Shanghai Precise iManufacturing Center (Golden Mountain Park) is 74 in 2022.	Electricity consumption intensity (A) is calculated by dividing "electricity consumption (MWh)" (B) by "revenue per million dollars" (C).	P.114
3	P.120 The “Water Consumption Intensity Statistics” table discloses that the water intensity of Pingtung Precise iManufacturing Center (Rock Park) is 2,075 and Shanghai Precise iManufacturing Center (Golden Mountain Park) is 1,136 in 2022.	Water consumption intensity (D) is calculated by dividing "water consumption (metric tons)" (E) by "revenue per million dollars" (C).	P.120
4	P.134 Discloses that the percentage of female employees to all employees of Taipei Headquarters, Pingtung Precise iManufacturing Center (Rock Park), Shanghai Precise iManufacturing Center (Golden Mountain Park) at the end of 2022 is 44.49%. P.134 Discloses that the proportion of female management to management employees of Taipei Headquater, Pingtung Precise iManufacturing Center (Rock Park), Shanghai Precise iManufacturing Center (Golden Mountain Park) at the end of 2022 is 44.44%.	Based on the employee information of Taipei Headquarters, Pingtung Precise iManufacturing Center (Rock Park), and Shanghai Precise iManufacturing Center (Golden Mountain Park) as of December 31, 2022, the management level is defined as those who hold the position of team leader or above.	P.134
5	P.156 “Occupational Injury and Disease Statistics” table discloses that Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park) had zero serious occupational injuries in 2022. P.156 “Occupational Injury and Disease Statistics” table discloses that the recordable occupational injury incidence rate of Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park) is 0 in 2022.	The incidence of death due to occupational injury is calculated by dividing the "number of serious occupational injuries (those disabled for more than six months)" by the "total number of hours worked" multiplied by 1,000,000. The incidence of recordable occupational injuries is calculated by dividing the "number of recordable occupational injuries" by the "total number of hours worked" multiplied by 1,000,000. The number of recordable occupational injuries excludes injuries from commuting accidents not caused by transportation arranged by TCI. The total number of hours worked is 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 and the number of standard working hours (nine hours per day).	P.156

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 for the S12 Automated Warehouse at Pingtung Precise iManufacturing Center (Rock Park) and the total electricity generation for Shanghai Precise iManufacturing Center (Golden Mountain Park), as per the Taiwan Power Company's billing records, and as obtained from China Grid Shanghai Power Company's billing records for the year 2022. This information is also available through the Chunghwa Telecom Smart Green Energy Management System.
C = The amount of operating revenues of TCI for 2022, 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 2022.
(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 (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park) in 2022 is based on the water bill from Taiwan Water Corporation and Shanghai Jinshan Tap Water Co., Ltd.

8.8Third-party Assurance Statement and Assurance Report





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, 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 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 Shanghai Precise iManufacturing Center information in respect of earlier periods or to any other information disclosed in the Sustainability Report for 2021.

Compliance of Independence and Quality Management 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 Standard on Quality Management 1, “Quality Management for Public Accounting Firms” of the Republic of China, , this Standard requires the firm to design, implementation, and operate the system of quality management including policies or 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.

Hsu, Ming-Chuan

Hsu, Ming-Chuan
Partner
For and on behalf of PricewaterhouseCoopers, Taiwan
10 August 2023

8.9 The GHG Emissions Validation Statement



Certificate

Certificat

Report no. : (TH08-218 / version 1)

Greenhouse Gas Verification Report Opinion

THGHG08218-00

Verification

Scope:

Verification

Criteria:

Verification

Objectives :

Data Period :

Verification

Data :

Global Warming Potential (GWP) : refer to IPCC 2021 Year, the 6 assessment report

Statement Basis : This statement must be interpreted as a whole with the following.

GHG Inventory report (version : V2 : Date : 2023/03/25)

GHG Inventory (version : V2 : Date : 2023/03/25)


Materiality : 5% (category 1 and category 2)

Type of Opinion : ☒unqualified ☐qualified (see the subsequent page) ☐disclaim the issuance

Verification


Conclusion:

Date of issuance: 2023/05/24


Signature of the representative :  Job position : President

Page 1 of 4

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Certificate

Certificat

Report no. : (TH08-218 / version 1)


Emissions Data for Each Category :

Category	Description of content	GHG emissions (tons CO ₂ e)	Note
(Category 1) Direct GHG emissions	Stationary sources Mobile sources Fugitive emissions	3,723.2960	
(Category 2) Indirect GHG emissions from imported energy	Indirect emissions from purchased electricity	9,953.7063	local standard
(Category 3) Indirect GHG emissions from transportation	Employee commuting Business travel	421.4405	
(Category 4) Indirect GHG emissions from products used by organization	Purchase of goods	6,053.5054	
(Category 5) Indirect GHG emissions associated with the use of products from the organization	NS	NS	
(Category 6) Indirect GHG emissions from other sources	NS	NS	

Biomass burning emission : 0.0000 tons CO₂e

Page 2 of 4

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Certificate No : 04123GHG0034



APPENDIX TO THE GREENHOUSE GAS VERIFICATION STATEMENT

Description of the verification :

CTI verified the inventory of Greenhouse gas emissions in year 2022 of BioFunction, Shanghai BioTech Group according to ISO 14064-1:2018.

Scope :

Food and tobacco production (14)

Objectives :

a) Evaluate whether the GHG declaration meets the requirements of ISO 14064-1:2018

b) Evaluate the consistency and completeness of the GHG inventory report

c) Verify the correctness and reasonableness of the GHG accounting and reporting

d) Evaluate the GHG-related management controls at the organization level

Assurance level :

Reasonable

Materiality threshold :

5%

Intended users :

Stakeholders involved in the business activities

Nature of data and information supported the GHG statement :

Historical facts

GHGs included :

☒CO₂ ☒CH₄ ☒N₂O ☒HFCs ☐PFCs ☐SF₆ ☐NF₃

Category 1 Emissions :

820.77 tCO₂e

Category 2 Emissions :

6,524.93 tCO₂e

Total Emissions :

7,346 tCO₂e



中国认可
审定核查
VALIDATION VERIFICATION
CNAS C641-V



General manager

CTI Certification Co., LTD.

Zone A 8F CTI Building, No.4 Liu Xian San Road, Xin'an Street, Bao'an District, Shenzhen, China.

Certificate No : 04123GHG0034



GREENHOUSE GAS VERIFICATION STATEMENT

The inventory of Greenhouse gas emissions in year 2022 of

BioFunction, Shanghai BioTech Group

has been verified in accordance with ISO 14064-3:2006 with the materiality and the level of assurance satisfied.

Verification Criteria :

ISO 14064-1:2018

Boundary(ies) :

Verified greenhouse gas statement:

The 2022 Greenhouse Gas Inventory Report of BioFunction, Shanghai BioTech Group

Organizational boundaries:

All facilities under the operational control approach related to greenhouse gas emissions and removals of BioFunction, Shanghai BioTech Group, includes:

Address: No.989, Jin Ge Rd., Jinshan Industrial Park, Shanghai, China

Scope of business and activities:

Food production, food import and export, wholesale, commission agency (excluding auction), and provide related supporting services, technical consultation, technical services and self-owned technology transfer, wholesale of pre-packaged food (excluding frozen food), general goods warehousing business (excluding dangerous goods), Technology research and development, technical support and technology transfer in the field of biotechnology (except genetically modified organisms, human stem cells, gene diagnosis and therapy).

Time period:

January 1, 2022- December 31, 2022

GHG Category(ies):

☒Category 1 ☐Category 2 ☐Category 3 ☐Category 4 ☐Category 5 ☐Category 6

Total emissions :

7,346 tCO₂e

Type of entity :

Third-party



Issue date :

April 15, 2023


Commissioned by :

BioFunction, Shanghai BioTech Group.

Details of the objectives, assurance levels, materiality, intend users of the GHG statement, etc, are given in the appendix to this verification statement of which forms an integral part.



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General manager

CTI Certification Co., LTD.

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