



**Mechema international Group  
2022 Sustainability Report**

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## **Information on the Report**

This report is the ninth sustainability report of Mechema International, Inc. (hereinafter referred to as Mechema and the Company), which provides detailed information on the performance of Mechema International, Inc. in the areas of economic, environmental, and social corporate social responsibility for the year 2022 (2022/01/01 to 2022/12/31). In the near future, the Company will publish sustainability reports on an annual basis.

## **Report Issue**

First issued in 2014, Mechema Sustainability Report is issued annually.

Previous release: June 2022

**Current release: June 2023**

Next release: June 2024

## **Distribution Channel**

In addition to the printed copies of this report, the contents of this report are also available on the Company's website to the public. Please refer to the electronic file published on the Company's website for any inaccurate corrections or updates to the contents of this report. The Company's website: <http://www.mechema.com>

## **Principles of Editing**

This report has been prepared in accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" of the Taiwan Stock Exchange with the content structure based on the GRI Standards (GRI Guidelines) following the guidelines and structure listed in the "Core Compliance" option, and disclosing the Company's key sustainability issues, strategies, goals and initiatives. A cross-reference table of the relevant chapters is provided in Appendix 1 of the report as an aid for quick access and reference. All statistical data are expressed in metric units.

## **Scope and Sources of Information**

The information contained in this report is based on Mechema's and does not include subsidiaries with sources of financial data that have been verified by the accountants. In addition, some statistical data are cited from publicly available information from government agencies and related websites in the form of textual and numerical descriptions that are commonly used, with exceptions to be specified in the report. Moreover, the quotations and reporting boundaries of the data do not differ from those in the 2021 sustainability Report.

## **Outline of the Report**

This report reveals the Company's specific efforts and achievements in 2022 in the areas of business performance, corporate governance, product responsibility, sustainable environment, employee care, and community involvement for sustainable development, and will be compiled under the main themes of "Introduction of Mechema", "Supplier Management and Product Service", "Corporate Governance", "Sustainable Environment", "Corporate Commitment", and "Local Community".

## **External Assurance**

In accordance with Standards on Assurance Engagements No.1, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," issued by the Accountant Research and Development Foundation of the Republic of China, the Company has engaged Ernst & Young to perform limited assurance as described in Appendix II, "Independent Accountant's Assurance Report," for the scope of the assurance engagement.

## **Contact Information**

An electronic copy of this report can be downloaded from our website. If there are any comments, suggestions or inquiries regarding the content, please feel free to contact us with the following information.

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## Words from the Chairman

Mechmea International Co., Ltd. was founded in 1992, and introduced the whole plant of oxidation catalyst production equipment and technology from the United Kingdom and set up a factory in Guanyin, Taoyuan. Over the past 30 years, we have been dedicated to the core chemical material field and its development and application. Based on the business philosophy of honesty, transparency, and pragmatism, the company is grateful for the long-term support from customers, suppliers, investors, and other stakeholders, as well as the hard work of employees at all levels, which made it possible for the company to flourish and thrive.

Aiming at the goal of sustainable management, the Company has been continuously refining its internal management, control and corporate governance system. Meanwhile, in line with the corporate governance requirements of listed companies, Machmea publishes annually a sustainability report for the previous year to reveal the company's economic, environmental, social and organizational governance performance. It is also intended to reward shareholders, employees, the general public and other stakeholders, demonstrating its commitment to corporate sustainability. Introduce ISO 9001 and ISO 14001:2015 environmental management system certifications. In addition to producing reliable products and complying with environmental protection regulations, the company has completed the certification of SGS ISO 14064-1 & ISO 14067 and expects to obtain certification in the future.

Moving forward, while inflation, extreme climate events, carbon reduction, and changing global political as well as economic conditions continue to have a significant impact on sustainable business operations, the active implementation of ESG to promote enhanced risk management in a changing and challenging environment will provide new opportunities and sustainable competitiveness for the industry in the near future.



Chairman, Yim Long-Chai

# 1. Stakeholder Identification and Management of Critical Issues

## 1.1 CSR Policy and Implementation Organization

### 1.1.1 Policy

The Company is deeply aware that corporate social responsibility should be actively practiced in addition to profitability. Therefore, specific corporate social responsibility policies have been established: corporate governance, concern for the rights of stakeholders, safe and friendly working environment, attention to local ecology, reduction of environmental impact, and participation in public welfare activities.

### 1.2 Stakeholder Identification and Engagement

The Company respects and protects the interests of other stakeholders, in addition to pursuing the best interests of its shareholders.

The Company has not made any significant changes in the size, structure, ownership or supply chain of the organization during the year.

The Company sells raw materials to the PTA industry for manufacturing and processing, and the sales category falls under the B2B industry. The Company confirms and identifies the types of stakeholders within the company, and then the "Sustainable Development Committee" discusses the way to define the Company's stakeholders. Eventually, six categories of stakeholders are identified according to their importance: customers, employees, shareholders/investors, government agencies, suppliers, and local communities.

#### 1.2.1 Stakeholder Identification and Engagement

The personnel of each unit	->	The service targets of each unit manager
Aggregation and identification of each unit	->	Customers, employees, shareholders/investors, local communities, government agencies, financial institutions, suppliers
Sustainable Development Committee Identification	->	Customers, employees, shareholders/investors, local communities, government agencies, suppliers

#### 1.2.2 Stakeholder Map



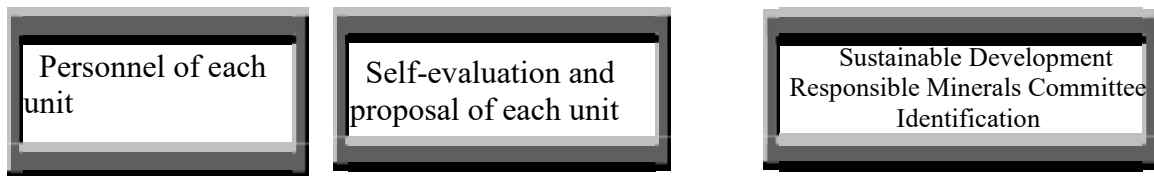
### 1.3 Stakeholder Communication and Issues of Concern

In order to maintain a smooth communication channel between stakeholders and the Company, the Company has established multiple communication channels, including:

1. Stakeholder area and investor area on the corporate website; 2. Annual shareholders' meeting; 3. Market Observation Post System; 4. Investor hotline and mailbox; 5. Annual report; 6. Sustainability report; 7. Customer satisfaction survey; 8. Visits and participation; 9. Technical services; 10. Participation in presentations or seminars; 11. Relevant committee meetings; 12. Education and training. In addition, there is dedicated personnel in the R&D department to provide technical services and new product development, offer customers product information-related services, and assist customers with technical support and problem-solving; to receive product complaints from consumers and to protect consumer rights; to conduct annual customer satisfaction surveys in order to understand customer psychology and to enhance the quality of service; and to send relevant personnel to visit customers on a regular or irregular basis not only for technical services but also to get an insight into customer needs for effective communication and immediate assistance.

In the selection of issues of concern, the Company identifies issues that may be of concern to the stakeholders with whom the Company interacts in its daily work through the business dealings of each department within the Company. Furthermore, the Company also makes reference to the GRI criteria in the selection of issues of concern to ensure the completeness of the issues.

#### 1.3.1 Flow chart of concern identification



The Company employs multiple communication channels to obtain an understanding of the issues of concern to the above stakeholders and considers their relationship with the GRI Guidelines. Based on the analysis and evaluation of each unit, the following issues of concern are identified and evaluated by the Company's Management Performance Review Committee: sustainable management, management performance, regulatory compliance, labor safety and health, integrity management, human resources development, employee welfare, products and services, environmental protection, employee compensation, risk management, process safety, emergency response mechanism, as well as service quality.

Table 1 Communication with stakeholders on issues of major concern and importance to Machema

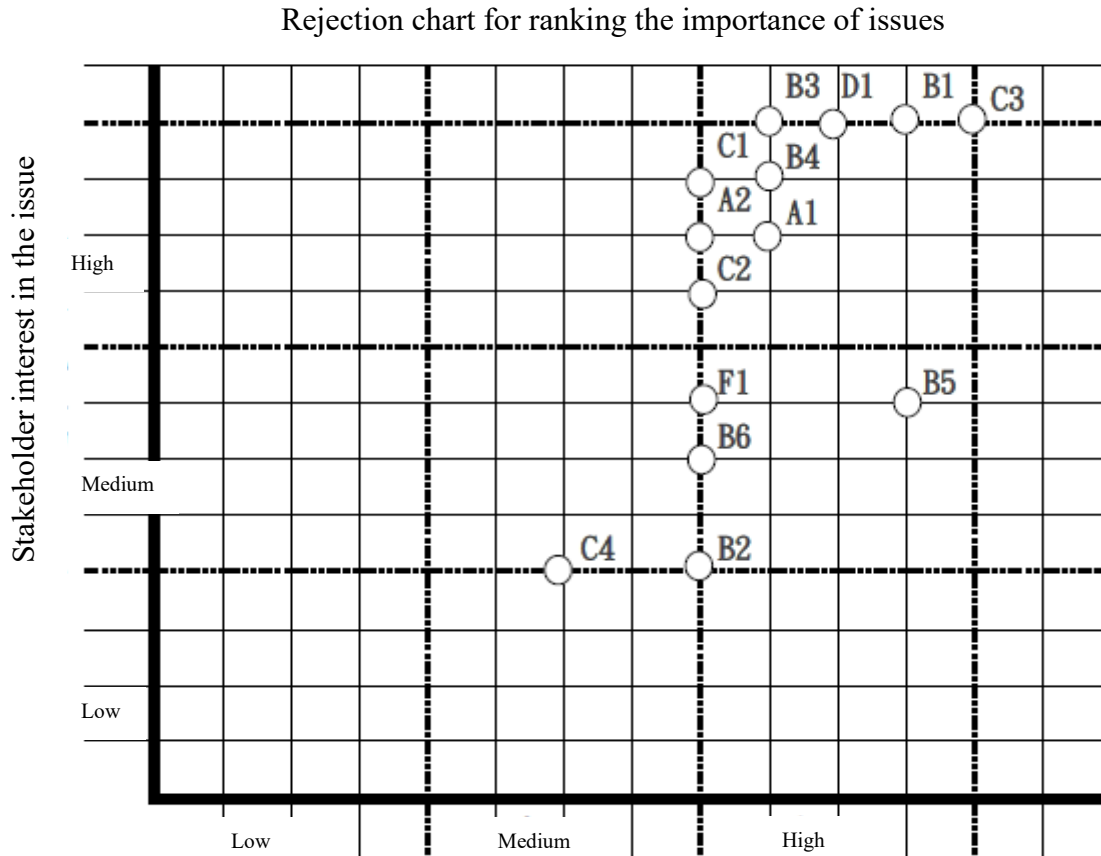
Stakeholders	Major Concerns	Code	Means of Communication	The Importance to Machema
Client	Product and Service	A1	△Business Department Customer Service Line	The value of Machema's sustainability depends on the customers' satisfaction with products and services
			△Satisfaction Survey	
△Seminar				
			△Technical Staff Communication	
	Legal Compliance	A2	△Company Website	
Shareholders/Investors	Sustainability	E1	△Shareholder's Meeting	The shareholders/investors have given their utmost trust and support to Machema, who is therefore accountable to them.
			△Company Website	
	Operating Performance	E2	△Annual Report	
	Integrity	E3	△Stock Market Observation Post	
	Legal Compliance	A2	△Opinion Box	
Employee	Labor Safety and Health	B1	△Employer-staff Meeting	Our employees contribute to the sustainability of the business and are the driving force behind the continued growth.
			△Welfare Committee Meeting	
			△Pension Committee Meetings	
	Talent Cultivation	B2	△Company Website	
	Employee Compensation	B4	△Occupational Safety and Health Committee	
	Legal Compliance	A2	△Opinion Box	
Supplier	Product and Service	A1	△Satisfaction Survey	The supply of consistent quality raw materials from our suppliers is crucial to ensure the quality of products.
			△Seminar	
			△Technical Staff Communication	
	Legal Compliance	A2	△Company Website	
Government Official	Labor Safety and Health Environmental Protection Legal Compliance	B1	△Jurisdictional Authority Inspection	Appropriate legal requirements are the thrust of continuous improvement.
			△Participation in the organization and operation of Industrial Park	
			△Official meeting or public hearing	
Local Community	Environmental Protection Legal Compliance	D1	△Dedicated staff communication	The local community offers an environment to create a future together with the residents.
			△Local community meeting	
			△Company Website	



### 1.4 Materiality Analysis

The "Sustainable Development and Responsible Minerals Committee" of the Company evaluates the level of concern of stakeholders regarding the above-mentioned issues and the degree of impact on the Company, and summarizes the importance of the issues ranked in order of importance.

The matrix is drawn as shown in the following.



As can be seen from the above chart, there are nine issues that are of high concern to stakeholders and have a high impact on the company, in the order of [C3 Management Performance] → [B1 Occupational Safety and Health] → [D1 Environmental Protection] → [B3 Human Resource Development] → [B4 Employee Compensation] → [C1 Sustainable Management] → [A1 Products and Services] → [A2 Regulatory Compliance] → [C2 Sustainable Management].

### 1.5 Material Issues Response

The above nine issues represent the Company's current business priorities and sustainable development strategies that are central to this report, and therefore the management approach and performance related to these issues will be described in this report.

### 1.5.1 List of material issues and aspect boundaries

Category	Material Issues	Internal boundary	External boundary	Impact on Stakeholders
Economically	Integrity Operation	Mechema	Government Agencies Suppliers Mechema Shareholders/Investors Customers Local Communities	We have established a perfect internal control system in place to strictly follow, and all of our employees are committed to the spirit of "honesty, harmony, loyalty, and improvement" to achieve the long-term goal of operating with integrity.
	Business Performance			The company's business performance serves as the basis for sustainable operation, and the improvement of business performance is an essential condition for all employees regarding their investment in the company.
Environmentally	Sustainability Environmental Protection	Mechema	Government Agencies Suppliers Shareholders/Investors Customers Local Communities	The issues of air pollution, water use, waste water and waste management have direct impact on the communities around our operations and on the environment in Taiwan, and are of constant concern to experts and environmental groups. Therefore, we demand ourselves to comply with legal standards, strive to save energy and reduce waste at source, while introducing a circular economy to minimize the possible environmental impact of our operations, with the aim of attaining a win-win-win situation.
	Regulatory Compliance			Compliance with the relevant regulations is a basic necessity for smooth operation, which is also an obligation of global citizens.
Socially	Occupational Safety and Health	Mechema	Government Agencies Local Communities Shareholders/Investors	Our commitment to our employees includes the construction of a healthy and safe workplace environment, with the establishment of an occupational safety lounge, process hazard analysis, standard operating procedures, and disaster drills designed to create a safe work environment as ultimate goal. Indirectly, a safe living environment is created for the local community.
	Personnel Cultivation	Mechema	Shareholders/Investors	Talent development, benefits, and salary systems are indicators of whether or not employees desire to stay with the company. We are determined to complying with regulatory requirements to create a workplace environment that is worthy of long-term commitment.
	Employee Compensation			
	Product and Service	Mechema	Client	Despite the fact that our products have no direct access to consumers, the reminders of product packaging are clear and complete, and all operational activities are carried out in accordance with relevant laws and regulations. All products are shipped according to the specifications and ingredients specified by customers, with great emphasis on the rights of consumers. Customers are valuable partners of our company, and thus our company has dedicated staff to address customer feedback and conduct regular customer satisfaction surveys to strengthen customer relationship management for long-term and stable cooperation.

## 1.5.2 Management policy and execution results of material issues

Order	Category	Material Issues	Management Policy	2022 Execution
1	Economically	Operating Performance	Execution and analysis of operations on the budget basis.	Operating income increased and net income before tax increased compared to the same period last year.
2	Environmentally	Environmental Protection	To obtain reasonable energy consumption data, the organizers regularly check and detect abnormalities; and to detect abnormalities through regular comparison of payment amounts and operating results.	Not violated.
			Irregular audits by the competent authorities and the regulatory compliance of the emission methods planned by the organizers.	Not violated.
			The wastewater is treated in the plant to meet the water quality standards of the Guan Yin Industrial Park Sewage Treatment Plant before being discharged to the Guan Yin Industrial Park Sewage Treatment Plant for further treatment; therefore, it will not directly affect the relevant water bodies and related habitats. The waste generated is classified according to the Environmental Protection Administration and is properly disposed of by a licensed domestic removal and treatment company, in order to recycle and reuse the waste.	Not violated.
3	Socially	Occupational Safety and Health	The company complies with relevant laws and regulations, utilizes planning, implementation, inspection and improvement management practices to achieve occupational safety and health management goals, identifies problems through continuous audits so as to take immediate corrective and preventive measures to improve occupational safety and health management performance, effectively prevent occupational hazards and promote labor safety and health. The system conducts internal audits and hires external auditors for certification.	Not violated.
4	Socially	Staff Cultivation	Openings are offered by employees or by department heads who assign appropriate personnel to participate in internal and external training and are disclosed in the annual report and sustainability report.	2022 Training courses have been arranged
5	Economically	Sincere Management	We strive to achieve the goal of integrity management by following the "Code of Integrity Management" and fulfilling the spirit of "Honesty, Harmony, Loyalty, and Progress".	No abnormalities.
			Follow the Code of Practice for Responsible Sustainable Development.	No abnormalities.
			Employees are required to follow the Code of Ethics to prevent corruption from occurring. Each unit enhances awareness of ethics in the annual self-assessment of the internal control system.	No abnormalities.
			Our senior management is appointed based on the professional requirements of the position and not based on whether or not they are local residents. The salary policy is based on the legal basic salary and the industry salary level, and the performance appraisal is conducted regularly, with a clear and effective reward as well as punishment system in place.	No labor disputes.
6	Socially	Employee Compensation	The Company has established work rules and regulations in accordance with labor laws and regulations to protect the legal rights and interests of employees without regard to race, class, language, ideology, religion, party affiliation, place of birth, gender, sexual orientation, disability, age, or previous union membership. All benefits are equally provided to employees.	No labor disputes.

			Disagreement can be put forward through labor-management meetings, internal meetings, or private complaints to supervisors.	
			All employees perform their work in accordance with the Work Rules, Wage Payment Regulations, Worker Evaluation Regulations, and Worker Promotion Regulations. There is no discrimination on the basis of race, class, language, ideology, religion, party affiliation, place of birth, gender, sexual orientation, disability, age, or previous union membership.	No labor disputes.
7	Environmentally	Sustainable Management	The implementation of waste separation, product packaging materials as far as possible using recycled products, reduce the impact of environmental load.	No abnormalities.
			Regularly record the water meters to understand the water consumption of each unit, and review the reasons for any sudden abnormal data and check the follow-up improvement plan.	No abnormalities.
			Follow the Code of Practice on Responsible Sustainability	No abnormalities.
			Donations are made to community units and temple activities for the purpose of fostering good relations with neighbors.	Occasional Donations
8	Economically	Legal Compliance	The use of optimized control technology, through operational control and regular monitoring, ensures that all environmental protection operations comply with national standards.	Not violated.
			We comply with labor-related laws, regulations and occupational safety and health-related laws and regulations, and use management practices such as planning, implementation, auditing and improvement to achieve compliance.	No abnormalities.
9	Socially	Products and Services	Aiming at the goal of green products, we have set up a system on customer complaints to address the regulatory requirements; and regularly conduct customer satisfaction surveys and analysis.	Not violated.
			Our sales are performed in accordance with ISO 9001:2015 and managed by "Customer Order" computer software. Labeling and packaging are in compliance with regulations and customer requirements.	Not violated.
			We implement the "Information Security Policy" and the "Document and Data Control Procedures", and set up a system to handle customer complaints when necessary.	Not violated.

### 1.5.3 Stakeholder Communication

In addition to the interactive communication in daily operations, the Company has established multiple communication channels and mechanisms with dedicated staff to address relevant issues in order to understand the needs of stakeholders and their expectations of the Company, with a view to fulfilling corporate social responsibility and serving as an important basis for sustainable development strategies.

#### Stakeholder Communication

CSR-related complaints are divided into four categories: environment, labor conditions, human rights, and society, and there were no related complaints in the year 2022.

Stakeholders	Topics of Issues	Communication Method	Frequency
Investors	Company Performance Corporate Governance Material Information Disclosure Company Website	Shareholders' Meeting Annual Report Public Information Observation Post Spokesperson Company Website	Annual Annual Irregular Irregular
Clients	Product Quality Product Price Marketing Communication	Occasional visit Email and phone calls Customer satisfaction survey	Irregular Irregular Regular
Staff	Labor Relations Labor conditions Education Training Staff Promotion Occupational Safety and Health	Labor Conference Departmental meetings Proposal bonus award Staff assessment Staff welfare committee Staff training and various lectures	Regular Irregular Irregular Annual Regular Annual
Supplier	Supplier Reviews Contractor Construction Safety Management	Occasional visits Email and phone calls Supplier assessment and evaluation Contract specification Factory entry requirements	Irregular Irregular Annual Irregular Irregular
Government Authorities	Conformity and compliance with regulations Corporate Governance Labor Relations	Participate in various lectures at seminars/meetings Correspondence and telephone communication Reporting review and on-site inspection	Irregular
Local Community	Social Welfare Community Safety	Local event sponsorship Specialized units are responsible for neighborhood Company website	Irregular

## 2. About Mechema

### 2.1 Company Profile

Item	Content
Company Name	Mechema International Group
Market	Listed Company
Stock Code	4721
Industry Type	Chemical Industry
Paid-in capital	749 million
Date of Establishment	June 30, 1992
Company Address	No. 1, Datong 1st Road, Guan Yin District, Taoyuan City
Main Business	Recycling of oxidation catalysts, battery materials, and catalyst waste
Number of employees	121 people (corporate)

### 2.2 Corporate Culture and Business Philosophy

In order to pursue sustainable management, in addition to keeping the basic principle of customer-oriented, we hold our promises. Environmental protection and industrial safety are the responsibility of an enterprise to the country and society, and also the protection to all the employees of Mechema's. As a matter of priority, Mechema have established various management systems and ISO management practices to strengthen our environmental protection and industrial safety management, in accordance with governmental laws and regulations on industrial safety and environmental protection, as well as the standards of other advanced countries.

#### Chronicle of the Milestone

Discipline	Awarded by	Annual
National Taxation Bureau of Taipei, Revenue Service Office "Annual Outstanding Salesperson in Issuing Uniform Invoice" Award	National Taxation Bureau of Taipei, Revenue Service Office	2009
Chairman received honorary doctorate from National Taipei University of Technology	National Taipei University of Technology	2009
Awarded the "Top 500 Import and Export Manufacturers" by the Ministry of Economic Affairs in 1997.	Ministry of Economic Affairs	2009
Chairman was honored as the Outstanding Businessman of the R.O.C. in 1999.	National Business Association	2010
Chairman to be elected as the 13th Taoyuan County Industrial Association	Taoyuan County Industrial Association	2012
The Chairman to be elected as the 14th President of Taoyuan City Industrial Association	Taoyuan County Industrial Association	2015
National Taxation Bureau of Taipei, Ministry of Finance "Annual Outstanding Salesperson in Issuing Uniform Invoice" Award	National Taxation Bureau of Taipei, Revenue Service Office	2016
Awarded by the The Environmental Protection Administration, 1th Best Award (2 stars) [Waste Resource Recycling Economy Evaluation]	The Environmental Protection Administration	2018
Chairman received donation award from Ministry of Education	National Taipei University of Science and Technology	2020

## 2.2.1 Company Certification

Mechema has passed the ISO14001:2015 environmental management system certification audit and have effectively implemented the requirements of the relevant regulations and standards for the products. In addition, our products are registered and authorized under the EU REACH regulation for chemicals, which allows for the production of reliable products and the observance of environmental protection regulations.



## 2.3 Products and Services

The Company's main products are solid oxidation catalysts and liquid oxidation catalysts, with sales regions covering Northeast Asia, Southeast Asia and the Middle East, which now actively developing into a global transportation center. At present, battery materials have served one of the main products of the Company, with Japan, Korea, Europe and the United States as the main sales regions.

Our products and services:

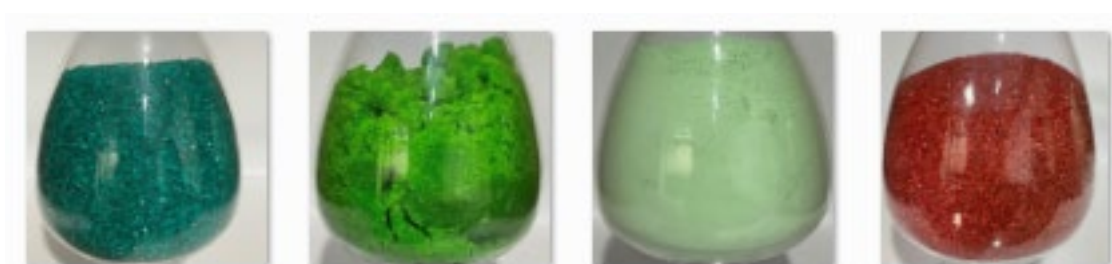
- Manufacturing, trading, import and export of cobalt acetate and manganese acetate.
- Production, manufacturing, trading, import and export of cobalt compounds and manganese compounds.
- Trading, import and export of cobalt and manganese metals.
- Production, manufacturing, trading, import and export of battery materials.
- The Company is engaged in the manufacture, trading, import and export of cobalt bromide and manganese bromide.
- Recycling and reuse of catalyst waste.
- Assisting customers in establishing efficient catalyst recovery systems.
- Research and development of other industrial catalysts.
- Development of PTA intermediate product recovery system.
- Recycling of battery waste.



## Main Products

Category	Main Products	Important Uses
Oxidation Catalyst - Liquid	Manganese acetate, cobalt acetate cobalt bromide, manganese bromide	Catalyst for oxidation reaction in PTA process
Oxidation Catalyst - Solid	Cobalt(II) acetate-4-hydrate, manganese Triacetate	Polyester coloring agent, catalyst for oxidation reaction in PTA process
Battery Material	Cobalt sulfate, nickel sulfate	Industrial magnetic materials and lithium-cobalt secondary batteries
Others	Machine equipment, cobalt, manganese bromic acid, antimony trioxide	Agency, sales and other business

## Product Photos



## Operating Ratio

Unit: NTD Thousand

Products	Year 2022		Year 2021	
	Amount (in thousands)	Operating ratio(%)	Amount (in thousands)	Operating ratio(%)
Battery material related raw materials	2,488,963	47%	2,108,730	51%
Oxidation catalyst	2,782,535	53%	2,017,686	49%
Total	5,271,498	100%	4,126,416	100%

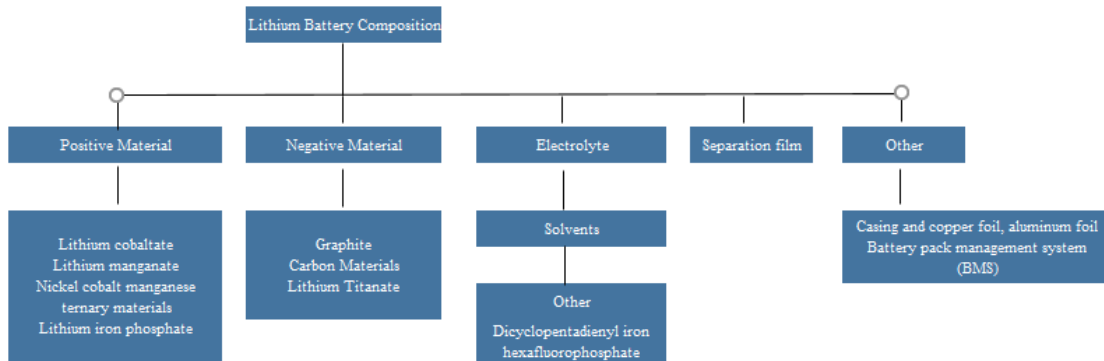
### A. Oxidation Catalyst Products:

Currently, four main raw materials for our oxidation catalyst include cobalt metal, manganese metal, bromic acid and glacial acetic acid, which are mainly supplied to downstream paraben dicarboxylic acid (PTA) manufacturers for their production.

### B. Battery Material (lithium battery - anode material)

With the continuous development of electronic technology, consumer products are gradually moving toward lightweight in terms of volume, and the energy consumption of products is also increasing year by year driven by the enhancement of multimedia technology.





As the issue of climate change becomes a top policy priority for all countries, the trend of vehicle electrification is gradually taking shape. The four core "C.A.S.E." of future mobility - "Connectivity", "Autonomous", "Shared" and "Electrified" - will not only bring a century-long revolution in the traditional automotive industry, but also create unprecedented business models for companies. Automobile majors and battery technology companies have been exploring solutions for battery waste in the past two years. In addition to the early response to the waste crisis, electric vehicles will generate 11 million tons of battery waste, with "recycling technology" being the focal point of future research. Annual demand for lithium is expected to exceed current production from mines as early as 2022. By 2050, cobalt demand may also exceed known global reserves, with a future shift toward lithium battery recycling.

### C. Major Products and Applications

#### Main Products & Applications



## 2.4 Production and Sales Locations

In addition to the Guanyin and Taoyuan plants in Taiwan, Mechema has established production and service plants in Indonesia, Thailand, Korea, Xiamen, Shangyu, as well as Malaysia.



Name of Investment Company	Name of investee company	Main Business Items
Mechema International Group.	Mechema Thailand	PTA oxidation catalyst production and manufacturing
	Mechema Indonesia	PTA oxidation catalyst production and manufacturing
	Mechema Korea	PTA oxidation catalyst production and manufacturing
	Mechema Malaysia	PTA oxidation catalyst production and manufacturing
	Mechema Toda Corporation	Production of anode materials for batteries
	Catalyst Development Co., Ltd.	Investment Holding Company
Catalyst Development Co., Ltd.	Mechema Chemical Co., Ltd. (Xiamen)	Real Estate Business
	Shaoxing Shangyu Mechema Chemical Co., Ltd.	Production of P.T.A cobalt acetate

Consolidated sales statistics for the last two years:

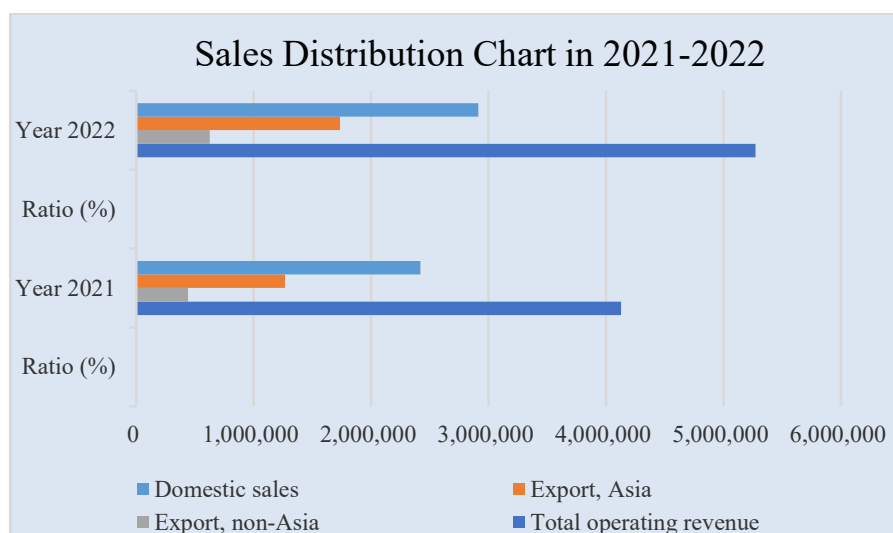
Unit: NTD thousand

Consolidated Sales	Year 2022	Year 2021
Total	5,271,498	4,126,416

Major sales regions for the last two years:

Unit: NTD thousand

Year		2022		2021	
Area		Amount	Ratio (%)	Amount	Ratio (%)
Domestic sales		2,911,707	55%	2,419,640	58%
Export	Asia	1,734,559	33%	1,265,599	31%
	Non-Asian	625,232	12%	441,177	11%
Operating revenue		5,271,498	100%	4,126,416	100%



### 3. Supplier Management and Product Service

#### 3.1.1 Supply Chain Management

Mechema is committed to creating a profitable and trusting relationship with the suppliers and to achieving a win-win situation by achieving standards of EcoVadis Global Supply Chain Continuity Assessment and External Third Party Supplier Assessment in 2020.

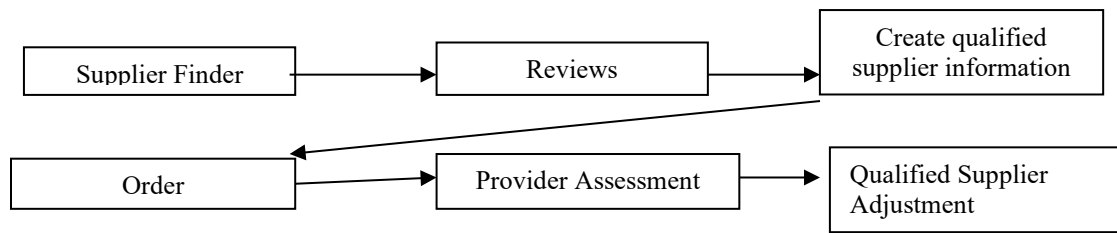
##### Supply Chain Overview

Supplier Category	Raw Material Supplier	Material Suppliers	Equipment / Repairing manufacture	Waste gas manufacturers
Definition	Suppliers of raw materials for product manufacturing	Suppliers of product packaging materials	Supplier of production equipment for repair and maintenance	Suppliers of waste treatment and cleaning
Potential risk of environmental impact	*Failure to obtain permits and registration documents. *Drafting and recording not in compliance with the permit.	None.	None.	*Illegal dumping of waste gas. *Not operating and recording in accordance with the permit.
Potential risk of labor impact	*Working overtime without leave. * Violation of the prohibition of child labor. *Pregnant women or minors working at night.	*Working overtime without leave. * Violation of the prohibition of child labor. *Pregnant women or minors working at night.	*Working overtime without leave. * Violation of the prohibition of child labor. *Pregnant women or minors working at night.	*Working overtime without leave. * Violation of the prohibition of child labor. *Pregnant women or minors working at night.
Potential risks of human rights impacts	"*Inadequate human rights education training. *Correctional wage deductions."	"*Inadequate human rights education training. *Correctional wage deductions."	"*Inadequate human rights education training. *Correctional wage deductions."	"*Inadequate human rights education training. *Correctional wage deductions."
Potential risk of community impact	*Noise and odor	*Noise and odor	*Noise and odor	*Noise and odor

#### 3.1.2 Selection of new suppliers

The company's supplier development and qualification are: market information collection and consultation -> supplier evaluation -> establishment of qualified supplier information -> ordering -> assessment -> qualified supplier adjustment

The process of selecting and evaluating new suppliers is as follows:



Specific yet effective mechanisms and actions are developed with the aim to reduce the negative impact on the environment as well as society. Mechema has passed the ISO14001:2015 environmental management system certification, and selected suppliers must meet the quality, reputation, delivery, sample testing and other evaluation criteria as stipulated in the supplier control system to be included as qualified suppliers. With an emphasis on product quality stability, the company conducts regular annual supplier evaluations to ensure that suppliers meet our requirements.

#### Safety and Health Requirements

The company has established the "Delivery Management Regulations for Manufacturers and Contractors". Contractors entering our production plant and loading and unloading liquid raw materials must wear appropriate protective equipment, such as work safety hats, goggles, and safety shoes, in accordance with labor safety regulations. When delivering liquid raw materials, the tanker should be attached to ground wire to prevent static electricity from generating sparks, and comply with the Company's "Tanker Receiving Control Procedures": turn off the engine and pull the hand brake after positioning at the unloading port, put on all safety equipment and confirm that all pipeline connections are securely connected before operation; liquid raw materials must be unloaded by the Company's warehousing staff accompanied by unloading, and vendors are strictly prohibited from taking over the unloading themselves. The contract requires the contractor to set up safety measures and other labor safety and health regulations during the construction period.

When entering the factory, manufacturers are required to sign the "Notice to Entry", which specifies the prohibited items in the factory. If welding is used in the factory, the "Fire Application Form" must be filled out in advance. In addition, all workers are required to wear safety hats and protective gear prior to entering the site and to use safety belts or safety nets when working on elevated surfaces, which all are precautions to ensure the safety of operations with the fulfillment of corporate social responsibility.



### **3.1.3 Supplier Evaluation**

The evaluation team, consisting of quality control, production, and purchasing, evaluates the quality of the products on an irregular basis according to the "Supplier Evaluation Form" which is used to evaluate new suppliers with the following evaluation levels:

Grade A: Total score of 85 or above // Grade B: Total score of 60~85 // Grade C: Total score of 60 or below.

With the changing global environment, supply chain management plays an influential role in the operation of enterprises. In order to move towards sustainable development, we are committed to maintaining close cooperation with our suppliers on a long-term basis with the principle of fairness and reasonableness, so as to create coexistence and mutual trust among our company, customers, and suppliers, in an effort to achieve the goal of a win-win situation.

Due to limited size and staffing, it is unable to conduct on-site audits of all of our suppliers' adoption of environmental standards, labor practices, human rights standards, and social impact standards. Therefore, it is not feasible to determine directly whether there is a significant actual or negative impact, rather it can only be known passively by the fact that it has occurred.

### **3.1.4 Supplier Behavior Criteria**

To fulfill the CSR obligations as a supplier, the Company established the "Mechema Group Supplier Code of Conduct", which is applicable to all companies of Mechema, its subsidiaries, and affiliates, referred to as the "Mechema Group", while requiring suppliers to follow the Mechmea Code of Ethics and act in accordance with the "Mechema Group Supplier Code of Conduct". In 2020, Mechema Group dedicated itself to promoting suppliers to sign the Supplier Code of Conduct. This Code covers the following:

#### **Labor**

Suppliers must uphold the rights of workers and treat them with dignity and equal respect. This applies to all workers, temporary workers, work-study students, contract workers, direct employees, immigrant workers, as well as other types of workers.

#### **Health and Safety Standards**

A safe and healthy working environment serves as the only way to improve the quality of products and services and the stability of production.

#### **Environment**

Suppliers should recognize that environmental responsibility is an indispensable factor in producing top-notch products. The manufacturing process is designed to reduce adverse impacts on communities, the environment, and natural resources while protecting the health and safety of the public.

#### **Ethical Standards**

In order to be socially responsible, suppliers and their sub-suppliers must conduct their business with integrity and ethical behavior.

#### **The Source of Non-conflict Minerals**

There should be a policy requirement to ensure that the minerals involved in the products being manufactured do not directly or indirectly finance armed criminal groups that commit serious human rights abuses.

## Management System Standards

The Supplier shall adopt or develop a management system that promotes compliance with all relevant laws and shall design the management system to ensure (a) compliance with our requirements, applicable laws, and regulations; (b) compliance with the Code; and (c) identification and mitigation of operational risks associated with the Code, included that the management system shall promote supplier-driven and continuous improvement.

### 3.1.5 Participation in external associations or organizations

In line with the pursuit of sustainable management each unit participate in the following associations:

1. Taoyuan City Industrial Association
2. General Committee of Commerce of the Republic of China
3. Taiwan Industrial Safety and Health Association
4. MIH Electric Vehicle Open Platform

### 3.1.6 Stakeholder Communication

In addition to the interactive communication in daily operations, the Company has established multiple communication channels and mechanisms and dedicated staff to handle relevant issues in order to understand the needs of stakeholders and their expectations of the Company, with a view to fulfilling corporate social responsibility and serving as an important basis for sustainable development strategies.

Stakeholder Communication

CSR-related complaints are divided into four categories: environment, labor conditions, human rights, and society, with no related complaints in the year 2022.

Stakeholders	Topics of Concern	Communication Method	Frequency
Investors	Business Performance Corporate Governance Major Disclosure Company Website	Shareholders' Meeting Annual Report Public Information Observation Post Spokesperson Company Website	Annual Annual Irregular Irregular
Clients	Product Quality Product Price Marketing Communication	Occasional Visit Email, Phone Calls Customer Satisfaction Survey	Irregular Irregular Regular
Staff	Labor Relations Labor conditions Education Training Staff Promotion Occupational Safety and Health	Labor Conference Departmental meetings Proposal Bonus Award Staff Assessment Staff Welfare Committee Staff training and various lectures	Timing Irregular Irregular Annual Regular Annual



Supplier	Supplier Reviews Contractor Construction Safety Management	Occasional Visits Email, Phone Calls Supplier Assessment and Evaluation Contract Specification Factory entry requirements	Irregular Irregular Annual Irregular Irregular
Government Authorities	Conformity and with compliance regulations Corporate Governance Labor Relations	Participate in various lectures at seminars/meetings/symposiums Correspondence and telephone communication Filing review and on-site inspection	Irregular
Local Community	Social Welfare Community Safety	Local Event Sponsorship Specialized units are responsible for neighborhood communication Company Website	Irregular

### 3.1.5 Supply and Utilization of Major Raw Materials

The main raw materials of our main products are cobalt metal, manganese metal, bromic acid and glacial acetic acid, among which cobalt, manganese and bromic acid are imported from abroad due to the factor that they are not produced domestically. Considering the origin of raw materials and no purchase of conflict metal raw materials, delivery time, as well as quality conditions, suppliers are long-term cooperation with the manufacturers, which provides stable and sufficient supply conditions. The purchase price of metals is based on the international metal market price of LME and LMB, and the rest of the materials are purchased mainly from domestic suppliers.

Main raw materials Project	Supplier Domestic	Supplier Foreign	Production Area	Supply Status
Co	-	A	Africa / Australia	Stable and Adequate
Mn	-	B	Asia/Africa	Stable and Adequate
HBr	-	C	Asia	Stable and Adequate
HAc	D/E	-	Asia	Stable and Adequate

Consumption of main raw materials Unit: metric tons

Main raw materials	2020	2021	Remark
Co	461	426	Recyclable and reusable
Mn	120	134	
HBr	1,380	1,819	
HAc	1,136	1,178	



## Cobalt ash recycling and reuse

Unit: Tonnes

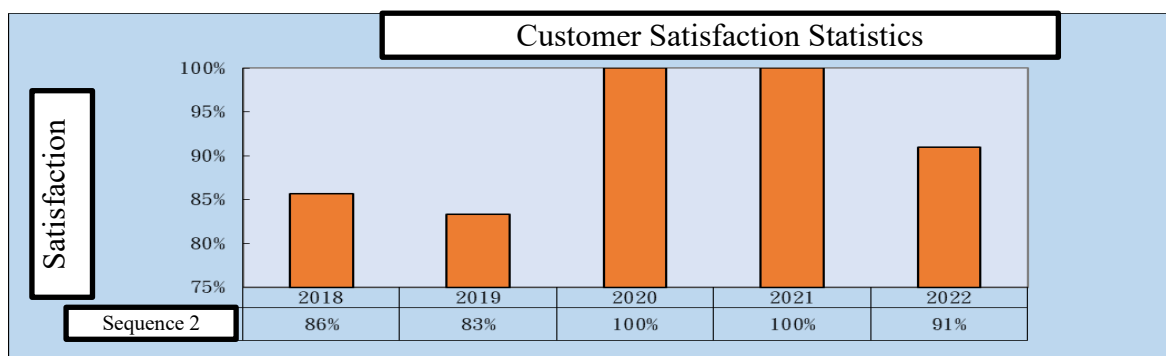
Main raw materials	2022	2021
Cobalt ash consumption	484	1586
Recycle Cobalt	86	121
Recovery of Cobalt as a percentage	17.77%	7.63%

### 3.2 Customer Relationships

The establishment of a sound relationship with customers constitutes the basis for the stable development of our company, as our main customers include domestic and foreign PTA majors with strict requirements for product quality. In addition to focusing on the improvement of research and development of product technology, the company has implemented the ISO9001 quality management system, from raw material inspection, process operation control, finished product inspection, safety, and environmental management to product after-sales service. We strictly implement quality control procedures to provide quality products and focus on service with the aim to meet customer needs, which has acquired the trust and support of customers over time.

In addition to occasional visits to our customers regarding their needs, regular customer satisfaction surveys are conducted every year, ranging from quality, delivery, complaint handling and service, with the survey results taken as a direction for service improvement to maintain customer relationships.

In the past 5 years, our customer satisfaction rate has reached over 80%, which shows our excellent performance in serving the customers.



The packaging of the products is labeled with the name, date and batch number in accordance with the regulations, and the symbols of the chemicals are labeled in accordance with the GHS "Globally Harmonized System of Classification and Labelling of Chemicals" with the SDS material safety data sheet attached to the product information label hazard-related safety measures. The number of incidents in which product and service information and labeling violated laws and regulations and voluntary regulations was 0.

#### 3.2.1 Customer Satisfaction Survey

The customer satisfaction survey is a source of information to grasp "customer feelings". In order to strengthen customer service and provide astounding quality products, a customer satisfaction survey form is issued to customers every year, which covers service, quality, delivery, and handling of customer complaints as a basis for continuous improvement. Through the feedback from our major customers on the satisfaction level of our products and services, we understand the gap between the overall customer demand and the current service as the basis for quality improvement so as to confirm the implementation of

performance management as well as continuous improvement procedures for the purpose of achieving the goal of satisfying customer demand.

Table 4 Overall customer satisfaction survey results of Mechema in 2022

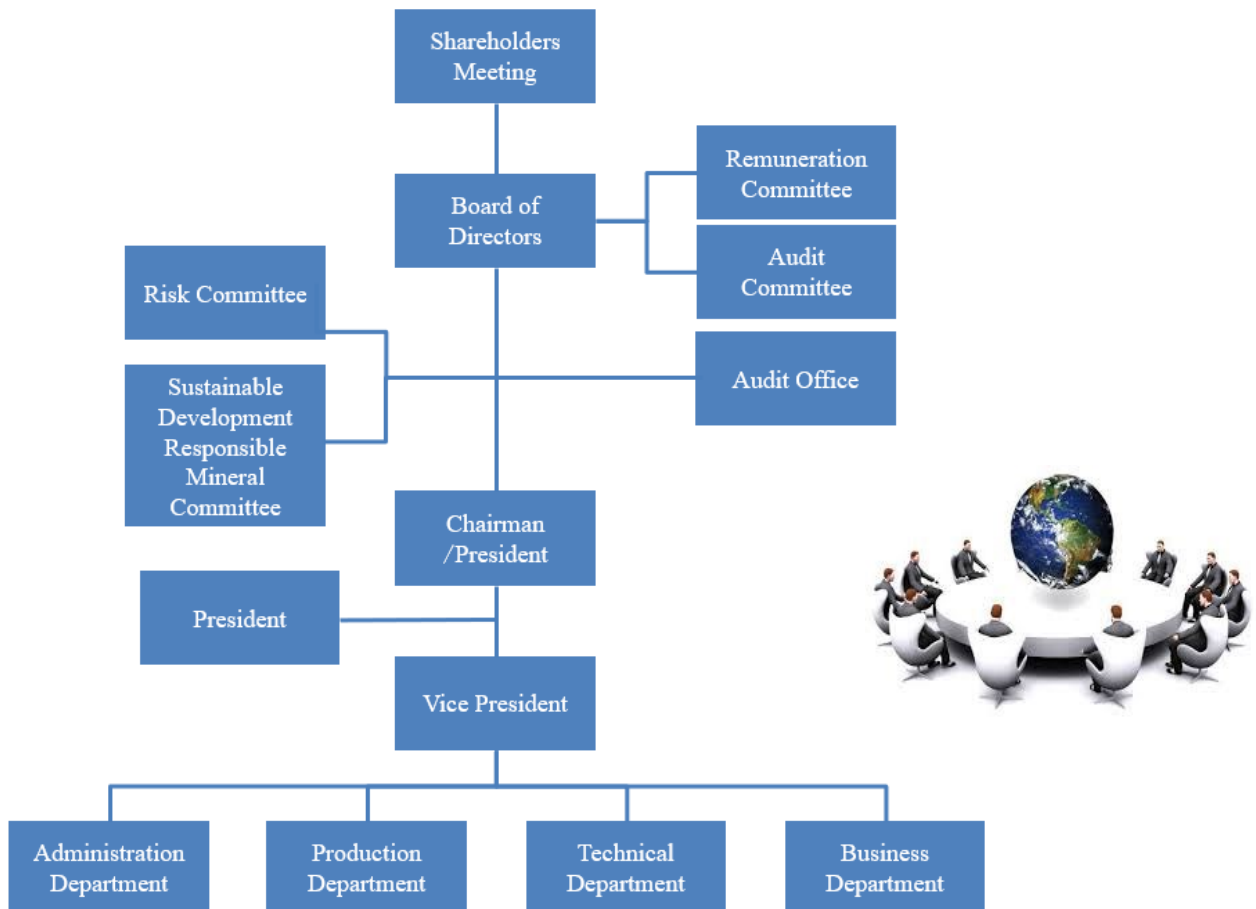
Project Customer	Services	Quality	Delivery Time	Overall Impression	Total	Customer Satisfaction
Average score	36	27	19	9	91	A

At the same time, the present status of customer satisfaction targets for the second half of the year has been set as a basis for continuous improvement while colleagues from relevant units have taken the initiative to contact, and interview customers in the form of follow-up work by completing the forms and calls visiting.

#### 4. Corporate Governance

##### 4.1 Corporate Governance Framework

The Company's overall operations are conducted in accordance with the relevant provisions of the "Code of Corporate Governance for Listed Companies". The Company also follows the "Rules of Procedure for Shareholders' Meetings," "Regulations for Board Meetings," "Organizational Rules for Salary and Compensation Committee," "Internal Control System," "Procedures for the Acquisition or Disposal of Assets," "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies," and "Corporate Governance Best Practice Principles for Listed Companies" to enhance the transparency of operations and further protect the rights and interests of investors and other interested parties.



## 4.2 Shareholders' Meeting

### 4.2.1 Shareholder Structure

April 29, 2023; Units: Shares, %

Number / Shareholders	Government authority	Financial agency	other juridical Person	Individual	Foreign agency and foreigner	Total
Number of people	0	6	195	39,176	65	39,442
Number of shares held	0	120,619	9,315,459	64,481,578	1,068,648	74,986,304
Shareholding percentage	0%	0.16%	12.42%	85.99%	1.43%	100%

## 4.3 Board of Directors

The Company's highest governance unit is the Board of Directors, which is responsible for establishing good corporate governance, improving supervisory functions and strengthening management functions, and has established the Board of Directors' meeting rules and regulations to be followed, which include the content of proceedings, operating procedures, matters to be included in the minutes, announcements and other matters to be followed.

The Board of Directors of Mechmea consists of seven directors, including three independent directors, who were elected on June 30, 2020, in accordance with the law. The Board of Directors meets at least four times a year to jointly oversee the Company's strategy, operations and supervision responsibilities.

Members of the 11th Board of Directors and their qualifications

Title	First Name	Date of election (inauguration)	Education
Chairman	Yim Long-Chai	2020.06.30	Honorary Doctorate, National Taipei University of Technology
Director	Yeh Kuo-Kuang	2020.06.30	National Chung Hsing University, Law Department
Director	Yan Wen-Zhi	2020.06.30	Long Island University, New York - Institute of Business Management
Director	Hsu Yuan-Dong	2020.06.30	Chihlee University of Technology, Business College
Independent Directors	Wang Gao-Jin	2020.06.30	Master of Arts in Economics, North Dakota State University, USA
Independent Director	Lee Meng-Xiu	2020.06.30	M.S. in Accounting, National Chengchi University
Independent Director	Chen Sheng-Yuan	2020.06.30	Ph.D., Financial Management Group, Graduate School of Business, National Taiwan University

The eleventh board of directors met 4 times in 2022 and the directors were present as follows:

Job Title	Name	Attendance	Attendance by Proxy	Actual attendance rate (%)
Chairman	Yim Long-Chai	4	0	100
Director	Yeh Kuo-Kuang	4	0	100
Director	Yan Wen-Zhi	4	0	100
Director	Hsu Yuan-Dong	4	0	100
Independent Director	Wang Gao-Jin	4	0	100
Independent Director	Lee Meng-Xiu	4	0	100
Independent Director	Chen Sheng-Yuan	4	0	100

#### The Status of 11th Board of Directors' Educational Training

Education of the Company's directors and independent directors in 2022:					
Job title	Name	Training Date	Organizer	Course Name	Training Hours
Independent Director	Chen Sheng-Yuan	2022/8/25	Taipei Exchange	Briefing session for insiders on stock ownership	3
Independent Director	Chen Sheng-Yuan	2022/12/23	Securities and Futures Institute in Taiwan	Money laundering prevention and counter terrorism practice	3
Independent Director	Lee Meng-Xiu	2022/12/23	Taiwan Investor Relations Institute	Media communication and crisis management strategies	3
Independent Director	Lee Meng-Xiu	2022/12/23	Taiwan Investor Relations Institute	ESG sustainability new business model	3

#### 4.4 Remuneration Committee

The Remuneration Committee was established on December 29, 2011, designed to improve the compensation system for directors, supervisors, and presidents of the Company. The Committee operates independently to review the details to ensure that the compensation of presidents meets the expectations of stakeholders, and submits its recommendations to the Board of Directors for reference. The Compensation Committee consists of three members and meets at least twice a year.

The fourth term of office: August 10, 2020 to June 29, 2023.

##### Remuneration Committee Members and Qualifications

Title	Name	Academic Qualifications
Convener	Wang Gao-Jin	Master of Arts in Economics, North Dakota State University, USA
Member	Lee Meng-Xiu	M.S. in Accounting, National Chengchi University
Member	Chen Sheng-Yuan	Ph.D., Financial Management Group, Graduate School of Business, National Taiwan University

The 4th Remuneration Committee held 2 meetings in the year 2022 and the attendance of the committee members is as follows:

Job Title	Name	Actual attendance (B)	Attendance by Proxy	Actual attendance rate (B/A)
Convener	Wang Gao-Jin	2	0	100%
Member	Lee Meng-Xiu	2	0	100%
Member	Chen Sheng-Yuan	2	0	100%

#### 4.5 Audit Committee

The Audit Committee was established on June 30, 2020, for the following primary purpose of overseeing:

1. Fair presentation of the Company's financial statements
2. The selection, dismissal, independence and performance of the certified public accountants
3. The effective implementation of the Company's internal control
4. Compliance with the relevant laws and regulations
5. Control of the company's existence or potential risks.

The first term of office: June 30, 2020, to June 29, 2023.

#### Audit Committee Members and Qualifications

Title	First Name	Education
Convener	Lee Meng-Xiu	Master of Arts in Economics, North Dakota State University, USA
Member	Wang Gao-Jin	M.S. in Accounting, National Chengchi University
Member	Chen Sheng-Yuan	Ph.D., Financial Management Group, Graduate School of Business, National Taiwan University

The first Board of Directors meeting was held four times in FY2022, and the attendance of directors and supervisors was as follows

Job Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance rate (%)
Convener	Wang Gao-Jin	4	0	100
Member	Lee Meng-Xiu	4	0	100
Member	Chen Sheng-Yuan	4	0	100

#### 4.6 Internal Control

In order to ensure and implement corporate governance and strengthen internal control and audit operations, the Company has established an audit office under the Board of Directors to assist the Board of Directors and the Manager in checking and reviewing the effectiveness of internal controls, measuring the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations, with timely recommendations for improvement to ensure the continuous and effective implementation of the internal control system, which serves as a basis for reviewing and revising the internal control system.

Apart from the annual audit plan approved by the Board of Directors, the audit operation is carried out according to the annual audit plan, and the auditing of project items is conducted from time to time as necessary, assisting each unit in its internal control self-inspection

operation every year. The audit supervisor attends the quarterly board of directors' meeting to give a business report, and submits a monthly audit report to the audit committee and the chairman of the board of directors for review. If a major violation is found or the company is in danger of significant damage, a report will be made immediately to the supervisor and the chairman of the board of directors. The Company's internal audit believes that it is more important to promote profit than to prevent harm. In addition to continuously monitoring the operation mechanism and controlling various management risks, the Company also assists each unit in detecting areas for improvement in each process in order to improve the overall management performance and create more value for the Company.

#### **4.7 Integrity Operation**

In order to deepen the corporate culture of integrity and sound development of the Company so as to establish an excellent behavioral pattern, the Company has formulated a code of ethical conduct, including the "Code of Integrity", "Code of Ethical Conduct for Employees" and "Code of Ethical Conduct for Directors, Supervisors and Presidents", stating that the Company shall comply with all laws and regulations and conduct business activities with integrity. Furthermore, in the course of conducting business, the Company's personnel are strictly prohibited from directly or indirectly offering, promising, requesting, or accepting any improper benefits, or engaging in other acts that violate integrity, wrongdoing, or breach of fiduciary duties.

Transactions with related companies are governed by the "Related Party, Specific Company, Regulations Governing Transactions with Affiliated Companies" shall regulate business transactions with affiliated companies based on the principle of fairness and reasonableness, and shall eliminate unconventional transactions.

Additionally to establish a good internal material information handling and disclosure mechanism with regard to the prevention of insider trading management, to avoid improper leakage of information, to ensure consistency and correctness of information released to the public, on top of strengthening the prevention of insider trading, we have established the "Internal Material Information Handling and Prevention of Insider Trading Management Procedures" in accordance with the relevant laws, orders and regulations of the Taiwan Stock Exchange or the Securities and Exchange Commission for compliance.

##### **Information Disclosure**

In accordance with the relevant laws and regulations, the Company conducts information disclosure in accordance with the principles of prompt, accurate and complete disclosure. The Company's financial, business and corporate governance information is disclosed on the Market Observation Post System, and a spokesperson and a proxy spokesperson are set up so that all shareholders and stakeholders can be fully informed and have easy access to the Company's relevant information at all times to protect the rights and interests of investors.

##### **Operation of the Corporate Prosecution System**

Email addresses and hotlines have been set up on the Company's internal and external websites to allow employees and external personnel to report any improper business practices. The identity of the whistleblower and the content of the report will be kept confidential, and the Company will actively and prudently investigate and handle the case. In case of any violation of the regulations on honest management, the Company will, depending on the severity of the case, report and punish the violator in accordance with the relevant personnel rules and regulations, and will disclose the title, name, date of violation, content of the violation, and the handling situation of the violator on the Company's internal website.

## 4.8 Risk Management Committee

### 4.8.1 Risk Management Policy

The Company has established a "Risk Management Code of Practice", which was approved by the Board of Directors in 2022, as the Company's highest guiding principle for risk management. The Company evaluates risks on a regular basis each year and formulates risk management policies for each risk, covering mechanisms such as management objectives, organizational structure, attribution of authority and responsibility, as well as risk management procedures, with the desire of effective identification, measurement, and control of various risks and the potentiality of risks arising from business activities within acceptable limits. The Company's risk management policy covers the management objectives, organizational structure, attribution of authority and responsibility, along with risk management procedures. The Company reports its operations to the Board of Directors at least once a year.

#### 4.8.1.1 Risk management areas

The Company is committed to integrating and managing all potential risks that may affect operations and profits in a proactive and cost-effective manner, such as operational finance and hazards, through the establishment of an enterprise risk management program, with the aim of providing appropriate risk management to all stakeholders in order to risk-materialize. We evaluate the frequency of risk occurrence and the severity of impact on the company's operation, define the priority of risk and risk level, and adopt corresponding risk management strategies according to the risk level. The Company's risk management includes management of "strategic risk", "operational risk", "financial risk", "hazard risk", and "risk of climate change and non-compliance with environmental and climate-related regulations and other international regulatory agreements".

The Company has established the "Internal Control System", "Internal Audit System", and other related methods and procedures in accordance with the laws and regulations, and all business operations are conducted in accordance with the laws and regulations and the Company's system to control risks. If a risk situation is anticipated or occurs, it should be reported immediately to the immediate supervisor, the audit office, the president, the board of directors or the supervisor, and the board of directors may be convened for discussion.

#### 4.8.1.2 Risk Management Committee Members and Qualifications

Job Title	Name	Education
Convener	Yim Long-Chai	Honorary Doctorate, National Taipei University of Technology
Member	Tsai Wen-Hsun	Drexel University, USA, MS Accounting.
Member	Ming-Cheh Hsieh	National Taipei Institute of Technology, Department of Chemical Engineering (Third College)
Member	Yan Wen-Zhi	Institute of Business Management, Long Island University, New York
Member	He, Ren-Jie	National Cheng Kung University, Tainan
Member	Chen Jian-Zhi	Department of Chemical Engineering, Tatung University

#### 4.8.1.3 Report of the Risk Management Committee to the Independent Directors on the Meeting

Date	Communication	Communication Results
2022.11.4	Adopted the Company's "Code of Risk Management Practices	Approved by the directors present

#### 4.8.2 Greenhouse gas inventory and verification schedule plan

The regulations have gradually strengthened in response to the risks caused by climate change worldwide. The Company will not only emphasize energy saving and carbon reduction but will also demand itself to meet the future industrial trend with a view to fulfilling its corporate social responsibility.

The Company's paid-in capital reached \$749 million, and in accordance with the reference guidelines and related regulations issued by the competent authorities.

With continuous control of greenhouse gas inventory and verification of the completion of the disclosure schedule, the company's greenhouse gas inventory and verification schedule planning as follows:

Item	Work Projects	Estimated Completion Time
1	To establish "Greenhouse Gas Inventory and Verification Management Regulations" for standardizing our professional/part-time units, assess the number of professional/part-time personnel and their scope of duties as well as internal verification units	By the end of December 2023
2	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2023
3	Professional training for internal auditors and internal investigators	By the end of September 2024
4	Develop strategic objectives and control mechanisms	By the end of December 2024
5	Planning for internal and external audits	By the end of December 2024
6	Internal auditors tracking and checking whether the relevant operations are actually completed according to the plan	By the end of December 2024
7	Each unit began in 2025 according to the actual quarterly inventory and record the amount of greenhouse gases	By the end of December 2025
8	Internal auditors tracking and checking whether the relevant operations are actually completed according to the plan	By the end of December 2025
9	The parent company completed the greenhouse gas inventory for the year 2025.	By the end of December, 2026
10	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December, 2026
11	Completed the greenhouse gas inventory for the year 2026	By the end of March, 2027
12	Internal verification completed in 2026 of internal verification of greenhouse gases	By the end of September, 2027
13	Internal auditors tracking and checking whether the relevant operations are actually completed according to the plan	By the end of December, 2027
14	Consolidated subsidiaries complete the greenhouse gas inventory for the year 2026	By the end of December, 2027
15	External verification completed in 2027 of external (third-party) greenhouse gas verification operations	By the end of June, 2028
16	Completed the 2027th Annual Greenhouse Gas Report	By the end of September, 2028
17	Completion of related information system construction	By the end of December 2028
18	The parent company completed the consolidation of greenhouse gas confirmation for the year 2027	By the end of December 2028
19	Internal auditors tracking and checking whether the relevant operations are actually completed according to the plan	By the end of December 2028
20	Completion of the 2028th Annual Greenhouse Gas Report of the Consolidated Subsidiaries	By the end of September 2029
21	Consolidated subsidiaries complete the greenhouse gas confirmation process for the year 2028	By the end of December 2029
22	Internal auditors tracking and checking whether the relevant operations are actually completed according to the plan	By the end of December 2029



#### 4.9 Sustainable Development and Responsible Minerals Committee

In order to establish a good corporate governance structure for the Company, the Company's Sustainable Development Committee was established and the Sustainable Development and Responsible Minerals Committee was completed on August 08, 2022, to strengthen the functions of the Board of Directors and to devote to the implementation of corporate social responsibility in environmental, social and corporate governance.

#### 4.10 Business Performance

Mechema's consolidated revenue for 2022 is NT\$5.27 billion, an increase of 28% over 2021; net income after tax is NT\$380 million, an increase of 6% over 2021; and earnings per share after tax is NT\$5.09 for 2022.

Consolidated revenue and profit for the last two years are as follows Unit: NT\$'000

Project	2022	2021
Operating revenue	5,271,498	4,126,416
Net profit after tax	381,325	360,634
Total Assets	2,503,063	2,444,752
Shareholders' Equity	1,501,210	1,381,386
Earnings per share (NT\$)	5.09	4.81

#### 4.11 Regulatory Compliance

In compliance with the relevant laws and regulations, the following events have not occurred in 2022:

- Receive any environmental penalties or disputes related matters
- Significant monetary penalties or non-monetary sanctions for violation of laws and regulations
- Products or services that violate consumer health and safety-related laws or self-regulatory codes
- The product or service violates information or logo-related laws or self-regulatory codes
- Marketing activities (including advertising, marketing and sponsorship) that violate relevant laws or self-regulatory codes
- Receiving complaints about breach of customer's personal information or loss of customer's personal information
- Significant penalties for violation of laws and regulations governing the provision or use of products or services
- Cases of anti-bribery policy violations or lawsuits involving anti-competitive practices, antitrust and monopoly measures

## 5. Sustainable Environment

### 5.1 Environmental Management

With the aim to cherish the ecological resources and reduce the environmental impact brought by the manufacturing process, Mechema has set up an occupational safety unit in the general manager's office with staff assigned to supervise and manage environmental and safety issues. Moreover, supervision and management of safety and health matters along with scheduled internal training or staff participation in government courses on environmental safety and pollution prevention have been organized accordingly with the purpose of enhancing environmental safety concepts, promoting daily environmental protection and energy saving measures in monthly meetings:

Energy saving and carbon reduction	Promoting energy conservation by turning off water and electricity at will Office energy saving light fixture replacement Air conditioning temperature control in summer Reduce emissions by turning off the engines of all vehicles in the plant when they are in standby mode Recycled paper printing or duplex printing to reduce paper usage Reduce paper usage by promoting electronic documents Use of natural gas instead of heavy oil consumption Purchase of energy-saving equipment Full electronic application
Waste Reduction	Set up resource recycling bins for waste separation and recycling In the process control, we strive to shorten the production process, and meanwhile reduce the use of solvents, dust, waste water and waste generation, so as to create a safe and healthy working environment with no waste, less waste and clean process production. Promoting self-carrying garbage has reduced the amount of domestic waste

We have obtained ISO 14001 environmental management system certification to strengthen our responsibility for environmental protection and to introduce the concept of greenhouse gas inventory and carbon footprint. In the process of product development and design, manufacturing, transportation, and waste disposal, Mechema considers the possible impact on the environment, which therefore set the following environmental standards as our highest principles in environmental protection work.

1. Follow environmental regulations to promote environmental protection.
2. Pollution prevention, regular review and review of the environment.
3. Continuous improvement, full implementation, and construction of a safe operating environment.

### 5.2 Energy Resource Management

In order to effectively reduce the impact of greenhouse effect on the environment, Mechema continues to promote energy-saving operations. In addition to implementing the ISO14001:2015 environmental management system, we are working towards lowering energy consumption and reducing CO2 emissions in order to achieve a win-win situation in terms of reducing global warming greenery and operating costs.

## 5.2.1 Energy use

### Electricity Usage in the Last 2 Years

Annual	2022	2021
Annual consumption (degrees)	5,199,787	5,141,626
Annual production capacity (tons)	12,635	13,852
Electricity consumption per ton of product (kWh)	411.54	371.18
Individual revenue in thousands of dollars	5,110,732	3,835,476
Electricity consumption intensity degree/thousand TWD	1.01743	1.34054

### Recent Annual Natural Gas Usage

Annual	2022
Annual usage (tons)	114,199
Annual production capacity (tons)_Oxidation catalyst	12,635
Electricity of natural gas per ton of product (ton)	9.04

Remark: The Company started using steam in October 2022

## 5.2.2 Total energy consumption

The main energy sources used by the Company are purchased steam and purchased electricity in the production process, while the total energy consumption for the past two years is as follows:

Project	Unit	Year 2022	Year 2021
Purchased Power	GL	18,719	18,510
Purchase of heavy oil	GL	4,317	3,529
Purchase of natural gas	GL	4,300	-
Total energy consumption	GL	27,336	22,039
Total Revenue	thousand NTD	5,110,732	3,835,476
Energy intensity	GL/Thousand NTD	0.0053	0.0057

Remark: Various types of energy conversion basis.

1. Various types of energy calorific value conversion basis

Electricity: per kWh = 0.0036

2. The heat value conversion of each type of energy is based on the data listed in the monthly electricity bill summation.

### 5.2.3 Water Resources

Water usage for the last 2 years is as follows:

Annual	2022	2021
Annual consumption (degrees)	117,119	104,604
Individual annual production volume (tons)	12,635	13,852
Water consumption per ton of product (kWh)	9.27	7.55

### 5.2.4 The water intake strength of our company is as follows.

Project	2022	2021
Water capacity	117,119	104,604
Drainage capacity	93,765	84,220
Water consumption	23,354	20,384
Total revenue in thousands of dollars	5,110,732	3,835,476
Intensity of water capacity (Water consumption/individual operating revenue)	0.0229	0.0272

Unit conversion: One degree of water = 1 cubic meter = 1,000 liters. Water consumption = water intake - drainage volume.

Water intake data: from the water bill of the Taoyuan plant + Taipei head office + Taichung contact office.

Drainage volume data: wastewater treatment volume of Tayuan plant + water intake volume of Taipei Head Office + water intake volume of Taichung Liaison Office.

The catalyst itself is composed of cobalt and manganese bromide, both of which are metals and cannot be vaporized. Therefore, Mechmea utilizes water for production operations and cleaning in the production process, with the primary source of water coming from the Taiwan Water Corporation.

Mechema recognizes that water resources are limited and have further implemented a number of water recycling and conservation measures in our manufacturing process to cherish water resources.

- (1) A steam separator and a condensate recovery pipe are added at the end of the steam line to recover all the condensate in the steam line.

Unit: metric tons	2022	2021
Total annual water intake	117,119	104,604
Boiler steam condensate recovery usage	11,126	9,833
Water recycling usage as % of water consumption	9.5%	9.40%
Increase or decrease in annual water consumption	12,515	39,565
Annual water conservation as % of water consumption	10.69%	37.82%

- (2) The cooling water temperature control stops the cooling water tower fan when the cooling water temperature is low to reduce splash loss.

## **Quantitative management of energy saving and carbon reduction in the future**

Quantitative management of energy saving and carbon reduction: The Company's future quantitative measures for energy saving and carbon reduction: Since heavy oil is a highly polluting fuel, Mechema has applied to CPC to exchange natural gas in replacement of heavy oil.

In order to reduce the environmental impact caused by production activities, the company has implemented a series of control measures in order to make full use of products or raw materials and even recycle them, through which a better understanding of raw materials demand and periodical consumption can be obtained.

In addition to source control, in order to maximize the effectiveness of the products and raw materials, Mechema holds regular meetings to instruct the relevant units to speed up the processing or reuse of poor materials or defective products generated during production.

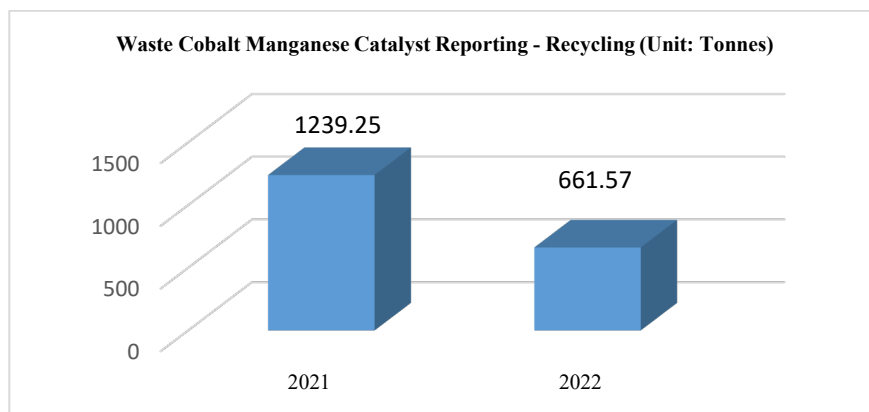
Apart from improving the efficiency of energy and resources in production, the company also utilizes tanker trucks in the delivery of products to reduce the use of barrel packaging materials. Furthermore, the wooden pallets used for export are not easy to recycle due to their high loss and consumption, which come from a large amount of deforestation, resulting in the reduction of forest land and destruction of forests, causing the greenhouse effect on the earth. Therefore, it is necessary to treat the pallets by fumigation, which causes environmental burden. Hence, we actively coordinate with our customers and use plastic pallets instead of wooden pallets for delivery, to be returned for further application. The company is committed to energy saving and waste reduction in all aspects and planting greenery in the factory to do our part in environmental protection.

Statistics on the use of packaging materials and unit consumption for the past three years:

Package Statistics	2022	2021
Amount of package materials(yuan)	2,749,054	1,735,986
Production weight (ton)	79,586	58,732
Average amount (yuan)/metric ton	35	30

### 5.3 Green Products

Trigger recycling process



The slurry (cobalt ash) of crude paraben dicarboxylic acid (CTA) residue of cobalt and manganese catalyst contains about 0.3~0.4% of high value recoverable metal elements such as cobalt and manganese, which are left in the liquid phase aqueous solution. The slurry also contains some organic condensate of about 10~20%, and the rest is mostly water, accounting for about 70%. In the past, the above CTA residue slurry was mostly treated by high temperature heat treatment of waste liquids. After high temperature heat treatment, high value metals such as cobalt and manganese form high value oxidation ashes, which are hardly recoverable and result in waste, while large amounts of heavy oil energy are used to vaporize the water in the slurry during the heat treatment process, which not only results in invisible waste of high value metals such as cobalt and manganese, but also consumes large amounts of energy and invariably results in large amounts of greenhouse gas emissions in the environment. In the CTA residue slurry, the high value recoverable elements such as cobalt and manganese are contained in 0.3~0.4% of the slurry itself, and after a series of organic coagulation removal and metal precipitation filtration and dewatering, the content of high value metals such as cobalt and manganese in the filtered sludge cake is increased to more than 5% for subsequent recovery and reuse process.



## 5.4 Greenhouse Gas and Air Pollution Emissions

The Company's paid-in capital was \$749 million, and in accordance with the reference guidelines issued by the competent authorities and related regulations

### 5.4.1 Climate related information implementation situation

Project	Execution
1. Describe the Board's and management's oversight and governance of climate related risks along with opportunities.	The Board of Directors is the highest level of responsibility for climate change related risk management, while its Risk Management Committee and Sustainable Development and Responsible Minerals Committee are responsible for regularly monitoring the implementation of climate change related risks and opportunities, respectively.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the enterprise in the short, medium, and long term.	Detailed climate risk management and opportunity management instructions
3. Describe the financial impact of extreme climate events and transformational actions.	ditto
4. Describe how the climate risk identification, assessment and management process is integrated into the overall risk management system.	ditto.
5. If situational analysis is applied to assess the resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and key financial impacts should be described.	ditto
6. If there is a transformation plan for managing climate-related risks, describe the contents of the plan, and the indicators and targets for identifying and managing physical and transformation risks.	ditto.
7. If internal carbon pricing is utilized as a planning tool, the basis for price setting should be stated.	No internal carbon pricing plan in place
8. If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual progress of achievement, etc. should be stated; if carbon offsets or renewable energy certificates RECs are used to achieve the relevant targets, the source and quantity of carbon reduction credits to be offset or the quantity of renewable energy certificates RECs should be stated.	Detailed climate risk management and opportunity management instructions
9. Greenhouse gas inventory and confirmation of the situation is also filled in (1).	Detailed Climate Scope Implementation



## 5.4.2. Climate Risk Management

Risk Type		Climate Risk	Topic Impact	Influence Timeline	Production Base	Value Chain Impact	Financial Impact	In response to the measures
Transition Risk	Policy and Regulatory Risks	International Standards	Different system certifications had to be introduced while additional promotion and management costs were invested to ensure fulfillment of the customer's requirements.	Short-term	All Locations	Market / Supply Chain	Increase in operating costs	Establishing a Corporate Sustainability Committee and actively promoting ESG as a priority
	Policy and Regulatory Risks	Energy Tax Related Regulations	In order to comply with the regulations, wMechema has invested in energy saving and carbon reduction measures, such as replacing old equipment that does not comply with the new energy efficiency regulations, resulting in increased operating costs.	Short-term	All Locations	Factory	Increase in operating costs	Set "Energy Sustainability 2030" carbon reduction targets and incorporate them into the KPI of each production site
	Market Risk	Customer Behavior Change	The gradual improvement in energy efficiency of the products may increase the operating cost for the customers, and may affect the investment willingness of the stakeholders or risk the cancellation of orders if the standards of the customers are not met.	Short-term	All Locations	Market / Supply Chain	Increase in operating costs	Set renewable energy use and carbon reduction targets that meet customer requirements
Physical Risk	Acute Risk	Increased severity of extreme weather events	Extreme weather events such as typhoons, tropical cyclones and rainstorms occur more frequently and increase in severity, with the risk of flooding of plants and damage to equipment and facilities caused by natural disasters.	Long Term	All Locations	Factory	Increase in operating costs Decrease in revenue	Continuous investment in disaster prevention equipment and drainage system maintenance

### 5.4.3 Climate Opportunity Management

Type of Opportunity	Topic Impact	Influence Timeliness	Production Base	Value Chain Impact	Financial Impact	Responsive measures	
Resource Utilization Efficiency	More efficient production and distribution processes	Reduced and lighter use of packaging materials, and the introduction of carbon reduction production in the plant	Short-term	All Locations	Market / Supply Chain	Reduce operating costs	Promote design standardization helpful to automation establishment The production process continues to be automated.
	Recycling	Increasing the development of recyclable materials	Short-term	All Locations	Factory	Increase revenue	Evaluate and develop products with a certain percentage of recycled materials in the manufacturing process. Strengthen supply chain cooperation to develop recycled products.
Products and Services	R&D headquarters and innovation of new products and services	Customers may The gradual improvement in energy efficiency of products will increase operating costs and may affect stakeholders' willingness to invest or risk cancellation of orders if they do not meet customers' standards.	Short-term	All Locations	Market / Supply Chain	Increase revenue - Enhance reputation and image	We continue to cooperate and exchange with major universities and colleges to strengthen our R&D capability and enter new markets through strategic alliances.
	Development of low carbon products and services	Extreme weather events such as typhoons, tropical cyclones and rainstorms occur more frequently and increase in severity, with the risk of flooding of plants and damage to equipment and facilities caused by natural disasters.	Mid-term	All Locations	Factory	Increase revenue	Develop forward-looking technologies to grasp market trends and customer needs.

#### **5.4.4. Transition Risk Status Analysis**

The transition risk will affect the company's investment and profitability, resulting in financial risk. Governments worldwide are amending their policies and laws in response to climate change issues, proposing carbon fees, carbon taxes and carbon trading mechanisms to regulate carbon emissions; clients are also responding to demands for product performance and carbon emission control.

In the future, we will use the SBTi 1.5°C scenario and the social cost of carbon price scenario to evaluate the carbon price risk of the company's carbon reduction amount based on the scientific basis, while applying the different scenarios to estimate the future carbon reduction risk and the expected operating impact imposed by the pressure of carbon price increase as a reference for the company's carbon reduction cost and operating decision, with a adaptation strategy in advance. In addition, strategies such as operational efficiency improvement, green power procurement evaluation and product design energy efficiency improvement have been adopted to mitigate the impact of risks. Furthermore, the creation of negative carbon assets through investment in new businesses is considered to avoid the impact on assets and revenue due to the impact on productivity and market demand as a result of transition risks.

#### **5.4.5 Physical Risk Status Analysis**

Climate change will lead to long-term changes in living conditions, affecting people's health, labor productivity, agriculture, ecosystems, and sea level rise, as well as changing the frequency and severity of severe weather events including heat waves, droughts, wildfires, typhoons, as well as floods.

Global warming will contribute to increased risk of heavy precipitation and flooding at each of our operating sites. Future flooding potential under the RCP 8.5 warming 4.3°C scenario (2036-2065).The geographical location of the Danshui plant during base period indicates that it is not directly exposed to high hazard and vulnerable flooding sites, yet there is no incident of operational loss due to flooding in any of the plants, while the remaining production sites are also assessed to be free from immediate risk. Hence, the current short-term management objective aims to implement emergency response, strengthen disaster prevention facilities and insurance products as a response.

## 5.4.6 Climate Scope Performance

Area 1: However, there was no data available for the disclosure of the total direct carbon emissions in 2022 as the inventory operation has not yet been established. An external organization, nevertheless, has been arranged to certify the data, and the inventory operation will be completed and disclosed by the end of December 2025 in accordance with the law.

Area 2: Indirect emissions from purchased electricity, water and steam for the company's own use.

Area 2	Total Emissions (metric tons of CO2e)	Intensity Metric tons CO2e/ million dollars	Confirmation Agency	Confirmation of information (Note 3)
Parent Company	3,198	625	NA	NA
Subsidiaries	Continuously built according to the law	Continuously built in accordance with the law		
Total	3,198	625		

The 2022 emission scenarios for Area 2 are as follows:

Project	Unit	Year 2022	Year 2021
Purchased tap water	kg CO2	17,802	16,198
Purchased Power	kg CO2	2,629,188	2,608,723
Purchase of heavy oil	kg CO2	317,078	259,143
Purchased natural gas	kg CO2	234,108	-
Total greenhouse gas emissions	kg CO2	3,198,176	2,884,064
Individual Operating Revenue	thousand dollars	5,110,732	3,835,476
CO Strength	CO/Thousand NTD	0.6258	0.7519

Note: Electricity and water CO2 emissions: According to the data on the bill for each period.

Note: Natural gas CO2 emissions are based on the "China National Petroleum Corporation" per cubic meter\*NG2  
Approx. 2.05 kg of CO2 emissions.

Note: Natural gas will be available in October 2022.

## 5.5 Water Pollution Prevention and Control

Each of our plants is properly planned for wastewater treatment according to the characteristics of wastewater, so as to effectively manage and treat the produced wastewater. After the treatment of wastewater from the Taoyuan and Guanyin plants, the wastewater quality is tested every shift daily to ensure that it meets the discharge standards of the Guanyin Industrial Park Sewerage System Operation Center, and then discharged to the Guanyin Industrial Park Sewerage System Operation Center through the sewerage system.

The quantity and cost of wastewater treatment for the last 2 years are as follows:

Annual	Annual handling fee (tons)	Annual processing fee (NTD)	Individual annual production volume (tons)
2022	93,765	1,088,318	12,635
2021	84,220	928,723	13,852

## 5.6 Waste Management

The company produces mainly general business waste, of which the majority is inorganic sludge. The management of the waste is based on the classification regulations of the Environmental Protection Administration, and the disposal of the waste is entrusted to a domestic licensed removal and treatment company with the goal of recycling and reusing the waste. In the operation and cleaning process, no significant leakage occurred in 2022.

The following is a statistical chart of the last two years of business waste declarations.

Year	Non-hazardous waste				Hazardous waste
	Domestic waste	Organic Sludge	Inorganic sludge	Waste cobalt-manganese catalyst	Waste liquid
2021	44.59	129.88	196.25	1,239.25	37.95
2022	27.53	33.03	119.95	661.57	10.46

## 5.7 Environmental Investments and Expenditures

Environmental investment:

Unit: NTD thousands

Type of investment equipment	Content	Amount of expenses
Energy saving, waste reduction and reuse	Recycling Equipment	4,912
Air Pollution Control	Waste gas treatment equipment	1,969
Total		6,881

Environmental Protection Expenses:

Unit: NTD Thousands

Waste disposal costs	2022	2021
Wastewater Treatment Costs	928	556
Sludge treatment cost	2053	3,786
Domestic Waste Fee	298	314
Total	3,279	4,656

Awarded: The first award from the Environmental Protection Administration, Executive Yuan

(2 stars for the best evaluation of the recycling economy of waste resources)

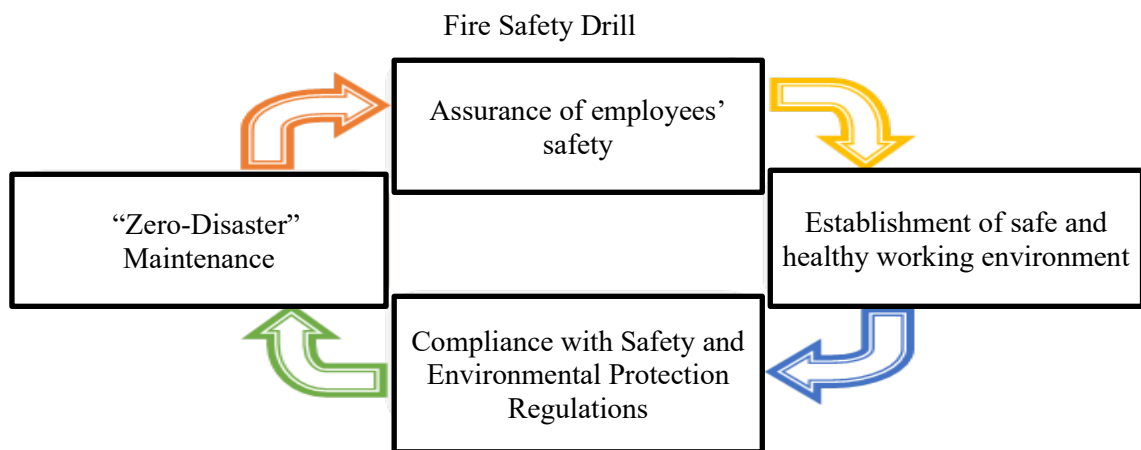


**5.8 Safety, Health and Disaster Prevention**

Respect for life is a universal value, and workplace safety is a guarantee of workers' right to live and work, as well as the stability of human resources, social security as well as economic development.

With the goal of "protecting the lives and safety of employees and zero disasters in operation", Mechemeta has adopted the following measures in its safety and health policy:

1. Implement education and training to raise employees' awareness of safety and health.
2. Promote substantive participation and integration into daily operations.
3. Implement the supervision and improvement system to continuously improve safety and health performance.
4. Comply with safety and health-related laws and regulations, and pay attention to environmental safety and labor health.



**Operating Environment Inspection**

Regularly implement various operating environment tests to reduce operating hazards and effectively prevent the possibility of occupational diseases in the plant, with no cases of occupational diseases among our employees.

Project	Frequency
Operating environment measurements (sulfuric acid, manganese)	Half year
E. coli and heavy metal inspection for drinking water dispensers	Each quarter
Health inspection for in-service personnel and special operations	Per year
Sulfur oxides, nitrogen oxides	5 years

### Emergency Response Mechanism

In order to minimize the damage and impact on the environment in case of an emergency, the Company has established a set of "Emergency Response Mechanism" procedures and "Factory Emergency Response Plan Management Regulations" to regulate the emergency contact handling and disposal in case of an incident, as a guideline for action in case of an emergency.

The scope of the changeable area and the responsible unit

Variable Area Coverage	Responsible parties
Production Plant	Production Department
Raw material storage tank area	Production Department/Warehousing Division
Public facilities such as boilers, water, electricity, and air compressors for production equipment	Production Department/Engineering Division
Administration Building 1F	Administration Department
Administration Building 2F	Technical Department
Fire and emergency evacuation facilities	Administration Department

### Emergency Response Plan

An emergency command center may be set up in the guard room for effective disaster control and to establish good coordination of response notification, provided that its location may be changed at any time according to the prevailing conditions and safety.

The following facilities and information should be available in the guard room during normal times:

- A. Emergency Response Mechanism Management System.
- B. The configuration of the factory.
- C. The configuration of fire-fighting equipment in the factory.
- D. Factory, staff list, and contact number.
- E. Contact telephone numbers of the community outside the factory, neighboring factories, and government agencies.
- F. Protective equipment.
- G. First aid equipment.
- H. List of various hazardous substances and material safety information.

## Emergency Response Organization Responsibilities

Strain organization	Job Title
Chief Commander (Vice President) Deputy Commander (President)	<ol style="list-style-type: none"> <li>1. To direct all emergency response actions, grasp the disaster situation and take necessary disaster relief measures.</li> <li>2. Report the current status of disaster rescue to the supervisor and execute disaster relief according to instructions.</li> <li>3. Direct the post-disaster rehabilitation work, supervise the handling of property insurance claims investigation matters.</li> <li>4. Convene to review the causes of accidents and preventive measures.</li> <li>5. Declare and release the alert status.</li> </ol>
Area Commander (Top executives of each unit) Field commander	<ol style="list-style-type: none"> <li>1. Command the disaster site to prevent the expansion of the incident, carry out the necessary evacuation procedures, rescue personnel, equipment, documents and hazardous materials, and report the disaster to the Chief Emergency Commander.</li> <li>2. Responsible for the allocation and dispatch of tasks in support of disaster relief personnel.</li> <li>3. Control the use of disaster relief equipment, manpower, and the supply support status.</li> <li>4. Investigate the cause of the accident, and review the prevention and improvement measures, with specific improvement plans reporting.</li> <li>5. The competent authorities to enter the factory to investigate the operation of the assistance and information provided.</li> </ol>
Rescue Team	<ol style="list-style-type: none"> <li>1. Prevent the expansion of the disaster.</li> <li>2. Removal of field hazards.</li> <li>3. Assist the fire department in disaster relief.</li> <li>4. Apply appropriate fire-fighting equipment and devices to put out fires.</li> </ol>
Reporting Team	<ol style="list-style-type: none"> <li>1. Establish a temporary reporting center.</li> <li>2. Appropriate in-venue announcements.</li> <li>3. Assist in communicating the commander's instructions and liaising with emergency response teams and support units.</li> </ol>
Shelter Guidance Team	<ol style="list-style-type: none"> <li>1. Set up site isolation with safety warning signs, and the implementation of security.</li> <li>2. Control personnel are not allowed to enter the control area without permission.</li> <li>3. Guide and control the evacuation of people in all areas and floors in accordance with the evacuation routes indicated.</li> <li>4. Personnel inventory.</li> </ol>
Safety Protection Team	<ol style="list-style-type: none"> <li>1. Ensure the emergency power supply and disable the use of fire and electric facilities such as boilers.</li> <li>2. Shut down the equipment in operation.</li> <li>3. Assist the commander in disaster judgment and command.</li> </ol>
Ambulance Team	<ol style="list-style-type: none"> <li>1. Emergency ambulance setup.</li> <li>2. Emergency treatment of injured personnel.</li> <li>3. Contact and provide information to firefighters.</li> </ol>

### Contingency Processing Steps:

#### 1. Fire Emergency

- A. The person who discovered the incident should immediately use fire-fighting equipment and contact others for support by any means available.
- B. When bystanders hear the support alarm, they should immediately and properly stop the work at hand and quickly go extinguish the fire.
- C. When the assistants arrive and start fire-fighting measures, the accident finder



- should immediately notify the unit presidents
- D. The site team leader should instruct all equipment personnel to turn off the power and put out the fire after the notification, while the unit supervisor should notify the guards and manager.
  - E. Guards will be notified of the access control
  - F. If the fire cannot be controlled and continues to expand, the second stage of guarding should be broadcast to the whole factory to evacuate and contact the fire department by phone for support and rescue
  - G. Each unit should immediately guide its employees to evacuate each non-disaster area in accordance with the evacuation route and assist in the closure of the disaster area with traffic control upon hearing the evacuation broadcast.
  - H. The presidents shall immediately notify the company supervisor, safety supervisor, and Environmental Protection Department of the current status and address of the matter
  - I. In the event that the fire department does not arrive to assist the fire-fighting, personnel shall use the water curtain to isolate the disaster area to avoid the expansion of the disaster until the fire department arrives. The fire department shall carry out rescue tasks in the disaster area and the personnel of each unit shall follow the instructions.

## 2. Leakage

- A. The person who discovered the accident should immediately close the valve and quickly check whether there is construction in the vicinity. If there is, the construction units shall immediately command their suspension.
- B. Call the responsible personnel to help inform the guards and unit supervisors, as the accident finder should stay at the scene to guard and control the passage of personnel
- C. Guards should broadcast the situation to the whole factory and inform the president and safety supervisor
- D. Unit supervisors notified should instruct other operators and quickly put into the disaster area for cleanup work
- E. If there is an ignition source, take the same steps as for a fire.

## 3. Explosion

- A. After the explosion, it may ignite the source of the fire and face the second three stages of the hazard
- B. People who sense the explosion near the explosion accident site should notify the guards and take evacuation measures
- C. Guards should immediately notify the fire department, president, and safety supervisor, so as to broadcast evacuation to the entire plant.
- D. Before the arrival of the fire department, take the steps of "Fire Response" D~I to implement.

## 4. Earthquake

- A. In the event of an earthquake, if there is significant and continuous violent shaking, personnel in each unit should immediately stop the work at hand and turn off the fire, power, and valves at the same time. Then it is mandatory quickly move away from the areas that are likely to cause hazards or to take protective measures.

- B. After the earthquake, each unit personnel should immediately return to their original work stations and inspect whether there are any disasters, such as equipment in the displacement, broken pipes, broken wires, and oxygen pipes, etc.
- C. In the cases of fire, leakage, and explosion, procedures for treatment shall remain the same as those for disaster, leakage, and explosion response.

#### 5. Typhoon

- A. Prepare flashlights and batteries in the guard room to prevent inconvenience in case of power failure.
- B. Clear the gutter channels to keep them free of blockages that can cause water to accumulate.
- C. Close the office and factory windows and doors to avoid strong winds and heavy rain from affecting the equipment and items in the factory.
- D. Close each tank inlet and outlet valve as well as the liquid level valve.
- E. Protect the level tubes of TM-04, TM-05, TM-06, and TM-07 tanks with heavy objects (e.g. HBr pallet) to prevent the objects from being damaged by collision.
- F. Empty PE drums and other lighter items should be fixed to the prevention of strong winds from causing damage.
- G. On-site, we will refer to the equipment inspection and precautions when stopping (resuming).
- H. After the typhoon, the staff will inspect the factory, and if there is any unexpected situation, they will handle it according to the emergency response plan management method.
- I. During typhoon holidays, guards are required to inspect the factory to see if there are any accidents, and if there are, to notify the employees of the accommodation and neighboring factories to deal with them as soon as possible.

#### 6. Failure of prevention equipment

- A. Operators should immediately notify the site team leader and unit supervisor.
- B. Upon receipt of the notification, the supervisor of the unit and the site team leader shall inform the operators of each piece of equipment to reduce the production speed and temperature and notify the president and environmental safety personnel.

#### Refuge and evacuation

All employees should follow the evacuation route immediately upon hearing the evacuation alarm and go gather in the square in front of the factory to tally staff.

#### Education Training

In order to enhance the crisis management ability of our employees, the Company actively implements various equipment inspections, conducts regular education and training for personnel, and participates in emergency response drills as well as fire-fighting training, aiming to strengthen the professional skills of each operation supervisor, to prevent the occurrence of various disasters, and reduce potential risks and impact losses through various activities and training.



For contingency education and training, the plan is implemented every year when the next year's emergency response plan is proposed, including self-defense fire training. The training should be reported to the local fire department, and the results should be reported to the local fire department immediately after implementation to fill in the information. The implementation of fire-fighting, reporting, and evacuation guidance training shall be held at least twice a year for at least 2 hours each time to confirm the effectiveness of the system and shall be recorded for reference. Emergency response training is conducted in accordance with the "Emergency Response Team". Due to the excellent results of the implementation, we have "zero disaster accidents" in the year 2022.



Fire Drill Training: Several drills including command, reporting, fire-fighting, evacuation guidance, safety protection, and rescues

## 5.9 Control and Use of Toxic and Chemical Materials

### \* Toxic chemical substance use instructions

Our company currently utilizes KCN (potassium cyanide) and  $K_2Cr_2O_7$  (potassium dichromate), which are mainly used for laboratory analysis and no toxic chemicals are involved or operated during mass production. After the analysis, the toxic chemicals will be cleaved into  $N_2$  and  $Cr^{3+}$ , with no harm posed to the environment and zero impact on the ecology. However, in order to reduce the risk of inadvertent exposure of employees to toxic chemicals, Mechema is now actively seeking more environmentally friendly alternatives or partial replacements.

### \* Toxic chemical substance management

With respect to raw materials and toxic chemical products listed as toxic chemical substances, the Company has set up special personnel to manage them in accordance with relevant government policies and operates based on the "Toxic Chemical Substances Control Procedures" established by the Company. When the R&D department determines that a raw material or product is a toxic chemical, it immediately notifies the toxic control personnel, production office, and sales office of the relevant documents to take relevant measures. Toxic control personnel are set up in the computer system and are required to report to the Environmental Protection Bureau and toxic chemical substances-related reports on a monthly basis. In the production department, there is a special storage area for toxic chemicals, and employees are educated to pay special attention to their safety and do disaster prevention drills for toxic chemicals every six months. In addition, personal protection measures for toxic chemicals and direct input of packaging materials are taken during production to minimize the exposure to humans. Meanwhile, the packaging of our products conforms to the Global Harmonized System (GHS) and is labeled with GHS hazardous chemicals in accordance with the regulations of the Ministry of Labor, Executive Yuan. When toxic or chemical products are produced, the sales unit is notified, so that the shipment is coordinated with the customer, who is required to obtain relevant licenses and permits prior to the sale and delivery of the products in accordance with the regulations, quantity control, and government regulations.

## 5.10 Information Security Policy

With the objective of strengthening information security management, establishing information security risk management, ensuring the security of data, systems, and information, as well as protecting the rights and interests of customers, the Company has established this policy as the basis for implementing various information security measures in accordance with CE-101, CE-107, CE-110, and CE-111, the standard operating procedures for the establishment of internal control systems for public companies.

### 1. Division of Functions and Responsibilities of CE-101 Information Processing Department

(1) The Information Unit shall perform its duties from a position of supreme independence and shall not overstep the limits of unauthorized matters.

(2) Whether the information unit and the user unit are divided into the authority.

### 2. CE-107, Safety control of files and equipment

(1) Regularly inspect the security and protection equipment of the computer room

(2) Conduct regular safety drills to familiarize information unit personnel with the operation of various safety equipment

### 3. CE-110, system recovery plan system

(1) The system recovery plan is clearly defined and documented. Whether the development process involves the participation of the auditing department. Are the recovery procedures tested periodically?

(2) Periodic transcription of important program files for backup.

### 4. CE-111, Control operation of information security inspection

(1) The mail server is equipped with a firewall and anti-virus software to isolate external infringement.

(2) The information personnel regularly review the mail sending and receiving situation on the server. In the event of any abnormal condition, they should report to the responsible supervisor to address the matters.

### 5. Report to the Board of Directors once a year on its operations as follows:

Term/Date	Communication	Communication Results
The 1st - 10th 2022.5.6	Information Security Policy	None

## 5.11 Occupational safety and health

1. The Company discloses the types of injuries suffered by its employees to ensure occupational safety and health and calculates the injury rate, occupational disease rate, LDR, and absenteeism rate, as well as the number of work-related deaths. The annual situation is shown in the table below:

Annual	Actual number of hours invested	Injury Rate	Occupational disease rate	LDR	Absence rate	Deaths on duty
2022	105,517	-	-	-	0.12%	-
2021	107,349	-	-	-	0.30%	-

Description:

1. Mechemba did not have any work-related accidents in the year 2022, so the injury rate is 0%.
2. There was no occupational disease incident in the year 2022, and therefore, the occupational disease rate is 0%.
3. In 2022, there was no incident in which a worker was unable to work due to occupational disease or occupational accident. The LDR totaled 0%.
4. Absence rate = (number of personal leave hours + sick leave hours + vaccination leave hours) / actual number of hours put in \*100%

## 5.12 Violation of Laws and Regulations

### 5.12.1 Penalties

(1) Losses suffered in the last two years due to pollution of the environment.

Item	Year	2022	2021	2021
			Violation of the Waste Disposal Act Enforcement Rules, Article 31, Paragraph 1, Item 1	Violation of the Waste Disposal Act Enforcement Rules, Article 31, Paragraph 1, Item 1
Unit		Environmental Protection Department,	Environmental Protection Department,	Environmental Protection Department,
Non-compliance		Excess of reported output	Reporting anomalies	Reporting anomalies
Amount		6,000	12,000	12,000
Total		6,000	12,000	12,000

(2) Improvements: Monthly self-management verification of data

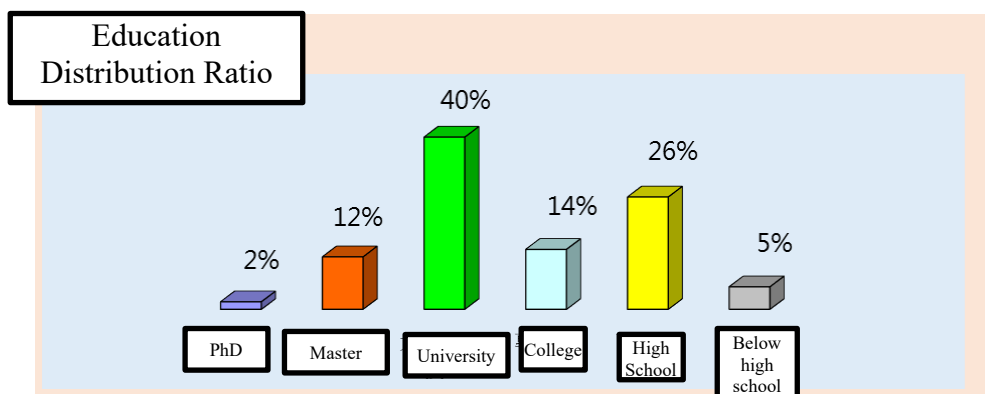
## 6. Corporate Commitment

### 6.1 Staff Overview

Talent determines the performance of an organization, and outstanding talents will be the main source of competitive advantage for future enterprises. Aiming to ensure that employees can fully enjoy their work, Mechemia is committed to creating harmonious labor relations and a safe and friendly workplace, continuously improving the operating environment, protecting the legal rights and labor conditions of employees, providing a variety of employee benefits and education and training as well as requiring all employees to abide by the corporate ethics of group discipline and employee integrity. In this way, each employee can be treated fairly and equally, and a multifaceted communication channel between labor and management establishing based on mutual trust to strengthen the retention of talents, which undoubtedly, will further create better operational performance along with the space for Mechemia to thrive in the future.

Information on workers in the last two years (in Taiwan)

Year		2022	2021
Number of employees	Direct Labor	22	22
	Indirect Labor	35	33
	Total	57	55
Average age		41	40
Average length of service		8	7
Education	PhD	1	1
Distribution	Master	7	6
Ratio	University	23	23
(%)	College	8	8
	High School	15	14
	Below high school	3	3



## 6.2 Staff Employment

In order to meet the needs of the company's operation strategy, the company will continue to recruit new employees in Taiwan every year. Salaries will be paid in accordance with the "Regulations on Salary Management" and will be higher than the basic wages stipulated in the Labor Standards Law, recruiting a total of 8 people in 2022 to meet the manpower demand of the company's long-term business development.

The company employs employees in compliance with the government's labor and employment-related laws, and regulations that value human rights without discrimination based on gender, age, race, nationality, language, ideology, religion, facial features, etc. Recruitment is done through various channels, and the most suitable personnel are selected by taking into account the opinions of the supervisors and personnel managers of the employing units. For the sake of protecting the rights and interests of our employees, the company does not promote dispatched employees while minimizing the number of contract employees.

In addition, the Labor Standards Law prohibits employers from employing child laborers under the age of 15.

All employees of the Company are protected by the Labor Standards Law. With a clearer definition of rights and obligations of both employers and employees, better to the improvement of the modern management system, along with concerted efforts for both parties, the Labor Standards Law and related regulations are adopted to establish work rules and as a code of ethical conduct for employees to abide by.

2022 New Employee Rate Analysis (Taiwan)				
Year	2022			
Gender	Male		Female	
Item	Number of people	Percentage	Number of people	Percentage
Under 30 years old	1	2%	0	0%
30-50 years old	7	12%	0	0%
Over 50 years old	0	0%	0	0%
TOTAL	8	14%	0	0%

The total number of employees in Taiwan in 2022 is 57, with an average of 7 years of experience and an average age of 40. In terms of manpower structure, due to the industrial characteristics of the manufacturing industry and process operation restrictions, the proportion of male employees is higher (female employees account for 27% of all employees), but there is still a significant proportion of female supervisors (4% of supervisors at manager level or above).



2022 Age Analysis of Employees at Managerial Level and Above (Taiwan Region)				
Age	Male		Women	
	Number of people	Percentage	Number of people	Percentage
Under 30 years old	0	0%	0	0%
30-50 years old	7	12%	1	2%
Over 50 years old	4	7%	1	2%

Staff Manpower Employment Analysis (Taiwan)					
Year		2022		2021	
Total number of employees		57		55	
Domestic Staff	Male	32	56%	30	55%
	Female	14	25%	14	25%
Foreign Employees	Male	10	18%	10	18%
	Female	1	2%	1	2%
Management Staff	Male	11	19%	8	15%
	Female	2	4%	2	4%
Administrative Staff	Male	10	18%	11	20%
	Female	12	21%	12	22%
Production Technicians	Male	21	37%	21	38%
	Female	1	2%	1	2%
Fixed Term Contractors	Male	0	0%	0	0%
	Female	0	0%	0	0%

## Employee Benefit Statistics (Taiwan)

Unit: NTD thousand

Year	Total in 2022	Total in 2021
Salary and Fees	58,422	52,632
Employee Insurance Premium	4,363	3,926
Post-employment benefits	1,730	1,666
Other employee benefit costs	4,165	3,541
Total	68,680	61,765

Year	2022				2021			
Number of employees	57				55			
Gender	Male		Female		Male		Female	
Item	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Under 30 years old	4	7%	0	0%	6	11%	0	0%
30-50 years old	6	11%	0	0%	9	16%	3	5%
Over 50 years old	0	0%	0	0%	0	0%	0	0%
TOTAL	10	18%	0	0%	15	27%	3	5%

The number of full-time employees without supervisory responsibilities, the average and median salaries of full-time employees without supervisory responsibilities, and the differences between the former three items and the previous year are as follows:

Unit: NTD thousand

2022			2021			Difference from the previous year		
Number of full-time employees without supervisory responsibilities	Average employee salaries	Median salary	Number of full-time employees without supervisory responsibilities	Average employee salaries	Median salary	Number of full-time employees without supervisory responsibilities	Average employee salaries	Median salary
47	811	693	45	689	593	2	122	100

### 6.3 Staff Cultivation

Employees represent the most valuable asset of the company and the cornerstone of its sustainable operation. Internal training programs have been established for the enhancement of employees' quality and skills, as well as knowledge of safety and hygiene, thereby providing them with training on various functions according to their business needs, either internally or externally, so that the development of their abilities can be integrated with their responsibilities to maximize the learning effect.

For the year 2022, the total number of hours of training for the employees reached 99 hours and the total cost of employee training was \$20,000. For the year 2021, the total number of hours of training for the employees reached 194 hours and the total cost of employee training was \$16,000.

The statistics and expenses of the Company's employees' training and education in 2022 are as follows:

Item	Number of shifts	Total number of people	Total Hours	Total cost (in thousands)
Training for new recruits	13	13	32	0
Professional Training	10	40	55	16
Supervisor Training	3	3	12	4
General Studies Training	0	0	0	0

The statistics and expenses of the Company's employees' training and education in 2021 are as follows:

Item	Number of shifts	Total number of people	Total Hours	Total cost (in thousands)
Training for new recruits	49	49	125	0
Professional Training	13	65	61	14
Supervisor Training	1	1	8	2
General Studies Training	0	0	0	0



## 6.4 Employee Communication Channel

In order to maintain a two-way communication channel to maintain good labor relations, the Company has set up an internal email address for employees to respond to various opinions or complaints about sexual harassment and other improper matters. The two labor representatives are publicly elected in accordance with the procedures of the Labor-Management Conference. In addition, monthly meetings are held regularly for all employees to encourage each employee to express their opinion with respect to related matters, where management is immediately aware of the problems and can respond accordingly.

During the reporting period, no human rights violations or discrimination occurred at Mechema.

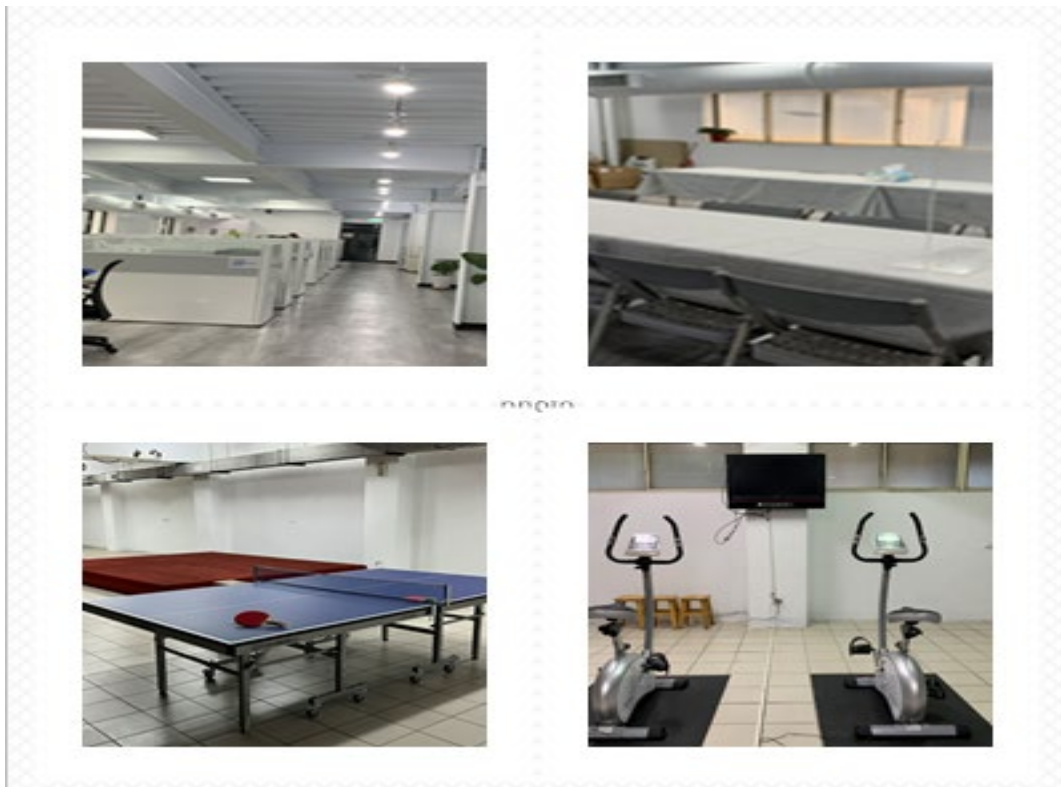


Monthly Meeting & Gift Exchange



## 6.5 Employee Care and Welfare

Our company has always valued employee benefits, and we provide employees with labor insurance, health insurance, and group insurance, year-end bonuses and employee compensation depending on operational performance, employee dormitories, transportation vehicles, and a parking lot. There are also special benefits such as mid-shift snacks, summer drinks, high-temperature allowance, vehicle allowance, interest-free loans for employees to purchase houses, speech bonuses, full-covered helmets for employees who ride to and from work, and cold-weather protection devices during winter.



【On-site office and staff dining environment & staff fitness equipment 】

### Staff Welfare Committee

For the fulfillment of employees' welfare demands and the provision of good labor conditions to promote labor harmony, the Company has established a Staff Welfare Committee in accordance with the law, with members from various departments of the Company, which holds regular welfare committee meetings, establishes various welfare policies and handles employee welfare business.

Welfare Programs provided by Staff Welfare Committee	
1.Marriage subsidy	6.Employee travel subsidy
2.Fertility subsidy	7.Education subsidy for employees and children (from nursery to university)
3.Three festivals gift (Labor Day, Dragon Boat Festival, Mid-Autumn Festival)	8.Employee dinner
4.Birthday gift	9.Senior subsidy
5.Death subsidy for condolences	10.Hospitalization subsidy



The Staff Welfare Committee organizes domestic trips every year and overseas trips every two years for employees for relaxation, and also subsidizes employees' family members to encourage them to bring family members along.



【Departmental dinner while having fun】



【Domestic Staff Tour: National Museum of Marine Science and Technology & Shu Shin Bou Wagashi Museum】



[Year-end event]

### Promoting Gender Equality

In accordance with the Gender Equality Act and work rules, employees are granted menstruation leave, maternity leave, prenatal check-out leave, paternity leave, and family care leave. In order to allow employees to take care of both personal and family care needs, employees in need of longer leave for military service, childcare, major injuries, or illnesses can also apply for leave without pay and return to work at the end of the period in the convenience of their special conditions.

### Childcare leave for employees

Never miss out on the chance to witness the precious process of a child's growth even with an extremely tight schedule. The intention of the government to specify parental leave and the payment of childcare leave without pay is to ensure that workers can retain their jobs during childcare, stabilize their employment, and receive allowances that protect their basic livelihood with a smooth transition back to the workplace after childbirth. In 2022, there are 0 people eligible for parental leave, 0 of whom actually applied for parental leave without pay, and 0 of whom returned to work after parental leave. The following table shows the analysis:

Year	2022			2021		
Gender/Total	Male	Female	Total	Male	Female	Total
Item	Number of people	Number of people	Number of people	Number of people	Number of people	Number of people
The number of people eligible to apply for childcare leave	0	0	0	0	1	1
The actual number of applicants for childcare leave	0	0	0	0	1	1
The number of people expected to return to work in the current year after the childcare leave	0	0	0	0	1	1
Number of childcare reinstatement	0	0	0	0	0	0
The number of people who continued to work for one year after the previous year's childcare leave suspension and reinstatement	0	0	0	0	0	0
Current year application rate for childcare leave	0	0%	0%	0	100%	100%
Current year of childcare reinstatement rate	0	0%	0%	0	0%	0%



## Retirement and Compensations

In accordance with the Labor Standards Law, the Company established the Supervisory Committee of Business Entities' Labor Retirement Reserve to make monthly contributions to employees' pension funds under the old system and the new system applicable to employees who joined the Company after July 1, 2005. The retirement benefits under the old system are transferred to the retirement reserve account of the Bank of Taiwan, while the retirement benefits under the new system are transferred to the personal accounts of employees of the Bureau of Labor Insurance. In addition to those who meet the retirement requirements under the Labor Standards Law, employees who meet the requirements for preferential retirement according to the Labor Retirement Law may apply for preferential retirement after approval.

In the event of injury or death in the line of duty, the employees and their families will be given a pension in accordance with the "Regulations for the Compensations of Employees".

## Other Benefits

With the goal of sustainable management and development, the company encourages its employees to endorse the company's management philosophy and remain long-term. Therefore, at the end of each year, the company recognizes long-time employees, the best employees, and the best supervisors, publicly presenting them with commemorative awards in recognition of their hard work and merits to the company.

In addition, there was domestic travel in Beipu Old Street aimed at relaxation for employees in hopes of physical and mental rewind.

## 6.6 Employee Health and Safety

According to the labor health protection rules, employers should implement regular general health examinations for workers in employment in accordance with the following provisions:

1. Those who have reached the age of 65 should be examined once a year.
2. For those who are over 40 years old and under 65 years old, they should be examined once every three years.
3. For those who are under 40 years of age, the examination shall be conducted once every five years.

The company is concerned about the health of its employees and hence cooperates with regional hospitals to provide health checkups for general and special workers every year so that illnesses can be detected and treated as early as possible.

In order to maintain the work environment and the safety of employees, Mechem has established the "Safety and Health Code of Practice", "Hazard Awareness Plan" and "Factory Emergency Mechanism Plan Management Regulations" in accordance with the Occupational Safety and Health Act to provide safety protection measures at the operation site, with safety shoes, helmets, goggles, protective masks, activated carbon masks, acid, and alkali resistant gloves, aprons, work clothes and other safety protection equipment provided to the site operators. Employees and bicycle commuters can apply for full-covered helmets, and all employees are provided with safety and health training,

including training on abnormal causes of accidents, special operation safety, chemical awareness, fire drills, and emergency disaster response, to raise employees' awareness of safety in preventing disasters.

In addition to meeting the needs of the current regulations and enhancing the safety awareness of employees, aiming to ensure the safety of all personnel entering the operation area, manufacturers are required to fill out a manufacturer's application form for entering the factory and to sign a manufacturer's entry notice when contracting manufacturers to enter the factory, which regulates that they should comply with the various safety regulations, and that they are strictly prohibited from starting fires on their own without a fire order application. It serves as a result of the intention to effective risk-control, personnel, and equipment safety, and, however, it also fulfills the social commitment as well as the community.

### **6.7 Expatriate Staff**

1. Based on the labor contract, in addition to the minimum wage adjustment, bonuses and allowances will be given.
2. After three years of service and then renewing the contract, an experience allowance will be paid upon approval.
3. Foreign workers enjoy domestic travel benefits.
4. Chinese New Year Holiday bonuses are given to those who are working during the period.
5. Leave regulations are similar to those of the local employees.
6. Chinese language teaching provided.
7. Employee bonus award for foreign employees.
8. Provide a comfortable dormitory for expatriate staff.

### **6.8 Modern Slavery Policy Statement**

Mechemar International Group (the "Company", together with its investee subsidiaries and joint ventures referred to as the "Group") is a manufacturer of PTA oxidation catalysts and battery-grade materials with a well-established history of over 28 years. The Group is committed to its traditional values of conducting its business in a responsible, honest, and ethical manner in compliance with the laws of each country in which we operate.

This statement has been prepared in accordance with Section 54 of the UK Modern Day Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010 (SB 657) and constitutes the Group's Modern Slavery Statement for the accounting year ending 31 December 2022.

### **6.9 Conflict Minerals Prohibition Statement**

Conflict Minerals (EICC (Electronic Industry Code of Conduct) regulated metals) are mined in the Democratic Republic of Congo or its neighboring areas of illegal military conflict by means of armed conflict, looting, human rights violations, oppression of civilians, forced to work in harsh conditions, and other illegal methods. Eventually, electronic products are manufactured goods indispensable in daily life by multiple suppliers.

As a result of the signing of H.R. 4173, the Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) in July 2010, Machma stated that the use of "conflict minerals" is prohibited and that we are committed to not purchasing conflict metals from conflict

zones in the Democratic Republic of the Congo and surrounding countries. In order to avoid the use of illegally mined metals as raw materials for products, Machma requires its suppliers to refuse to use "conflict minerals" from conflict areas and to fulfill their social responsibility together.

### **6.10 Prohibition of Child Labor Statement**

The interests of children serve as our first priority. Child labor is defined as anyone who is 15 years of age or younger than 16 years of age, below the age of completion of compulsory education or below the minimum employment age of the country/region.

Child Labor Prevention Program:

1. Before hiring any applicant, the Company will inquire the applicant about relevant information that proves the applicant's age with the corresponding proof and will only proceed with the hiring process upon the confirmation.
2. When hiring an employee, the hiring unit shall re-assure the age of the employee.
3. The company conducts child labor prevention campaigns from time to time for human resources units to enhance recruiters' understanding of "policies and regulations against child labor". The policy of prohibiting child labor is based on the minimum working age stipulated in the Labor Law of Taiwan, and we hereby declare

Child Labor Prevention Program:

1. If child labor is discovered, the child laborer will be removed from the workplace immediately.
2. Immediately contact the parents or legal guardians of the child laborer and arrangement for the child laborer to be returned to his or her parents or legal guardians as soon as possible.
3. Meanwhile, a full understanding of their situation will be made and, if necessary, a referral will be made to the Social Bureau of the government agency for assistance.

### **6.11 Environmental Policy**

- Complying with environmental regulations; Responding to green environmental protection
- Pollution prevention as a priority; Treatment costs reduction
- Making the best use of limited resources; Practicing recycling
- Encouraging all employees to participate; Self-awareness of environmental protection
- Commitment to continuous improvement; Ensuring sustainable operations

### **6.12 Corporate Social Responsibility Policy**

Since its founding in 1992, Mechemma has undergone an increasingly demanding external production and business environment and has been able to grow and thrive with honesty, transparency, and pragmatism.

In recent years, owing to global warming and climate change, food safety and industrial safety incidents, the public has been paying close attention to the issue of corporate social responsibility. The management of our company understands that the concept of business operation has gradually evolved from the pursuit of profit maximization to the requirement that companies should adhere to corporate ethics and take positive benefits to society as the starting point with care to employees, society, and

the environment. Furthermore, our company has obtained the ISO9001 quality system certification to produce reliable products in compliance with environmental protection regulations.

For over 20 years, we have specialized in core chemical materials and applications. We firmly believe that sound corporate governance to protect shareholders' rights and interests together with fulfilling corporate social responsibility are the responsibilities of a corporate citizen and the cornerstone of sustainable development. Through this report, we hope to let our stakeholders, such as investors, employees, upstream and downstream partners, neighbors and authorities, understand our efforts in economic, environmental and social aspects, and to regularly review our strategic direction and effectiveness in corporate governance, environmental protection and social justice. The contents of this report may not be perfect, and however, we intend to offer this report to our stakeholders, including investors, employees, upstream and downstream business partners, neighbors, and authorities, to appreciate our efforts in economic, environmental, and social aspects. At the same time, this report's publication will be a regular self-examination of our strategic direction and effectiveness in corporate governance, environmental protection, and social justice.

In the near future, Mechema will never cease to improve research and development technology while expanding channels to increase the market share of the products and maintain harmonious labor relations, as well as to demonstrate the spirit of giving back to society. Moreover, the Company will strive to properly implement employee care, social care, and environmental protection, and to continuously earn for excellence and gradually fulfill the connotation of corporate social responsibility. Thanks to the advice and guidance from various parties, Mechema has devoted itself to seeking sustainable development as well as a beautiful planet.

## 6.13 Human Rights Policy

### Mechema International Group Human Rights Policy

In order to protect and promote human rights, the Mechema Group supports and respects the United Nations Universal Declaration of Human Rights, the first and second principles of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and local legal norms. In accordance with these principles, the Mechema Group has established human rights management principles to protect employees and expects our suppliers to adhere to these principles with the view to uphold human rights.

Mechema Group is committed to implementing human rights protection in accordance with the following principles:

1. Protection Principle: To comply with the labor and gender work equality-related laws and regulations in the place of operation, and to provide a safe and healthy working environment for laborers.
2. Respect Principles: no forced labor, no child labor, no discrimination, no harassment, respect for freedom of association, respect for privacy, enforcement of working time limits, and appropriate pay and benefits.
3. Remedial Principle: Having an effective complaint mechanism and taking immediate remedial measures to improve the situation in the case of human rights violations.
4. Management Principles: Continuous promotion of human rights education and training, regular assessment of human rights risks, and reporting the results to senior executives, as well as public disclosure of the results.

## 7. Local community

Mechema has been deeply rooted in the local community for over 20 years, expanding its production and creating job opportunities in a timely manner to prosper the local economy. With active efforts to establish good community relations, the company sponsors festivals and activities in the vicinity of the plant and donates in kind, while inviting disadvantaged groups to perform at tailgate events and encouraging employees to participate in social welfare activities as a means of integrating the company and its employees into the community and contributing to society. In 2022, Mechema did not have any operations with a significant actual or potential negative impact on the local community.

### 6.1 Participate in Taoyuan City Government's Enterprise Fast Screening Event

Participate in the Taoyuan City Government's Enterprise Fast Screening Campaign (Gouan Project) to combat the severe outbreak of COVID-19 together.

### 6.2 Support for the mentally and physically challenged at Guanyin Love Bakery

With the purchase of products from the Guanyin Love Bakery, the best help for people with disabilities is not pity, but to enable people with physical and mental disabilities to be self-sufficient with dignity and confidence.

### 6.3 Community Involvement

Mechema actively participated in the celebrations held near the factory and donated to the Fude Temple in the Taoyuan City, Industrial District, and the Shulin Community of Taoyuan Cao Luo Fire Department in 2022.

### 6.4 Humanitarian Relief

The war between Russia and Ukraine is the largest military conflict in Europe since World War II. The number of casualties in Ukraine continues to increase and people have been displaced. Embodying a spirit of humanitarian care, the Mechema Group stands with Ukraine by donating one million to the dedicated Ukraine Relief Fund, and actively supporting various local relief efforts. We also aim to leverage our contribution as a catalyst to inspire more resources and collective efforts, urging others to join us in providing humanitarian assistance during the Russia-Ukraine conflict. Donation Receipt or Certificate of Appreciation



## Appendix 1: GRI Standards Disclosure Comparison Table

GRI Standards Disclosure Comparison Table			
Indicator Number	Disclosure	Corresponding Chapters	Page
GRI 102 : General disclosures 2016			
1、Organizational Profile			
GRI 102-1	Name of Organization	2. About Mechema & 2.1 Company Profile	13
GRI 102-2	Events, Brands, Products and Services	2.1 Company Profile	13
		2.3 Products and Services	14
GRI 102-3	Head Office Location	2.1 Company Profile	13
GRI 102-4	Operating Locations	2.1 Company Profile	13
		2.4 Production and Sales Locations	17
GRI 102-5	Ownership and Legal Form	2.1 Company Profile	13
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GRI 102-6	Service Provided Markets	2.4 Production and Sales Locations	17
GRI 102-7	Organization size	2.1 Company Profile	13
		2.3 Products and Services	14
		2.4 Production and Sales Locations	17
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GRI 102-10	Significant changes in the organization and its supply chain	1.2 Stakeholder Identification and Engagement	5
		3.1 Supply Chain Management	19
GRI 102-11	Forewarning principles or guidelines	4.8 Risk Management Committee	30
GRI 102-12	External Initiatives	7.0 Local Communities	69
GRI 102-13	Membership in public associations	7.0 Local Communities	69
2、Strategy			
GRI 102-14	Statement of the decision maker	Words from the Chairman	4
3、Ethics and Integrity			
GRI 102-16	Values, principles, standards and codes of conduct	4.7 Integrity Operation	29
4、Governance			
GRI 102-18	Governance Structure	4. Corporate Governance 4.1 Corporate Governance Framework	25
5、Stakeholder Communication			
GRI 102-40	Stakeholder Groups	1.1 CSR Policy and Implementation Organization	5
GRI 102-41	Group Agreements	6.4 Employee Communication Channel	59
GRI 102-42	Identification and Selection of Stakeholders	1.2 Stakeholder Identification and Engagement	5
GRI 102-43	Approach to Stakeholder Communication	1.3 Stakeholder Communication and Issues of Concern	6
GRI 102-44	Key themes and concerns raised	1.4 Materiality Analysis	8
6、Practices of Reporting			
GRI 102-45	Entities Included in the Consolidated Financial Statements	2.4 Production and Sales Locations	17
GRI 102-46	Defining Reported Content and Subject Matter Boundaries	1.3 Stakeholder Communication and Issues of Concern	6
		1.4 Materiality Analysis	8
		1.5 Material Issues Response	8
GRI 102-47	Presentation of material topics	1.4 Materiality Analysis	8
GRI 102-48	Restatement of information	No information has been restated	NA
GRI 102-49	Changes in reporting	Information on the Report	2
GRI 102-50	Reporting period	Information on the Report	2
GRI 102-51	Date of last report	Information on the Report	2
GRI 102-52	Reporting period	Information on the Report	2
GRI 102-53	Contact person to answer questions about the report	Information on the Report	2
GRI 102-54	Announcement of reporting in accordance with GRI guidelines	Information on the Report	2
GRI 102-55	GRI Content Index	GRI Standards Disclosure Comparison Table	70
GRI 102-56	External Assurance/Confirmation	Accountant's Independent Assurance Report	73
GRI 103 : Management Policy 2016			
GRI 103-01	Explanation of major themes and their boundaries	1.5 Material Issues Response	8
GRI 103-02	Management policy and their elements	1.5 Material Issues Response	8
GRI 103-03	Evaluation of management principles	1.5 Material Issues Response	8

GRI Standards Disclosure Comparison Table

GRI 400 Specific Topic Guidelines [Economy]

Indicator Number		Disclosure	Corresponding Chapters	Page
GRI201 : Business Performance 2016	GRI 201-1	Direct economic value generated and distributed by the organization	4.10 Business Performance	32
GRI202 : Market status 2016	GRI 202-2	Proportion of local residents employed as senior management	6.2 Staff Employment	55
GRI204 : Procurement Practices 2016	GRI 204-1	Proportion of procurement expenses sourced from local suppliers	3.1 Supply Chain Management	19
GRI205 : Anti-corruption 2016	GRI 205-1	Operational locations where corruption risk assessments have been conducted	4.7 Integrity Operation	29
	GRI 205-2	Communication and training on anti-corruption policies and procedures	4.7 Integrity Operation	29
	GRI 205-3	Corruption incidents identified and actions taken	4.7 Integrity Operation	29

GRI 400 Specific Topic Guidelines [Environment]

Indicator Number		Disclosure	Corresponding Chapters	Page
GRI301 : Materials 2016	GRI301-1	Weight or volume of raw materials used	3.1 Supply Chain Management	19
GRI302 : Energy 2016	GRI302-1	Energy consumption within the organization	5.2 Energy Resource Management	33
	GRI302-3	Energy Intensity	5.2 Energy Resource Management	33
	GRI302-5	Reduction of energy demand for products and services	5.2 Energy Resource Management	33
GRI303 : Water 2016	GRI303-1	Water intake by source	5.2 Energy Resource Management	33
	GRI303-3	Recycled and reused water	5.2 Energy Resource Management	33
GRI305 : Emission 2016	GRI 305-1	Direct (Area 1) greenhouse gas emissions	5.4 Greenhouse Gas and Air Pollution Emissions	39
	GRI 305-2	Energy Indirect (Area 2) GHG Emissions	5.4 Greenhouse Gas and Air Pollution Emissions	39
	GRI 305-5	Greenhouse gas emission reduction	5.4 Greenhouse Gas and Air Pollution Emissions	39
GRI306 : Waste (2020)	GRI 306-1	Discharge volume by water quality and discharge destination	5.5 Water Pollution Prevention and Control	44
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GRI307 : Compliance with environmental protection regulations	GRI 307-1	Violation of environmental laws and regulations	4.11 Regulatory Compliance	32
			5.12 Violation of Laws and Regulations	53
GRI308 : Supplier environment assessment 2016	GRI 308-2	The negative environmental impact of the supply chain and the actions taken	3.1 Supply Chain Management	19



GRI Standards Disclosure Comparison Table

GRI 400 Specific Topic Guidelines [Social]

Indicator Number	Disclosure	Corresponding Chapters	Page	
GRI401 : Labor-Employment Relationship 2016	GRI 401-1	New and former employees	6.2 Staff Employment	55
	GRI 401-2	Benefits provided to full-time employees (not including temporary or part-time employees)	6.5 Employee Care and Welfare 6.6 Employee Health and Safety	60 64
	GRI 401-3	Parental leave	6.5 Employee Care and Welfare	60
GRI403 : Occupational Safety 2016	GRI 403-1	Worker representation in a formal safety and health committee formed by the employer and employee	5.8 Safety, Health and Disaster Prevention	45
	GRI 403-2	Type of injury, rate of injury, occupational disease, lost days, absenteeism, etc., and number of work-related deaths	5.11 Occupational safety and health	53
GRI404 : Training and education 2016	GRI 404-1	Average number of hours of training per employee per year	6.3 Staff Cultivation	58
GRI405 : Employee Diversity and Equal Opportunity 2016	GRI 405-1	Diversity of governance units and employees	6.4 Employee Communication Channel	59
GRI406 : Non-discrimination 2016	GRI 406-1	Incidents of discrimination and actions taken by the organization to improve them	6.2 Staff Employment	55
GRI413 : Local community 2016	GRI 413-2	Operations with significant actual or potential negative impact on local communities	7. Local community	69
GRI414 : Supplier Social Assessment 2016	GRI 414-2	Negative social impacts in the supply chain and actions taken	4.11 Regulatory Compliance	32
GRI416 : Customer Health and Safety 2016	GRI 416-2	Violations of health and safety regulations related to products and services	4.11 Regulatory Compliance	32
GRI417 : Marketing and labeling 2016	GRI 417-2	Failure to comply with product and service information and labeling regulations	4.11 Regulatory Compliance	32
GRI418 : Client privacy 2016	GRI 418-1	Complaints of proven violations of customer privacy or loss of customer data	3.2 Customer Relationships	24
GRI419 : Social and economic regulations compliance 2016	GRI 419-1	Violations of laws and regulations in the social and economic fields	4.11 Regulatory Compliance	32

## Appendix 2: Accountant's Independent Assurance Report

### English Translation of a Report Originally Issued in Chinese Assurance Report of Independent Auditors

To: MECHEMA CHEMICALS INTERNATIONAL CORP.

#### 1. Scope

We have been engaged by MECHEMA CHEMICALS INTERNATIONAL CORP. (the “Company”) to perform a limited assurance engagement in relation to and report on the selected sustainability information included in the Company’s 2022 Sustainability Report.

Regarding the performance information selected by the Company and their applicable criteria, please refer to Appendix A.

#### Management responsibility

The Company is responsible for the preparation of the Company’s 2022 Sustainability Report in accordance with appropriate criteria, including compiling in accordance with the core option of the GRI Sustainability Reporting Standards, and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Company’s 2022 Sustainability Report.

#### Independent Auditor’s Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with the SAES NO. 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the Taiwan Accounting Research and Development Foundation.

#### 2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of the Company’s internal controls when determining the nature and extent of procedures, our procedures were not designed to provide assurance and opinion on internal controls.

To conclude for limited assurance, our procedures performed included:

- Interviewing with the Company’s management and personnel to understand the Company’s sustainability implementation and the reporting process
- Through interviews and inspection of relevant documents, we can understand the Company’s main stakeholders and their expectations and needs, the specific communication channels between the two parties, and how the company responds to these expectations and needs
- Performing analytical procedures on selected performance information, gathering and checking other supporting documentation and management information obtained, testing samples if necessary
- Reading the Report to ensure the overall sustainability implementation is consistent with our understanding

#### 3. Limitations

Non-financial information contained within the Company’s 2022 Sustainability Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also, assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

#### 4. Quality and Independence

We are in conformity with Taiwan SAS No. 1 “Quality Control for Public Accounting Firms” to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations. We are also in conformity with related independence and other ethics requirements in Taiwan’s Norm of Professional Ethics, whose basic principles are integrity, objectivity, professional competence, due care and professional behavior.

5. Conclusion

Based on our procedures and evidence obtained, nothing has come to our attention that causes us to believe that any material modifications of adjustments should be made to the selected sustainability information in accordance with applicable criteria.

KuoShuai Chen  
Ernst & Young , Taiwan  
May 26, 2023

*Notice to Readers*

*The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language the assurance report shall prevail.*

Appendix A :

Number	Article title	Remarks	Applicable benchmarking
1	5.2.2 Total energy consumption	In 2022, the total energy consumption was 27,336 GL, with purchased electricity accounting for 68%.	Company information
2	5.2.3 Water resource	Total water withdrawal was 117,119 tons and wastewater discharge was 93,765 tons in 2022.	Company information
3	5.6 Waste management	The production of waste material C-0202 was 12,635 tons in 2022.	Company information
4	5.11 Occupational safety and health	In 2022, no case of injuries and die in the line of duty among employees, and the rate of injury, occupational disease and loss of working days were all 0%, and the absenteeism rate was 0.12%.	Company information
5	7. Local community	In 2022, no negative news from the local community was reported at MEHEMA.	Company information
6	3.1.2 Selection of new suppliers	Specific and effective mechanisms and actions taken by the company to reduce the negative impact on the environment or society. Having passed the "ISO14001:2015" environmental management system certification, the selected suppliers must meet the quality, reputation, delivery time, sample testing and other selection conditions stipulated in the company's supplier control measures before they can be listed as qualified suppliers.	Company information
7	5.2.1 Energy use	The production of Catalyst was 12,635 tons in 2022.	Company information

