Sustainability
Report

vol. *2023*

About This Report

Starting in 2018, TCI Co., Ltd. (hereinafter referred to as TCI) publishes an annual Sustainability Report. The previous report was released in September 2023.

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

Website | ESG

Contact

TCI Co., Ltd. Investor Relations and ESG Development Department

Tel: +886-2-8797-7811

Address: 8F., No.187, Gangqian Road, Neihu District, Taipei City, Taiwan

Website: http://www.tci-bio.com/

Email: governance@tci-bio.com

Reporting Period and Compliances

This report was compiled per GRI Standards, 2021 edition, issued by the Global Reporting Initiative (GRI). The information disclosure period is from January 1, 2023, to December 31, 2023, the same as the reporting period of TCI's 2022 Annual Report.

Reporting Boundaries and Scope

The organizational boundaries covered in this report include the management policies and performance of economic, environmental, and social material topics at TCI's Taipei Headquarters and Pingtung Precise iManufacturing Center (Rock Park). Some indicators also cover the Shanghai Precise iManufacturing Center (Golden Mountain Park), other offices in China, the United States Precise iManufacturing Center (Beehive Park), other U.S. offices, and European offices, representing 99% of TCI's total manufacturing revenue. However, subsidiaries such as TCI Living Co., Ltd., TCI Gene Inc., Maxigen Biotech Inc., Petfood Biotechnology Co., and Quantum Biology Inc. are not included. Different organizational boundaries for specific data are noted separately.

(1) Company Headquarters 8F., No.187, Gangqian Road, Neihu District, Taipei City, Taiwan

(2) Pingtung Precise iManufacturing Center (Rock Park):

PABP BRANCH No. 12, Shennong Rd., Dehe Vil., Changzhi Township, Pingtung County (S5 Functional Drink Factory, S9 Functional Food Factory, S12 Automatic Warehouse)

BioCosme PABP BRANCH No. 21, Shennong Rd., Dehe Vil., Changzhi Township, Pingtung County (S11 Eco Facial Mask Factory)

(3) Shanghai Precise iManufacturing Center (Golden Mountain Park) No.989, Jin Ge Rd., JinShan Industrial Park, Shanghai 201506, China (S8 Shanghai Dietary Supplements Factory)

(4) United States Precise iManufacturing Center (Beehive Park) 737 E 1180 S American Fork, Utah 84003, United States (S16 Beehive Functional Drink Factory)

Report Assurance

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

Words from Management

The future is now!

Founded in 1980, TCI has created tens of thousands of best-selling products and sold them in 65 countries worldwide. We insist on integrated bioscience design as the basis of product development. Integrated bioscience design derives from consumer demands and integrates cross-disciplinary expertise and technologies such as chemistry, biology, mathematics, industrial engineering, genetic medicine, aesthetics, ergonomics, the science of applied materials, and consumer behavior research. By exploring consumer demands in the market, such as anti-aging, in vivo environmental protection, postpartum recovery, and male health care, TCI creates high-performance products that improve consumers' lives with cutting-edge scientific research technology. With production sites in Taiwan, Shanghai, and Utah, USA, TCI establishes state-of-the-art intelligent factories and a stable and responsible supply chain while pursuing the highest global quality standards.

In 2023, TCI accelerated globalization and actively expanded its operations in multiple markets, including Europe, America, and Southeast Asia, gradually achieving notable success and showcasing TCI's competitive strength within the global supply chain, building long-term partnerships with clients. In product development, TCI's research and development capabilities, scientific data, and ability to quickly integrate global regulations and marketing resources have been recognized and supported by clients worldwide. Moving forward, we will continue to emphasize and implement the Global Total Solution concept, preparing global solutions from the product design phase to serve multinational clients. This approach enables clients to launch products in multiple countries worldwide in the shortest time, with the highest efficiency, while maintaining a commitment to the pursuit of high quality, thereby creating mutual benefits and win-win outcomes with our clients.

In terms of corporate management, we actively align with international ESG sustainability standards, integrating the United Nations' Sustainable Development Goals (SDGs), and receiving recognition from third-party evaluation agencies. In the 2023 S&P Corporate Sustainability Assessment, TCI achieved an outstanding leadership performance, ranking in the top 14% globally among peers. Furthermore, in the ninth Corporate Governance Evaluation, we were awarded a top 5% distinction among OTC-listed companies. Under strong governance, we aim to strengthen the company's resilience to climate change and risks, consolidate future competitiveness, and foster long-term, stable growth. We continue to "join & delight consumer's life."

Chairman

Vincent CTN

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TCI Group Overview

TCI Co., Ltd.

Join & Delight consumer's life!

Trust, Creation, and Intelligence are the guidance TCI's operations. TCI has a long-term positive commitment to providing clients and consumers with high-performance products and services. In 2021, TCI officially launched the "Integrated Bioscience Design Trading Company" concept starting the first year of mergers and acquisitions, thus, aiming for further rapid global expansion and breaking new ground.

TCI Group consists of several subsidiaries, including TCI, MBI, TCI Gene, TCI Living, SMY-IOP, and PetFood Biotechnology. The Group also forms strategic alliances with domestic and international well-known corporations in the fields of biotechnology and life science and looks forward to future expansion in the fields of health care, life science, and personal consumption to create a mutually beneficial business model. In the future, TCI will use cities as a unit to connect the customers in different cities; then form large and dense networks that link customers with their industry value chain with customers at its core. This dense business network becomes our Integrated Bioscience Design Trading Company.
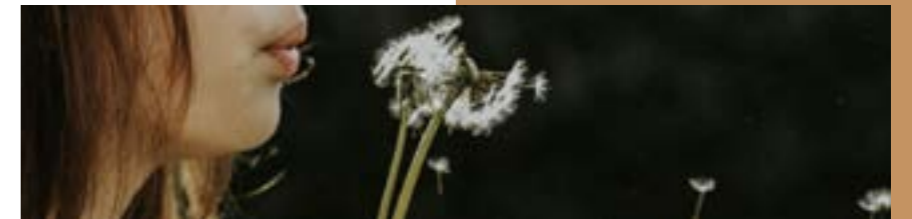
1.1 About TCI

Founded in 1980, TCI launched its initial public offering in 2011 and has been listed on the stock exchange market since 2013. At the end of 2023, there were 885 employees in the TCI global organizations. In the past decades, the Company created many best-selling products for many customer partners worldwide. Every year, TCI produces hundreds of millions of tablets and capsules of health foods, tens of millions of functional drinks, and millions of masks, serums, and other skincare products; these products are sold in 65 countries around the world. TCI aims to accelerate the development of higher-performance products based on "Integrated Bioscience Design (IBD)" and "BioResource Data Mining" and join and delight the lives of hundreds of millions of people through the influence of its high-quality products.

As a Contract Development and Manufacturing Organization (CDMO), TCI designs and manufactures unique formulas and exceptional products in the market for our customers through our differentiated product design and research and development technology. Headquartered in Neihu Technology Park, Taipei, Taiwan, TCI has operational locations in Asia, Europe, and North America. In 2023, its consolidated revenue reached NTD 8.01 billion. Through effective planning and development of the economy, environment, and society, TCI has created sustainable value for enterprises, the environment, and society and opened up the potential for shared prosperity.

* Prior to the publication of this report, sales expanded to 65 countries.

GLOBAL FOOTPRINT

PHYSICAL SALES OFFICE

THE HAGUE
BEIJING
TOKYO
SHANGHAI
GUANGZHOU
TAIPEI
JARKATA
SALT LAKE CITY

1.2 Main Products and Value Chai

TCI's S-grade factory represents Safety, Standards, and Speed. The Precise iManufacturing Center (Rock Park) passed global GMP, GMPC, FSSC22000, SQF（Safe Quality Food）, HACCP, ISO 9001, ISO22000, ISO 22716, ISO 14001 Environmental Management Systems, ISO 50001 Energy Control Management, ISO 45001 Occupational Safety and Health Management Systems ISO 14644, ISO 46001, ISO 14046 Water Management Systems, ISO 28000 Security Management for the Supply Chain and SMETA (Sedex Members Ethical Trade Audits) of Sedex (Supplier Ethical Data Exchange), BRC Retailers Association, and the rare U.S. NSF (National Sanitation Foundation) and TGA (Therapeutic Goods Administration) certification for Australia, and the annual EcoVadis CSR assessment. In addition, TCI assists customers in FDA registration, China food marketing authorization, Indonesia BPOM application registration, and HALAL certification application, including MUI, JAKIM, THIDA, and other HALAL types. This allows customers to focus on marketing without worrying about the rapid expansion of the market and the regulatory and qualification requirements of each regional market.

Natural Materials

Prosperity from reservation.

Explore and identify those valuable and rare materials in nature.

Turn waste into gold, reducewaste.

Increase farmers' average income.

TCI Sunrise Park/Biodiversity Park/Land & Marine Animals/Microbiology/Flower & Fruit

Research & Application

Scientific efficacy assessment.

Discover valuable compounds and increase economic value.

Exclusive conduction technology with quantifiable efficacy enhancement.

Develop sustainable packaging material.

Extraction, Purification, Fermentation / Stem Cell Culture / Efficacy Assessment by Human Experiments / Genetic Analysis Platform / Material Engineering

Design & Production

Exclusive Synergene with quantifiable efficacy enhancement.

Automated intelligent production to increase quality and performance.

International product design, marketing to 64 countries worldwide.

Sustainable low-carbon and zero-carbon product design.

Formula Design / Regulatory Compliance / Intelligent Production / Comprehensive Quality Control / Digital Monitoring and Control

Product to Market

PhD and experts conduct product training.

Globalization and connecting to consumers through omni channels.

Join & delight consumer's lives with cutting-edge biotechnology.

From genetic analysis to precise medical treatment and cell therapy.

Automated Warehouse / E-Commerce Platforms (for B2B) / Retail of International Brands (for B2B) / Precision Medicine & Cell Therapy (for B2C)

C

Material Purchase   **Manufacture**   **Product Use**

Agriculture Management

Global GAP

Supplement / Personal Care Products Quality System

BRC, BRC Digital Printing, FSSC22000, IFS, SQF, SQF Digital Printing, ISO22000, ISO22716, GMP, GMPC, HACCP, TGA, NSF, ISO9001

ESG System And Audit

SEDEX(SMETA), SA8000, ISO14644, ISO50001, ISO45001, ISO14001, ECOVADIS

Global Certificate By Request

Halal, Ecocert, USDA Organic

Product Carbon Footprint

ISO14067

Product Carbon Neutrality

PAS2060

Product Category	Functional Drink	Dietary Supplement	Skincare Product
Product Type	Drink, liquid sachet, jelly drink	Capsule, tablet, powder sachet	Facial mask, skincare product
Main Function	Boosting immunity, reducing blood lipids, lubricate joints, sleep quality, eye care, probiotics, vitamins and minerals for promoting health.	Nutritional supplements for skincare, anti-wrinkle, whitening, weight loss, collagen replenishment, breast enhancement, hair growth, etc.	Moisturizing, anti-aging, whitening, anti-allergy and soothing, and topical skin care products of non-animal origin or organic formulas for external use skincare products.

3S
SAFETY
STANDARD
SPEED

TCI's S-grade factory represents Safety, Standards, and Speed. The Precise iManufacturing Center (Rock Park) passed global GMP, GMPC, FSSC22000, SQF(Safe Quality Food), HACCP, ISO 9001, ISO22000, ISO 22716, ISO 14001 Environmental Management Systems, ISO 50001 Energy Control Management, ISO 45001 Occupational Safety and Health Management Systems ISO 14644, ISO 46001, ISO 14046 Water Management Systems, ISO 28000 Security Management for the Supply Chain and SMETA (Sedex Members Ethical Trade Audits) of Sedex (Supplier Ethical Data Exchange), BRC Retailers Association, and the rare U.S. NSF (National Sanitation Foundation) and TGA (Therapeutic Goods Administration) certification for Australia, and the annual EcoVadis CSR assessment. In addition, TCI assists customers in FDA registration, China food marketing authorization, Indonesia BPOM application registration, and HALAL certification application, including MUI, JAKIM, THIDA, and other HALAL types. This allows customers to focus on marketing without worrying about the rapid expansion of the market and the regulatory and qualification requirements of each regional market.
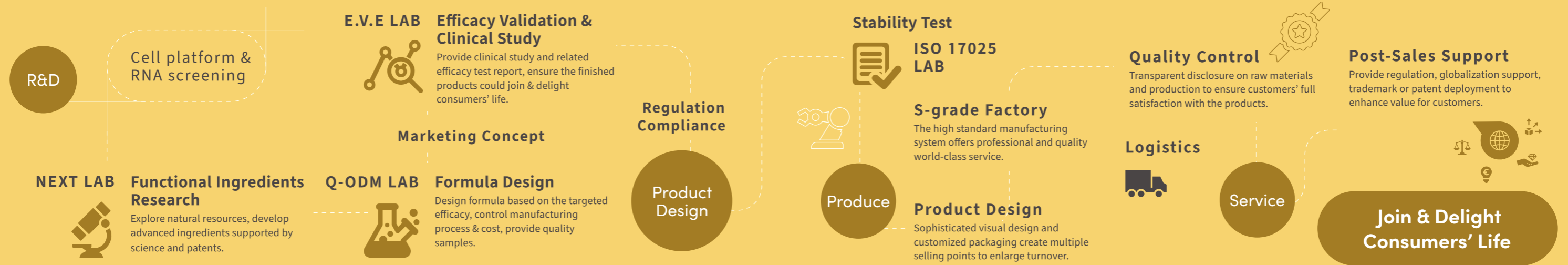
International Audit

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

Integrated Bioscience Design

R&D

Cell platform & RNA screening

E.V.E LAB

Efficacy Validation & Clinical Study
Provide clinical study and related efficacy test report, ensure the finished products could join & delight consumers' life.

Marketing Concept

NEXT LAB

Functional Ingredients Research
Explore natural resources, develop advanced ingredients supported by science and patents.

Q-ODM LAB

Formula Design
Design formula based on the targeted efficacy, control manufacturing process & cost, provide quality samples.

Regulation Compliance

Product Design

Stability Test

ISO 17025 LAB

S-grade Factory
The high standard manufacturing system offers professional and quality world-class service.

Produce

Product Design
Sophisticated visual design and customized packaging create multiple selling points to enlarge turnover.

Quality Control
Transparent disclosure on raw materials and production to ensure customers' full satisfaction with the products.

Post-Sales Support
Provide regulation, globalization support, trademark or patent deployment to enhance value for customers.

Logistics

Service

Join & Delight Consumers' Life

1.2.1 Exclusive Integrated Bioscience Design

TCI's mission is to develop high-performance products through an Integrated Bioscience Design methodology based on consumers' needs, to join & delight consumer's life. The purpose of TCI is to create good products. Consumers only purchase and use truly effective products, thus, joining consumer's life. In addition, only effective products improve consumers' health, therefore, delighting consumer's life. Thus, TCI must produce high-quality products that can join & delight consumer's life. Currently, TCI-developed products, including health foods, skincare products, medical devices, and pharmaceuticals, are sold in 64 countries worldwide. Committed to its CDMO business model, TCI creates market-steady and popular products for brand customers.

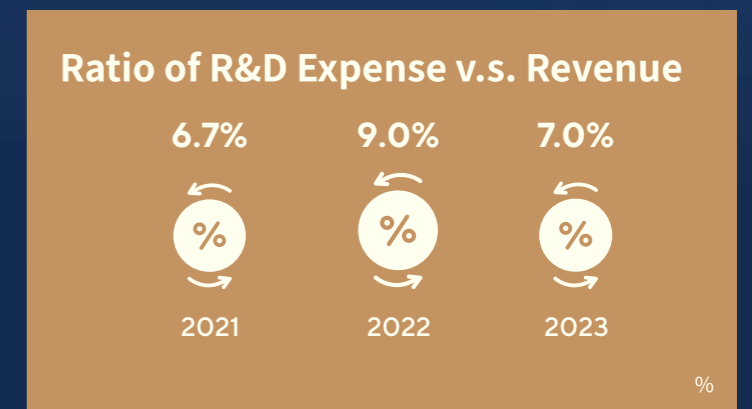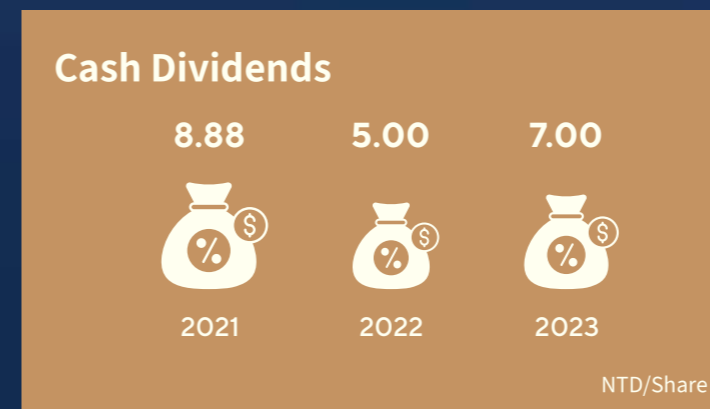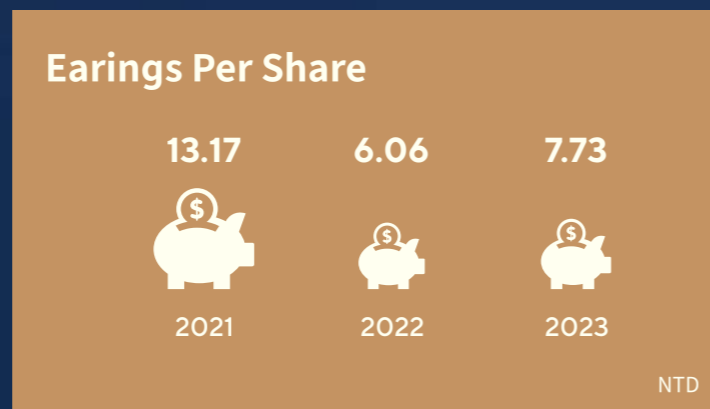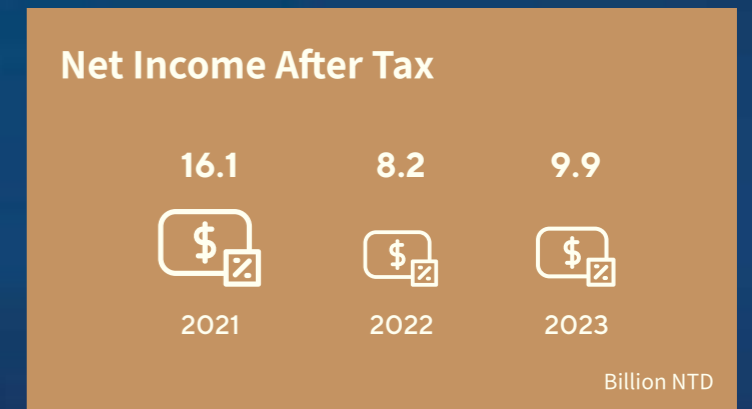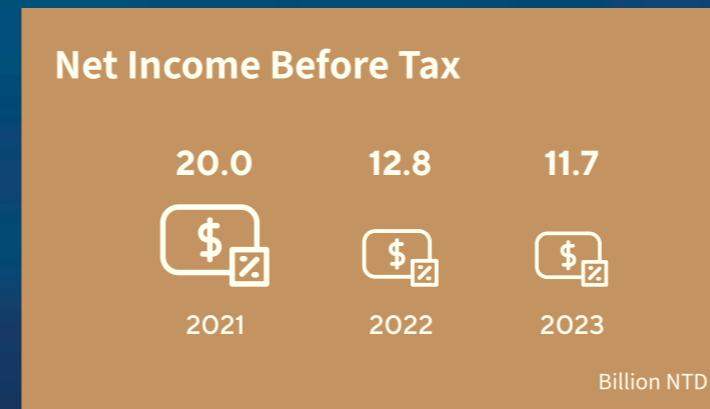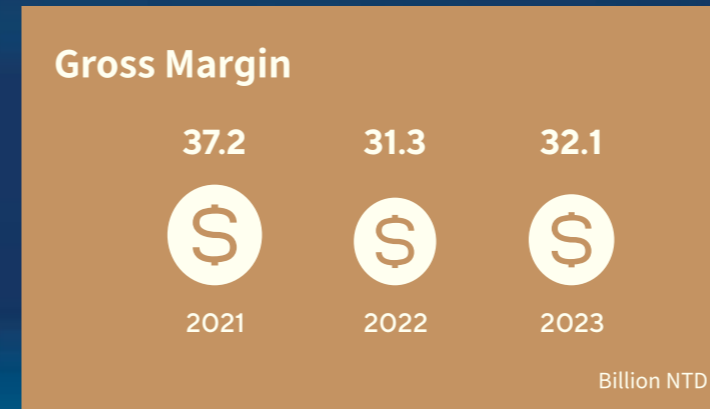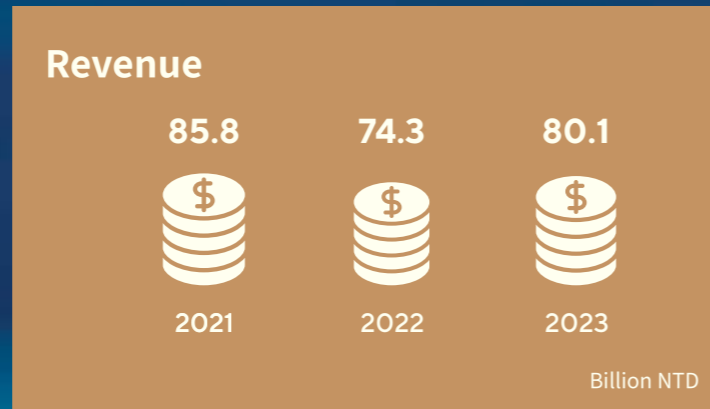## 1.2.2Create Differentiated Products

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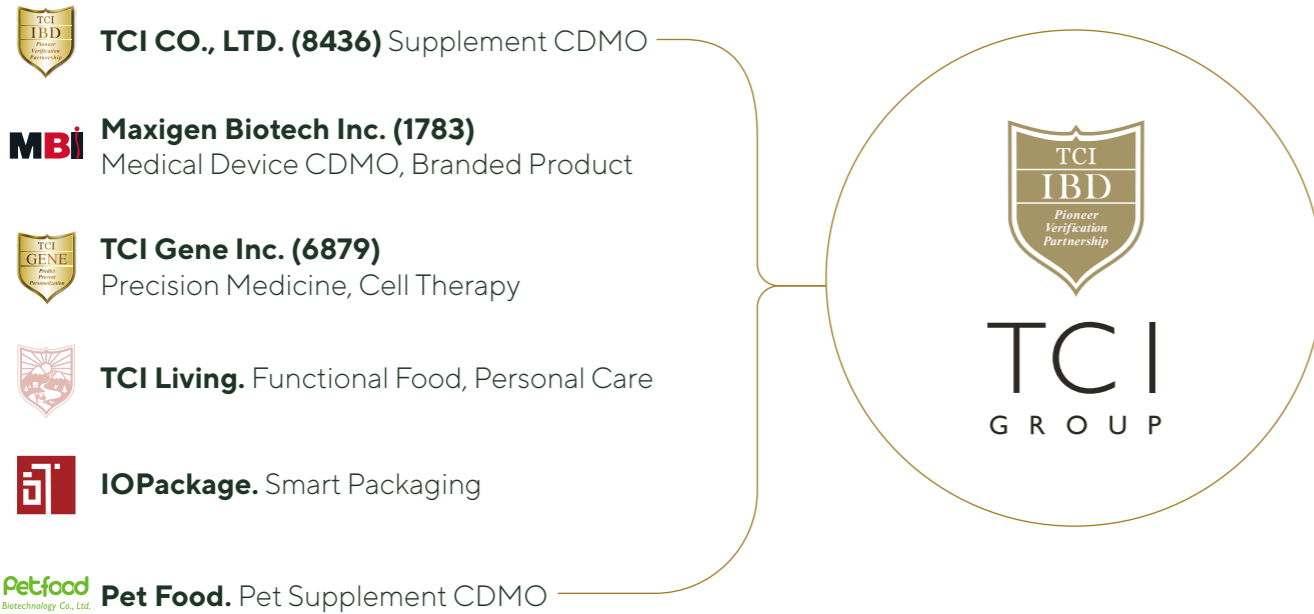
1.3 Organizational Overview

- General meeting of shareholders
  - Board of Directors
    - Audit Committee
    - Remuneration Committee
    - Nominating Committee
    - Board Secretary's Office
    - Risk Management Committee
  - President Office
    - Finance Dept.
    - Corporate Governance Dept.
    - Global Advancement Dept.
    - Resources Integration Services Dept.
    - Strategic Investment and M&A Dept.
    - Group Stock Affairs Dept.
    - Investor Relations and Sustainability Development Dept.
  - General Manager Office
    - Disciplinary Committee
    - Quality Excellence Center
    - Talent Development Center
    - R&D Center
    - Strategic Intelligence Center
    - Administration Service Center
    - Global Business Center
    - Cost Management Center
    - Precise iManufacturing (PiM)

1.4 Operational Overview

1.4.1 Operation Performance

Revenue

85.8	74.3	80.1
2021	2022	2023

Billion NTD

Gross Margin

37.2	31.3	32.1
2021	2022	2023

Billion NTD

Operating Income

17.2	10.2	10.5
2021	2022	2023

Billion NTD

Non-operating Income & Expese

2.8	2.6	1.2
2021	2022	2023

Billion NTD

Net Income Before Tax

20.0	12.8	11.7
2021	2022	2023

Billion NTD

Net Income After Tax

16.1	8.2	9.9
2021	2022	2023

Billion NTD

Earings Per Share

13.17	6.06	7.73
2021	2022	2023

NTD

Cash Dividends

8.88	5.00	7.00
2021	2022	2023

NTD/Share

Ratio of R&D Expense v.s. Revenue

6.7%	9.0%	7.0%
2021	2022	2023

%

TCI CO., LTD. (8436) Supplement CDMO

Maxigen Biotech Inc. (1783)
Medical Device CDMO, Branded Product

TCI Gene Inc. (6879)
Precision Medicine, Cell Therapy

TCI Living. Functional Food, Personal Care

IOPackage. Smart Packaging

Pet Food. Pet Supplement CDMO

TC I
G R O U P

1.4.2 Biotechnology-focused Diversification Strategy

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

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

Sustainable Operation and Management

2.1 Sustainability Key Performance

Economic

7 Number of Directors

4 Number of Independent Directors

Company Revenue (NT$ billion)
- 2021: 85.8
- 2022: 74.3
- 2023: 80.1

Ratio of R&D expenses to total revenue
- 2021: 6.7%
- 2022: 9.0%
- 2023: 7.0%

Violation of ethics, integrity management incidents (case)
- 2021: 0
- 2022: 0
- 2023: 0

Number of Patents Obtained
- 2021: 97
- 2022: 142
- 2023: 104

Number of Trademarks Obtained
- 2021: 244
- 2022: 181
- 2023: 122
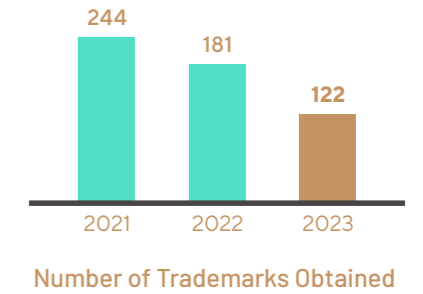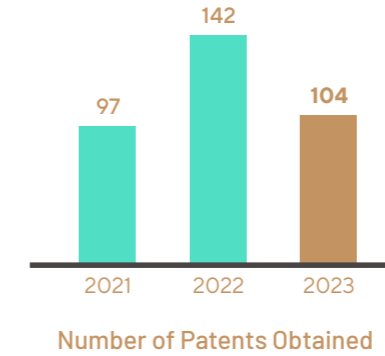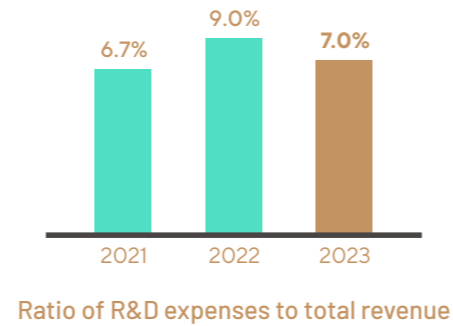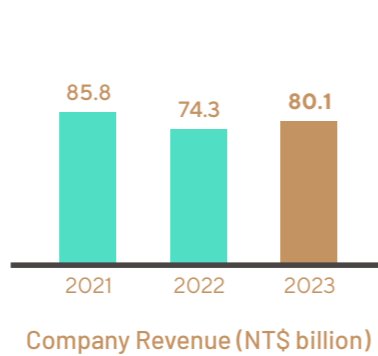
Environmental

■ Rock Park   ■ Golden Mountain Park

Received a C grade in the 2023 CDP Climate Change Questionnaire

Participated in the S&P CSA in 2023 and scored in the top 14% of the world's personal care products industry

Awarded Silver and Bronze for EcoVadis
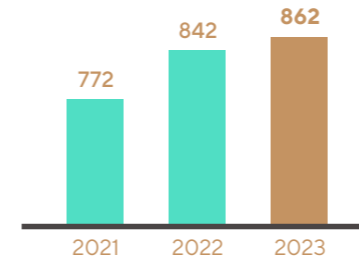
Energy production rate (GJ/$Million revenue)
- 2021: 772
- 2022: 842
- 2023: 862
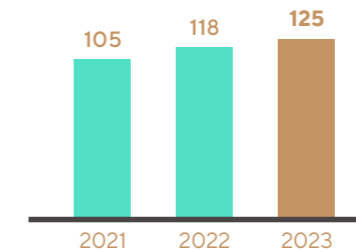
Electricity Intensity (MWh/$Million revenue)
- 2021: 105
- 2022: 118
- 2023: 125
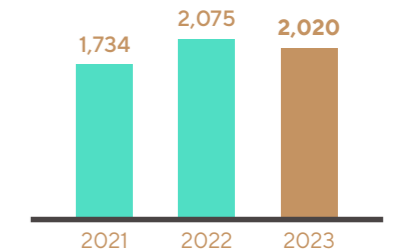
Water Intensity (tons/$Million revenue)
- 2021: 1,734
- 2022: 2,075
- 2023: 2,020

Social

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

Solar Panel Installation Capacity
- 1,362 kW Rock Park
- 689 kW Golden Mountain Park

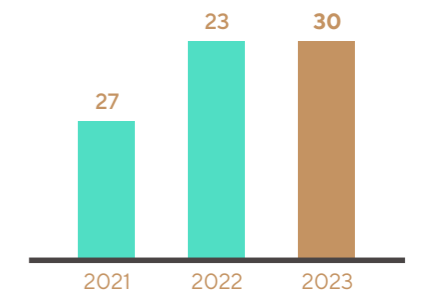**47.8%** Female management job ratio

NTD$820,000 The average salary of non-manager full-time employees

105,598 Number of people completes lessons on the TCI App online learning platform

Education training hours per capita (hours)
- 2021: 27
- 2022: 23
- 2023: 30

2.2 Sustainability Policy

Corporate Governance
- ESG management
- Transparency, corporate governance assessment
- IR and public relations

Sustainable Operation
- Energy management: Energy saving and renewable electricity
- Carbon management: Carbon reduction and neutrality
- Product management: Circular economy and carbon footprint
- Water management
- Waste management
- Supply chain sustainability

Employee & Social Care
- Talent development
- Compensation and benefit increase
- Contribution for community
- Human rights protection

2.2.1 ESG Policy

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

TCI's ESG policies includes the following aspects:

- Establishment of regulations on non-use of hazardous substances.

- Procurement policies of conflict minerals.

- Pollution prevention: air quality, waste, wastewater, noise.

- Greenhouse gas management.

- Mitigate food loss.

- Use of resources and circular economy.

- Biodiversity.

- Equality of human rights.

- Prohibition of sexual harassment and various forms of harassment such as verbal, physical, and stalking.

2.2.2 ESG Development Structure

The ESG Committee promotes the sustainability affairs of TCI, and the Chairman leads the ESG Committee as the Chairperson. The Chairman appoints members of the ESG Committee who represent the top executives of each department, consisting of 19 senior executives. The professional capabilities of the Committee members include fields such as finance, legal affairs, business development, information technology, ESG, corporate governance, human resources, etc., and participate and discuss ESG projects and provide cross-departmental resources. With the Board of Directors at the highest level, the Committee realizes corporate social responsibility on four primary levels by implementing corporate governance, promoting a sustainable environment, fostering social care, and strengthening information disclosure. The ESG Committee routinely convenes a meeting every quarter and reports to the Board of Directors at least once a year.

The Chief Sustainability Officer plans the Company's ESG strategy blueprint and action plans sets sustainability goals and allocates corporate resources. In addition, the Chief Sustainability Officer works with the ESG Committee to plan and promote sustainability projects within the company, track implementation progress, make timely adjustments per international sustainability trends, and respond to stakeholders' expectations. Under the President's office, Investor Relations and ESG Development Department studies international trends in sustainable development, grasps stakeholder needs, and identifies material issues proposes strategies to address or mitigate them, and presents them to the ESG Committee. In addition, The ESG Development Department prepares an annual Sustainability Report to address the economic, environmental, and social impact issues arising from operational activities as one crucial communication channel with external stakeholders.

2.3 In Response to International Sustainable Development

2.3.1 UN Sustainable Development Goals

Goals 2 | Eliminate Hunger

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

Goals 4 | Quality Education

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

Goals 7 | Affordable and Clean Energy

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

Goals 8 | Suitable Work and Economic Growth

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

Goals 9 | Industry, Innovation & Infrastructure

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

Goals 10 | Reducing Inequality

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

Goals 12 | Responsible Consumption and Production

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

Goals 13 | Climate Action

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

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

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

Goals 17 | Diverse Partnerships

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

2.3.2 International Sustainability Initiatives

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

Initiative	Member Since	Contents	TCI's Commitment
RE100	2018	Affected companies must commit to using 100% renewable energy by 2050	100% use of renewable energy by 2030
EP100	2019	Affected companies must set targets for improving energy productivity or integrate energy management systems	Integration of energy management system by 2026 Using 2016 as the base year, energy productivity will increase by 35% in 2040 *EP100 Energy Productivity Unit: Revenue/kWh
SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	2021	Commit to corporate carbon reduction targets with a rigorous methodology developed by the Science Based Targets initiative (SBTi)	Using 2018 as the base year, decrease the absolute emission reduction of Scope 1 and 2 by 51% and decrease the emission of "purchase of goods and services" of Scope 3 by 15% by 2030.
	2022	Improving the sustainable management of water resources: implementing internal (organizational) and external (watershed) measures to maximize the water resource benefits for society, the environment, and the economy.	The first Taiwanese company has been granted permission to join the Alliance for Water Stewardship (AWS), an international organization for water resource management.

2.4 Stakeholder Engagement

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

2.4.1 Stakeholder Engagement Methods

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

Stakeholders	Issues of Concern	Communication Channels	Communication Frequency	2022 Communication Results
Investors	3.2 Integrity management 3.4 Risk management 4.1 Innovative research and development 5.1 Climate change and carbon management 5.2 Energy management	CSR website, CSR reports Annual shareholder meetings Investor conferences Financial reports Company website Email (for shareholder services) Investor forums Visits by institutional shareholders	Yearly Yearly Quarterly Yearly Irregular Irregular Irregular Irregular	TCI held 1 shareholder meeting TCI organized 4 investor conferences TCI attended 1 investor forums TCI organized 1 corporate shareholder visit conference In addition, there are immediate responses to investor calls and emails to maintain an open engagement channel.
Customers	3.5 Customer relationship management 3.7 Information security and management 5.1 Climate change and carbon management 4.1 Innovative research and development 5.5 Green products 6.4 Occupational health and safety 6.2 Labor rights equality	CSR website, CSR Reports Customer satisfaction surveys Technical reports Industry monthly reports Business review meetings with customers Customer audits Company website	Yearly Yearly Quarterly Monthly Irregular Irregular Irregular	TCI conducted 37,400 business review meetings. Customer needs were immediately feedbackedto senior executives of various departments. The Company formulated specific response policies after unobstructed engagement to rapidly respond to customer needs and expectations.
Suppliers	3.6 Supply chain sustainability 3.4 Risk management 5.1 Climate change and carbon management 6.2 Labor rights equality	CSR website, CSR Reports Questionnaires and annual audits and site visits Supplier conferences Regular business review meetings Instructions for environmental health and safety management	Yearly Yearly Yearly Quarterly Irregular	TCI held 2 supplier meetings and engaged all supplier suggestions through open channels.
Employees	6.1 Talent employment and development 6.3 Joyful workplace	Labor meetings Employee performance Meetings of the employee welfare committee Internal website of the company Email/Dedicated communications through TCI Service	Half-yearly Quarterly Irregular Irregular Real-time	TCI received 2,691 proposals and opinions from employees in labor meetings, proposal meetings, internal communication channels, and TCI Service, and engaged all through open channels.
Communities	7.1 Public welfare 5.3 Water resource management 5.4 Waste management	CSR website, CSR Reports Corporate donations or donations for welfare activities Industry-academia-research cooperation Company website / Email	Yearly Irregular Irregular Irregular	TCI organized 66 industry-academia interactions and receptions and one community concert, raising over NT$1.9 million in donations. In addition, TCI cooperated with the National Museum of Natural Science to promote popular science education and lectures in Pingtung, comprising 12,585 participants. Furthermore, TCI sponsored 2 local Pingtung athletes by nutritions supplement.
Government	3.2 Integrity management 3.3 Legal compliance 5.1 Climate change and carbon management 5.2 Energy resource management 6.2 Labor rights equality 6.4 Occupational health and safety	Official documents Market Observation Post System Company website Government-organized events	Real-time Real-time Irregular Irregular	TCI continuously communicates and optimizes the management system for material issues such as corporate governance, environmental protection, labor rights, occupational health, safety, and others.

2.5 Materiality Analysis

2.5.1 Process for Identification of Material Issues

To understand the degree of concern of stakeholders about TCI's sustainable issues and the impact of various sustainable issues on the Company's operations and to enable the corporate social responsibility report to achieve effective communication with stakeholders, TCI conducts an annual materiality analysis, has organized the sustainability issues of major concern to stakeholders which would cause a significant impact on the Company's operations. Based on the analysis, TCI has arranged the order of the material issues, defined the boundaries for disclosure in the CSR report, and set up the goals of internal sustainability management so as to continuously improve sustainable operational performance, strengthen information disclosure and take necessary measures.

For the identification of sustainability issues, TCI considers the economic, environmental, and social aspects from the perspective of risks and opportunities and incorporates the GRI Standards (2021) and the Sustainability Accounting Standards Board (SASB) Standards referring to the essential disclosure items of the international sustainability assessment such as CDP, DJSI, Sustainalytics, EcoVadis. In addition, the Company evaluates the issues of concern for international initiatives, the direction of the Company's business strategy, and the results of stakeholder engagements and lists 22 potentially material issues. Representatives from various departments of the ESG Committee analyzed potential material issues, focusing on the impact on the Company and the level of concern of stakeholders, with a final evaluation of 10 material issues.

Issues:

Social

- Equality of labor rights
- Talent cultivation
- Talent employment and retention
- Occupational safety and health
- Social participation
- International participation

6 items

Economic

- Business performance
- Integrity management
- Legal compliance
- Risk management
- Complaints and whistleblowing
- Innovation and R&D
- Customer relationship management
- Supplier sustainability management
- Food & cosmetics safety

9 items

Environmental

- Climate change and carbon management
- Energy management
- Green product
- Environmental pollution management
- Water management
- Waste management

6 items

Process for Identification of Material Topics

Identification of potential issues

6 significant stakeholders

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

22 sustainability issues collected

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

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

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

Analysis and Evaluation

Investigation and Analysis by the ESG Committee

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

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

19 CSR committee members

↓

6 stakeholders

Level of concern

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

Level of Impact

↓

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

Approval of Material Issues

In 2022, the Company has analyzed 11 material issues related to the operation of TCI. The ESG Committee reports these issues to the Board of Directors and discloses them as significant issues of concern in the annual sustainability report.

2.5.2 Material Issues and Value Chains

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

◎: Direct impact
○: Indirect impact

Corporate Governance

3.1 Enhancing the Functions of the Board of Directors

3.1.1 Board Member Diversity and Professionalism

TCI's "Organizational Regulations for the Nomination Committee" and "Director Election Procedures" outline the criteria for director selection, emphasizing factors such as professional expertise, skills, experience, and diversity including gender, age, nationality, culture, and race. Article 192-1 of the Company Act mandates that shareholder perspectives be considered in nominating members of the highest governing body. Moreover, the governance supervisor attends both the nomination committee and the board of directors to ensure the independence of director candidates and prevent conflicts of interest arising from spousal or immediate family relationships.

The Board of Directors comprises three directors and four independent directors serving three-year terms with an average tenure of 7.3 years. Among them, two are female directors, demonstrating a commitment to diversity. Board members bring diverse expertise in business management, accounting, economics, biochemistry, and industry marketing, aligning with the company's strategic goals. They adhere to the Code of Conduct for Board Meetings to mitigate conflicts of interest and follow regulations outlined therein for ethical conduct.

In addition to expertise, the board considers skills such as operational decision-making, leadership, crisis management, and international perspectives to enhance its supervisory role. Directors undergo training annually, covering topics like corporate sustainability, social responsibility, governance, and risk management related to emerging trends like AI and significant corporate transactions. These initiatives ensure that the board remains effective in steering the company toward its strategic objectives while upholding the highest standards of governance and ethics.

As per Article 3 of the "Directors' Performance Evaluation Regulations," TCI mandates an external evaluation of the Board of Directors at least once every three years by a professional independent organization or experts. In 2021, TCI engaged the Taiwan Corporate Governance Association for this purpose. Going forward, external evaluations will continue triennially. Additionally, TCI conducts internal performance evaluations annually using a self-evaluation questionnaire, following the "Board of Directors Self-evaluation or Peer Evaluation Management Measures." Furthermore, the Taiwan Corporate Governance Association offers counseling, training, evaluation, and assessment services related to corporate governance. Thus, TCI engaged the association for the external evaluation of the Board of Directors in 2021. The comprehensive review covered various aspects including board composition, guidance, authorization, supervision, communication, internal control, risk management, self-discipline, and other meeting-related systems.
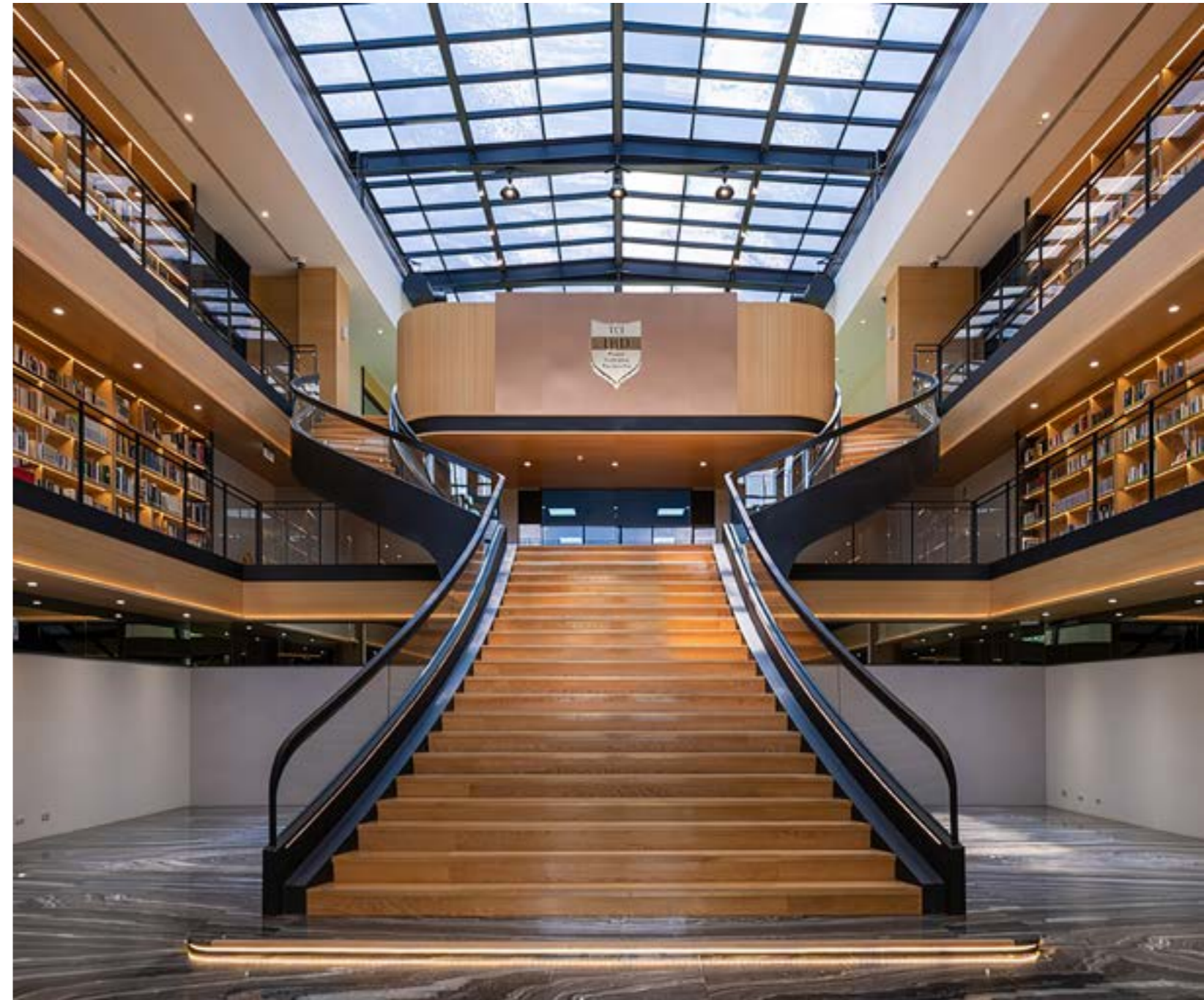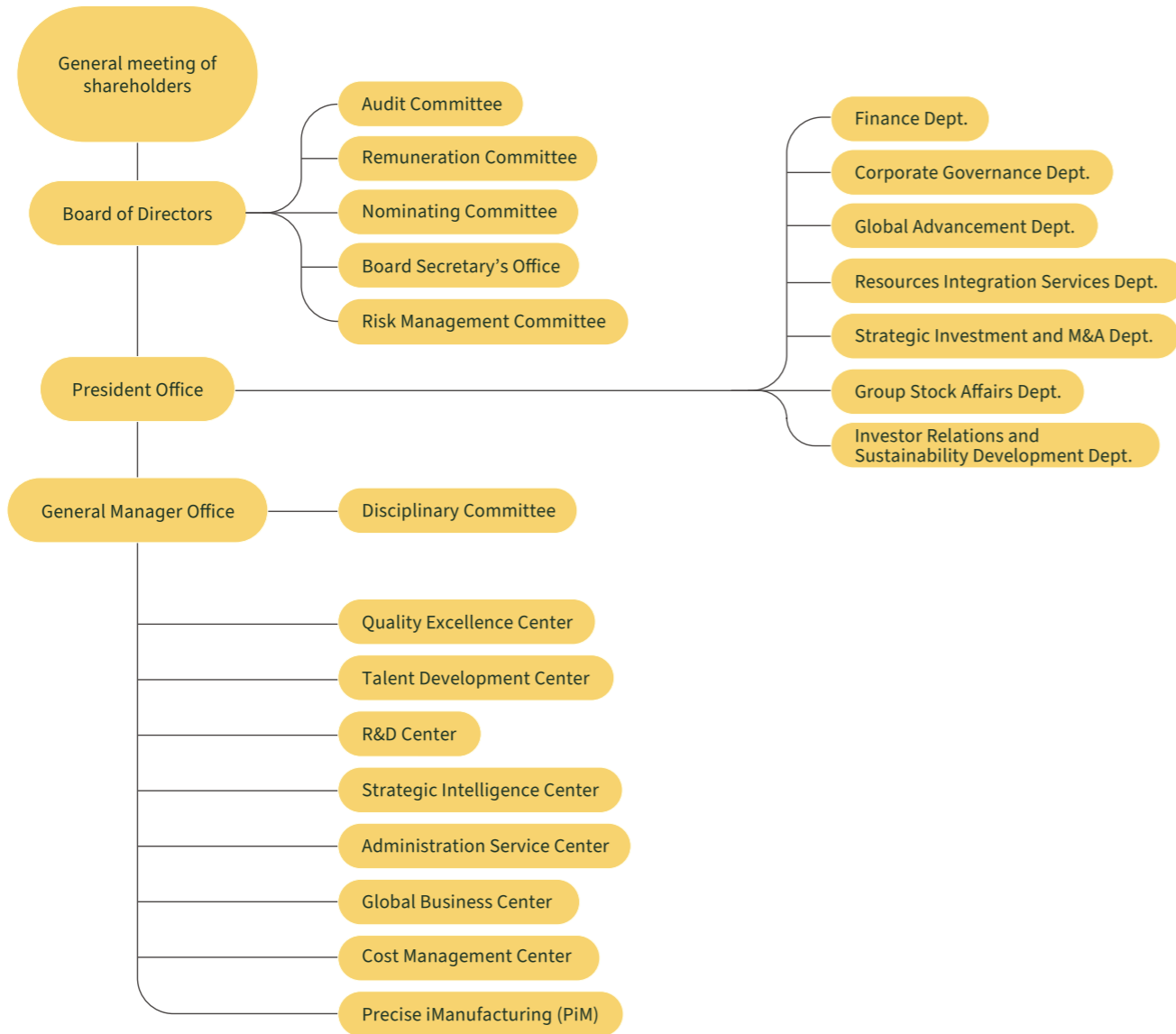
Evaluation Items of the Board of Director's Performance by an External Organization

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

3.1.2 The Structure of the Board of Directors and Functional Committees

	Constitute	Responsibilities	Frequency of meetings
Audit Committee	The Audit Committee consists of 4 independent directors.	The Audit Committee plays a pivotal role in supporting the Board by overseeing the Company's accounting, auditing, financial reporting processes, and financial controls to ensure their quality and integrity. It evaluates various matters such as financial reports, audit and accounting policies, internal control systems, significant asset or derivative transactions, loans and endorsements, issuance of securities, regulatory compliance, related party transactions, conflict of interest issues, employee grievances, fraud investigations, corporate risk management, and appointments or dismissals of certified public accountants, financial officers, and internal audit officers. Through its thorough examination and assessment of these critical areas, the Audit Committee helps uphold transparency, accuracy, and compliance within the Company's financial operations, safeguarding the interests of stakeholders and ensuring accountability at all levels.	At least 1 regular meeting per quarter, with online participation also counted towards attendance. A total of 5 meetings convened in 2023, with an average attendance rate of 95%.
Nominating Committee	The Nomination Committee consists of the Chairman and 4 independent directors.	1.The Committee sets forth criteria encompassing expertise, skills, experience, and gender diversity essential for board members, supervisors, and senior managers. It undertakes the task of identifying, assessing, and nominating suitable candidates for directorial, supervisory, and senior management roles. 2.The Committee is tasked with shaping and refining the structure of the Board of Directors and its subcommittees. It conducts periodic performance evaluations of the Board, its committees, directors, and senior management, while also assessing the independence of independent directors. 3.The Company's "Nomination Committee" adopts the "Candidate Nomination System." In accordance with this system, the Nomination Committee reviews proposed candidate lists for directors and independent directors. Subsequently, the lists are deliberated upon in Board meetings before being presented for election at shareholders' meetings.	A total of 3 meetings convened in 2023, with an average attendance rate of 87%.
Remuneration Committee	The Remuneration Committee consists of 4 independent directors.	1.Develop and periodically review performance evaluation criteria, annual and long-term performance objectives, as well as policies, systems, standards, and structures governing the compensation of directors, supervisors, and management personnel within the Company. 2.Conduct regular assessments of the performance of the Company's directors, supervisors, and management team, and determine the substance and level of their remuneration in alignment with the results derived from the performance evaluation criteria.	A total of 3 meetings convened in 2023, with an average attendance rate of 92%.
Risk Management Committee	The Nominating Committee consists of the Chairman and 4 independent directors.	1. Review the risk management policy. 2. Assess the appropriateness of the risk management framework. 3. Examine significant risk management strategies, including risk appetite or tolerance. 4. Review management reports on significant risk issues and oversee improvement mechanisms. 5. Provide regular reports to the Board on the implementation status of risk management.	A total of 1 meetings convened in 2023, with an average attendance rate of 100%.

3.1.3 Corporate Governance Structure

- General meeting of shareholders
  - Board of Directors
    - Audit Committee
    - Remuneration Committee
    - Nominating Committee
    - Board Secretary's Office
    - Risk Management Committee
  - President Office
    - Finance Dept.
    - Corporate Governance Dept.
    - Global Advancement Dept.
    - Resources Integration Services Dept.
    - Strategic Investment and M&A Dept.
    - Group Stock Affairs Dept.
    - Investor Relations and Sustainability Development Dept.
  - General Manager Office
    - Disciplinary Committee
    - Quality Excellence Center
    - Talent Development Center
    - R&D Center
    - Strategic Intelligence Center
    - Administration Service Center
    - Global Business Center
    - Cost Management Center
    - Precise iManufacturing (PiM)

3.1.4 Significant Issues Reported to the Board of Directors

Stakeholder Communication

In managing stakeholder concerns, TCI's ESG Committee actively gathers feedback through various channels, including surveys, meetings, emails, and more. This comprehensive approach ensures open and diverse communication avenues. Stakeholder suggestions and expectations are carefully considered and reported to the ESG Committee, serving as vital inputs for shaping operational and sustainable development strategies. The outcomes of stakeholder engagement serve as crucial benchmarks for refining our strategies. For detailed information on stakeholder communication in 2023, please refer to section 2.4 Stakeholder Engagement.

Intellectual Property Management Plan

Intellectual property rights serve as invaluable assets for our company, with trade secrets being pivotal to our competitive edge. Recognizing their significance in driving our competitiveness and maximizing our benefits, we have developed a comprehensive intellectual property management plan aligned with our operational objectives. This plan encompasses both an intellectual property rights management system and a trade secrets protection and management system. In our 2023 report to the Board of Directors, we highlighted our achievement of a total of 98 global patent applications and the approval of 104 patents. Notably, no significant irregularities were identified in our management of intellectual property throughout the year.

Risk Management Policy

In an effort to enhance corporate governance, uphold the proper functioning of the Company, and facilitate sustainable development, TCI developed the "Risk Management Regulations" in 2021. These regulations were subsequently approved by the Board of Directors and effectively implemented. For a detailed overview of our risk management initiatives, please consult section 3.4 titled "Risk Management."

Internal Audit Reports

The Company engages auditors certified as internal auditors in the Republic of China and Certified Internal Auditors(CIA) to produce quarterly internal audit reports for the directors.

Board of Directors and Key Management Succession Plan

In addressing the Board of Directors' succession plan, TCI focuses on nurturing senior management individuals for potential inclusion in the Board. This process involves equipping them with a comprehensive understanding of the Board's responsibilities, operations, regulatory compliance, and various business sectors within the Group. Job rotations are employed to deepen their industry expertise. Presently, the Group boasts a considerable number of senior management professionals who have undergone relevant education and training, thereby constituting a substantial talent pool for future directorship roles. Moreover, to ensure diversity, the Company limits the number of directors who concurrently hold managerial positions to no more than one-third. Priority is given to candidates from diverse gender backgrounds possessing the requisite knowledge, skills, and attributes essential for effective Board performance.

2023 Board of Directors and Key Management Succession Plan

Item	Number of people
Board of Directors' responsibilities and compliance Course	8
Business management related training	A total of 149 people hold supervisory positions
Management level interdepartmental job rotation	31
Number of Total	188

3.2 Integrity Management

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

At TCI, integrity stands as the cornerstone of our business ethos. We maintain a steadfast commitment to upholding the highest standards of conduct, with zero tolerance for corruption, malfeasance, or bribery. Our entire team, including employees and directors, strictly adheres to regulatory frameworks such as the Company Act, the Securities and Exchange Act, and the Business Entity Accounting Act. Furthermore, we have implemented robust measures including the Integrity Management Code, the Code of Conduct for Directors and Management, Integrity Procedures and Guidelines, and Management Measures for Preventing Insider Trading and Handling Internal Critical Information. These initiatives underscore our dedication to operating with integrity and professionalism at all times.

Key Actions

1. Enter into official agreements with external suppliers and business partners, ensuring the inclusion of integrity management clauses and terms.
2. Within the company, we have instituted the Integrity Management Code and Integrity Procedures and Guidelines.
3. All full-time employees are required to acknowledge and adhere to these guidelines.
4. Facilitate integrity management education and training programs for all staff members.

2023 Performances

1. Achieve zero instances of business violations related to integrity management regulations and conflicts of interest.
2. Ensure 100% participation in integrity management education and training among employees.
3. Attain a 100% completion rate for the signing of Integrity Procedures and Guidelines by full-time employees.

2024 Target

1. Sustain zero occurrences of business violations concerning integrity management regulations and conflicts of interest.
2. Maintain a 100% participation rate in employee integrity management education and training.
3. Ensure that 100% of full-time employees sign the Integrity Procedures and Guidelines.

8 Suitable Work & Economic Growth

3.2.1 Integrity Management Policy

TCI is fully committed to adhering to both international and domestic laws and regulations governing anti-corruption and anti-bribery practices. Upholding integrity as the cornerstone of our business operations, we maintain a zero-tolerance policy towards any form of violation or misconduct. Internally, TCI has established comprehensive management rules and regulations pertaining to integrity management, serving as guiding principles for employees and subject to regular audits by the Audit Office. Externally, we mandate that suppliers and partners agree to "contractual integrity clauses," enforcing stringent standards of anti-corruption and anti-bribery policies as essential prerequisites for collaboration. By implementing these measures, we aim to eradicate corruption and bribery at their roots and uphold the highest ethical standards in all our dealings.

Integrity Management Policy

- TCI prohibits any bribery.
- TCI prohibits any unlawful political donation.
- TCI prohibits any improper donation or sponsorship.
- TCI prohibits the offering or acceptance of any unreasonable gift, unreasonable hospitality, or any improper benefit.
- TCI prohibits the leakage of trade secrets to protect customer data.
- TCI prohibits insider trading.
- TCI prohibits deception, misleading, fraud, and any behavior that undermines consumer trust and harms consumer rights.
- Directors and managers shall abide by the principles for avoidance of conflict-of-interest infringement regarding personal interests related to business affairs.
- TCI conducts necessary background checks on our customers, suppliers, and other stakeholders to avoid dishonest behavior that could damage the Company's interests.
- TCI prohibits directors, managers, employees and other insiders from using company property, non-public information or gaining illegal benefits by virtue of their position, and ensures that employees do not engage in fraud, misconduct or other misconduct.
- TCI prohibits directors, managers, employees and other insiders from engaging in or instructing others to engage in any illegal or unethical behavior for any reason
- Directors, managers, and employees must adhere to integrity and disciplinary standards, and clearly define the code of conduct for employee behavior.

Management Regulations

- Integrity Management Code
- Code of Conduct of Directors and Management
- Integrity Procedures and Guidelines
- Management Measures for Preventing Insider Trade and Processing Internal Critical Information

Integrity Management Education and Training

TCI mandates that all new employees partake in an 8-hour training program for new employee orientation. This program includes a 1-hour seminar on integrity and ethics, ensuring a 100% participation rate among new employees. Moreover, TCI periodically provides comprehensive integrity management courses to our staff. In 2023, TCI offered an integrity management course encompassing various subjects including legal matters, taxation, business transactions, and confidentiality, totaling 849 training hours with 1,464 participants.

3.3 Legal Compliance

Understanding of Regulations

TCI upholds compliance with all pertinent regulations through its specialized departments. These departments diligently monitor the evolving landscape of laws and regulations to ensure alignment of the Company's business and production activities with regulatory standards. They proactively make operational adjustments and develop countermeasures in response to updates or new legislations. Moreover, TCI conducts both regular and ad-hoc online and in-person training sessions, ensuring that employees are well-informed. Additionally, the Company promptly updates its intranet site with relevant information to facilitate seamless and comprehensive compliance with laws and regulations.

Aspects of Legal Concerns

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

Legal Compliance Implementation

In 2023, TCI remained free from any warnings or penalties issued by regulatory authorities for breaches in corporate governance, labor regulations, environmental protection, quality standards, or safety protocols. Additionally, there were no instances of executives violating insider trading regulations or facing customer complaints related to privacy breaches.

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

Non-Compliance Category	Penalties or Fines	Description
Environmental Protection	None	
Labor	None	
Human Rights	None	
Quality Safety (Product Recall)	None	
Equipment Control	100,000 NTD	Automatic Machinery Safety Enclosure and Safety Door Reinforcement

3.4 Risk Management

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

TCI has developed Risk Management Regulations to effectively manage enterprise-level risks and consistently enhance our risk management framework, thereby ensuring the stability of the company's operations.

Key Actions

1. Recognizes, assesses, and addresses risks in alignment with our internal Risk Management Regulations.
2. Forms a dedicated risk management subgroup within the ESG Committee to spearhead discussions on risk-related matters.
3. Ratified the creation of a board-level risk management committee.

2022 Performance

Invest NT$39 million in capital expenditures to address potential climate-related risks.
Adjust financial risk by managing the proportion of foreign currency liabilities relative to foreign currency assets, and hedge funds across different regions.

2023 Target

10 % increase in capital expenditures for climate risk.
Identify 8 significant potential risks within the five major categories of global risks.

13 Climate Action

3.4.1 Risk Management Policy

Risk management endeavors to adeptly discern both internal and external influences impacting the Company's operational strategy and performance. In pursuit of fortifying corporate governance and fostering stable, sustainable development, TCI has devised "Risk Management Measures." These measures are designed to preempt potential losses and enhance the optimization of the Company's resource allocation.

Risk Management Process

The Risk Management Regulations oversee the company's risk management process across three tiers of management, encompassing risk detection and assessment, operational execution, and review procedures.

(1) Chaired by the Chairman, the ESG Committee evaluates risk warning mechanisms and response plans presented by operational departments. Upon resolution approval, the Chairman directs relevant departments, beyond the one identifying the risk, to collaborate on an interdepartmental risk response, mitigating potential impacts on the Company's overall operations. Furthermore, the Internal Audit Department conducts annual audits on established response plans to ensure the efficacy of the risk alert mechanism.

(2) The supervisor of each operational department reports identified risks to the ESG Committee's Risk Management Team. Upon receipt, this team conducts an initial assessment of risks and proposed response plans, offering recommendations for discussion with the department. Subsequently, the Chief Sustainability Officer reports findings to the ESG Committee.

(3) Operating departments, serving as the primary risk controllers, identify and evaluate short, medium, and long-term risks associated with their business activities. Qualitative or quantitative risk assessments are conducted, leading to the formulation of preliminary risk warning mechanisms and response plans based on assessment outcomes.

3.4.2 Risk Management List

Risk Category	Risk Factor	Control Mechanism
Financial Risk	Exchange Rate Risk	The company utilizes the US dollar as its primary functional currency and operates across 64 countries worldwide. In order to mitigate potential exchange losses and fluctuations in future cash flows arising from currency exchange rate variations, the company employs forward exchange contracts for hedging purposes.
	Credit Risk	TCI follows the prepayment-before-shipment procedure for both domestic and international customers. Before approval, the designated unit assesses the customer's financial standing and past business collaborations. The Company grants credit extensions only upon approval and ensures accounts receivable insurance coverage. Credit impairment is accurately reflected in financial reports. Additionally, credit risk is vigilantly managed through weekly management meetings.
	Liquidity Risk	For many years, TCI has upheld a robust and stable cash position. The financial department, under the vigilant oversight of the Chairman, rigorously monitors borrowing levels. Moreover, TCI regularly conducts quarterly assessments of short, medium, and long-term capital needs for presentation to the Board of Directors.
Raw Material Supply Chain Risk	Risk of Supply Shortages or Disruptions	Utilizing an online supplier platform, TCI and its suppliers swiftly exchange short and medium-term calculation requirements in real-time, thereby reducing delivery times and associated risks. Additionally, the Company enters into purchasing contracts with suppliers, incorporating standard terms within purchase orders to regulate quality specifications and delivery obligations. Furthermore, sourcing from various countries ensures diversification, guaranteeing a secondary supplier for crucial raw materials to mitigate potential shortage risks. TCI directly procures key raw materials and fosters long-term partnerships with suppliers, actively fostering a collaborative model for effective cooperation.
Information Security Risk	Phishing Threats	TCI holds ISO 27001 certification and has crafted an information security policy aligned with internal management standards. The company has instituted a thorough information security framework and consistently conducts periodic security drills within the organization to heighten employee awareness regarding information security.
Climate Change Risk	Transition Risks	TCI upholds a steadfast long-term carbon footprint management strategy, diligently implementing internal carbon reduction measures in alignment with its reduction objectives. Through voluntary carbon inventories, the development of low-carbon products, and climate-related risk assessments within the supply chain, the company effectively manages risks associated with climate change.
	Physical Risks	TCI institutes risk management regulations to conduct simulation drills, fortifying the company's overall agile response mechanism, and refining standard crisis management procedures at every production site. Additionally, the company ensures that each operational and production site is equipped with essential disaster prevention materials to provide support during emergencies.

3.5 Customer Relationship Management

MATERIAL ISSUES MANAGMENT POLICY

TCI's Commitment

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

Key Actions

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

2023 Performance

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

2024 Target

1. Complete customer satisfaction surveys through written or telephone inquiries that covers 80% of the customer base.
2. Maintain 0 violations of privacy regulations, policies or disputes.
3. Information security education and training coverage remains at **100**%.

8 Suitable Work & Economic Growth   **12 Responsible Consumption & Production**   **17 Diverse Partnerships**

3.5.1 Customer Satisfaction Survey

TCI annually conducts a comprehensive 'Customer Satisfaction Survey' covering various aspects including product research and development, pricing, quality, customer service, and delivery timelines. This survey is instrumental in identifying and improving areas valued by customers, serving as a valuable reference for shaping business strategies..

TCI employs integrated bioscience design to craft high-performance health and skincare products, incorporating sustainable design and production practices to enhance global economic, environmental, and social impact. Leveraging resources such as the Strategic Intelligence Center, Advanced Design Institute, Product R&D Institute, Strategic Development Department, Precision iManufacturing Center, and Global Business Center, the company develops differentiated products using automated data integration analysis and in-depth research on global market trends. TCI also provides comprehensive product resumes for customers to fully trace product origins.

Furthermore, TCI establishes Virtual Global Offices worldwide, facilitating customer communication with zero time difference. The implementation of the "Sales Service" hotline allows for immediate addressing of customer needs, opinions, and suggestions pertaining to marketing, products, and sales.

3.5.2 Customer Right and Privacy

Purpose of Privacy Management

TCI places paramount importance on earning the trust of individuals whose data is collected through its privacy policy statement and privacy protection management mechanism. By offering clear and transparent information about TCI's privacy policy, customers can make informed decisions about sharing their personal information. TCI's objective is to raise awareness about privacy management and foster a robust, mutually beneficial relationship built on privacy protection with our customers and other data collectors associated with TCI.

Privacy Management Practices

One of the primary objectives of TCI's information security management is to safeguard customer privacy. In compliance with Taiwan's Personal Data Protection Act and the European Union's General Data Protection Regulation (GDPR), the Company has established a comprehensive Privacy Protection Policy. This policy includes contact details for the individual responsible for overseeing customer privacy matters, allowing customers to make inquiries, access, rectify, cease collection, or request deletion of their data. Moreover, TCI diligently upholds the terms outlined in customer contracts and confidentiality agreements. Commercially sensitive information, documents, and all customer-related data are securely uploaded to the internal system using encryption protocols for stringent control. Access to these documents is restricted to authorized personnel with valid account credentials and passwords, necessitating an online decryption process for viewing. Notably, in 2023, TCI received no reports of privacy breaches or complaints.

3.6 Supply Chain Sustainability

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

To uphold adherence to internationally recognized human rights standards, including the International Bill of Human Rights, the United Nations Universal Declaration of Human Rights, the International Labor Organization Convention, and the United Nations Global Compact, TCI requires its suppliers to align with these principles. This entails respecting fundamental human rights in the workplace, ensuring compliance with safety regulations outlined in labor laws, prioritizing environmental conservation efforts, and strictly prohibiting any actions that contravene laws, regulations, or ethical standards.

Key Actions

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

| 8 Suitable Work & Economic Growth | 10 Reducing Inequality | 12 Responsible Consumption & Production | 17 Diverse Partnerships |

2022 Performance

1. 135 suppliers signed the Supplier Code of Conduct, with first tier suppliers accounting for 74.2% of the endorsement rate. First tier key suppliers had a 100% endorsement rate.
2. 182 ESG self-assessment forms were evaluated, 100% evaluation rate.

2023 Target

1. 90% of the first tier suppliers sign the Supplier Code of Conduct. 100% of first tier key suppliers sign off.
2. 100% evaluation rate of ESG self-assessment form from first tier suppliers

3.6.1 Supplier Management Policy

To enhance the sustainability of our supply chain, TCI has established a Supplier Code of Conduct, mandating suppliers to comply with legal requirements when delivering products and services, encompassing labor standards, health and safety regulations, and environmental norms. Furthermore, we proactively address contemporary environmental and social concerns, embracing our corporate social responsibility and perpetuating ongoing improvement initiatives. When engaging new suppliers, we provide self-assessment forms to gauge their alignment with our standards and encourage their endorsement of the Supplier Code of Conduct. Upon passing initial assessments, new suppliers undergo formal audits to ensure the integrity of TCI's production processes. In addition to seeking international certifications such as ISO, SEDEX, and HACCP, we integrate ESG (Environmental, Social, and Governance) self-assessment criteria into supplier evaluations, covering human rights, labor practices, health and safety standards, and environmental stewardship. By mitigating sustainability risks within our supply chain, we aim to bolster the overall sustainability of our value chain.

Four Main Aspects of the Supplier Code of Conduct

Labor	Health and Safety
• Prohibition of Unfair Labor Practice • Labor Freedom • Working Hours • Prohibition of Child Labor • Wages and Benefits • Humane Treatment • Freedom of Association • Prohibition of sexual harassment and various types of harassment	• Safety and Operating Environment Specifications • Emergency Preparedness • Safeguarding • Education and Training

Environment	Code of Ethics
• Environmental Conservation • Labeling of Hazardous Substances and Safe Operating Specifications • Water Management • Management Policy for Greenhouse Gas Emissions	• Information Disclosure and Prohibition of Falsification and Misrepresentation • Fair Competition • Employee Whistleblowing Channels • Privacy and Information Security Policy • Avoid Conflicts of Interest • Assignment of Right • Legal compliance

3.6.2 Supply Chain Management Process

TCI conducts annual evaluations of its raw material and material suppliers, OEM partners, and other collaborators. These evaluations assess quality, supplier financial health, production capacity, and coordination, production stability, commodity-specific stability, regional risk, serving as a basis for risk management. Suppliers with a total evaluation score of 90 points or above are classified as Grade A excellent suppliers, those scoring between 81 and 90 points are classified as Grade B qualified suppliers, and those scoring between 71 and 80 points are classified as Grade C qualified suppliers. Suppliers scoring below 70 points are classified as Grade D unqualified suppliers. Grade A excellent suppliers are given priority manufacturing/ supply status or may receive increased orders. If deficiencies are identified during the evaluation process, and a supplier receives a Grade D, TCI will provide clear improvement goals and consultation. The supplier must make improvements within 14 days, after which the audit team will conduct a re-evaluation. If the supplier fails to make timely improvements, they will be eliminated according to company evaluation regulations. TCI conducts due diligence on its supply chain and, through a robust evaluation and audit system, aims to identify potential risks early. By continuously working with the supply chain, TCI strives to create safe, stable, and high-efficiency products for consumers.

Supplier Management Overview

Supplier Type	Management Method	Execution Ratio	Future Management Focus
First Tier Supplier	Evaluation rate of ESG self-assessment form	100% (Total of 182 suppliers, 182 suppliers completed the assessment)	Strengthen on-site audits
	Sign the Supplier Code of Conduct	74.2% (Total of 182 suppliers, 135 suppliers signed)	Continue to increase the percentage of supplier signatures Strengthen on-site audits
Audit of Existing Suppliers	On-site audits	100% (34 audits planned and 34 audits completed)	Strengthen on-site audits

3.6.3 Sustainable Supply Chain

TCI has taken proactive steps to advance sustainable practices within our supply chains, commencing in 2021 with the implementation of ESG self-assessment forms for suppliers. These forms encompass inquiries into environmental metrics, management strategies, human rights adherence, regulatory compliance, and other pertinent aspects. They serve as vital benchmarks for evaluating suppliers' economic, social, and environmental sustainability, thus mitigating sustainability risks throughout the supply chain and enhancing overall value chain sustainability. Concurrently, TCI offers guidance to suppliers on sustainable development strategies and supports them in setting sustainability objectives during regular supplier meetings. In recognition of outstanding ESG performance, TCI honors exemplary suppliers at supplier conferences, linking their ESG achievements to future collaborations and purchases. Furthermore, we facilitate partnerships between high-performing suppliers and prominent players in the biotech industry to foster growth opportunities. Moving forward, TCI remains committed to bolstering sustainability within its supply chain through rigorous due diligence, identification of high-risk suppliers, and proactive engagement with partners to elevate sustainability standards.

3.7 Information Security Management

Information Security Policy

TCI's Information Security Management Committee, led by the CEO, oversees processes accredited by the ISO 27001 certification system. Internally, the company formulates information security policies tailored to management requirements. The primary objective of these policies is to ensure the security of services provided by information systems, safeguard the confidentiality, integrity, and availability of critical personal and transactional data, and uphold the information security and privacy of both TCI and external stakeholders engaged in information exchanges with TCI. By enhancing information security management, bolstering protection measures for systems, equipment, and networks, TCI aims to ensure the quality of its services.

Information Security Management Practices

1.Information Security Risk Management: The Strategic Intelligence Center, tasked with information security management, establishes an inventory of information assets, identifies their owners, conducts risk assessments based on asset levels, and manages risks exceeding acceptable thresholds.

2.Strengthening Information Security Awareness: New employees undergo mandatory "New Employee Information Security Education and Training," while all employees participate in regular "Information Security Advocacy" sessions and semi-annual "Information Education and Training Exams."

3.Software and Hardware Controls: The company implements firewalls and demilitarized zones (DMZs) on internal and external networks and establishes backup or monitoring mechanisms for critical equipment. Personal computers are equipped with anti-virus software, with regular updates for virus code checks, and unauthorized software usage is prohibited. Additionally, access control and regulations govern items entering and exiting laboratories and information security control areas.

4.Information Security Incident Notification Procedures: Employees encountering information security incidents must promptly report them. TCI categorizes incidents into severity levels one to three, with local incident managers or information supervisors initiating responses and deciding whether to activate emergency response plans or handle incidents conventionally. Personnel complete incident reports post-response to prevent recurring incidents.
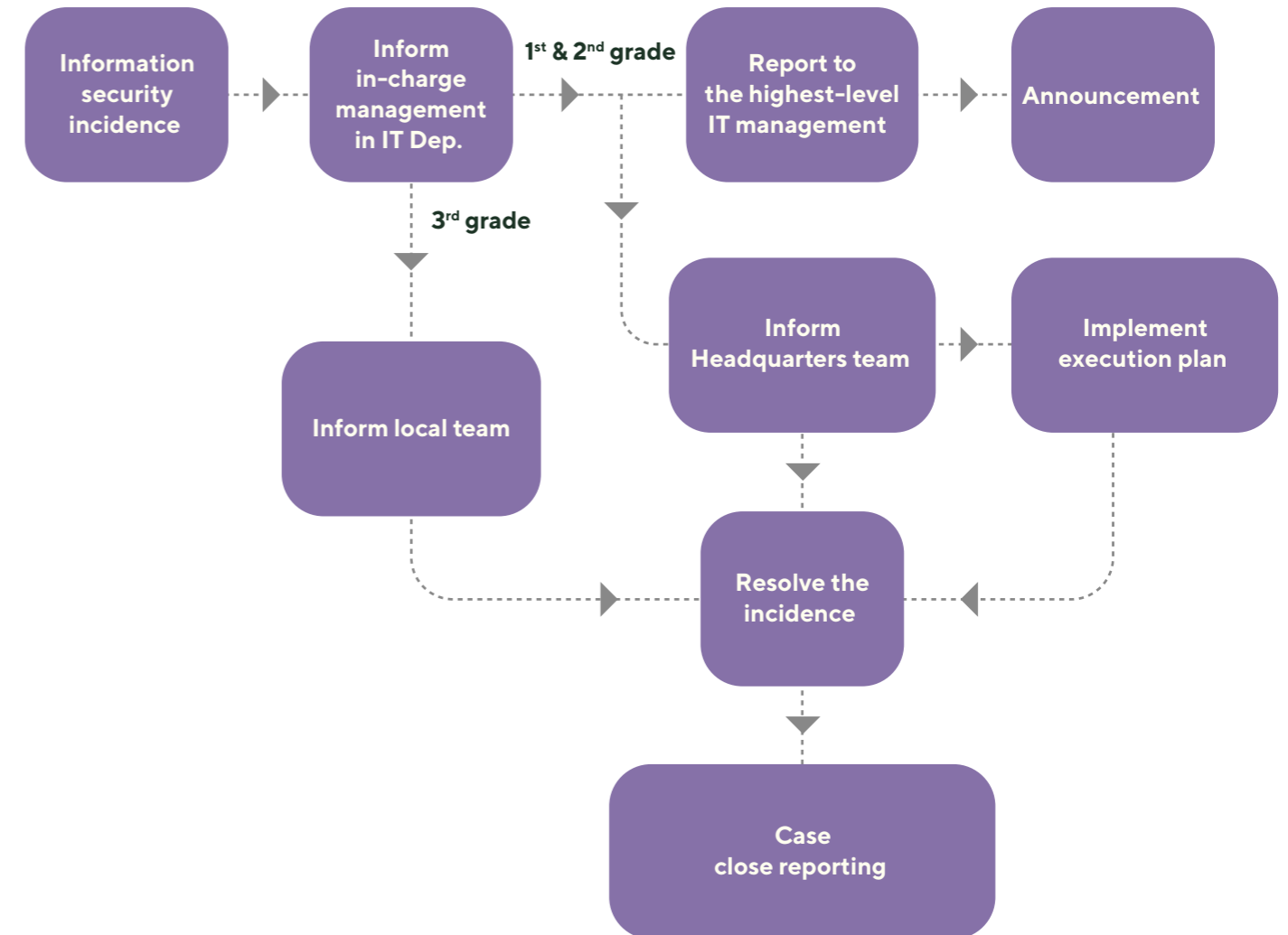
2023 Information Security Management Actions

Action Programs	Action Plan	Implementation Results
Information Security Defense	By leveraging data analysis, we can efficiently identify anomalies and promptly provide real-time assistance to the relevant units.	We persist in analyzing and mitigating information security incidents, taking proactive measures to block abnormal connections and suspicious emails. This proactive approach aims to minimize the risk of hacker attacks and data breaches.
	Continuous optimization of edge defense security and management of cybersecurity threat detection.	
	Establishing a dedicated cybersecurity unit to collaborate closely with the existing cybersecurity team, with the goal of bolstering collaborative defense and enhancing overall cybersecurity measures.	We've formed a specialized cybersecurity unit to enhance our information governance efforts.
	Enhance endpoint protection mechanisms, strengthen endpoint detection and response capabilities, and provide threat detection and response services. Apply AI deep learning threat detection and defense specifically targeting critical assets.	Strengthening defense measures for personal computers and servers to enhance operational security, including the analysis of suspicious programs and behaviors.
	Regularly performing penetration testing on systems to identify potential vulnerabilities and fortify the overall security posture.	Conduct a real-world test annually to fulfill cybersecurity requirements regarding service capacity, contingency response, and prompt reporting of conditions.
	Consistently perform routine vulnerability scans on the system.	We have conducted regular vulnerability scans and addressed any identified system vulnerabilities disclosed publicly.
	Consistently deliver pertinent patch management to address system vulnerabilities as needed.	We have addressed critical security vulnerabilities through irregular system patching.

In 2021, TCI formed a specialized information security unit tasked with coordinating, managing, and overseeing all information security activities within the Group. Furthermore, dedicated information security engineers regularly conduct vulnerability scans, social engineering drills, checks on the effectiveness of protection systems, and other relevant information security tests. They also provide information security dissemination and education through training courses. In 2023, TCI encountered a security breach in its information system, which was an isolated incident. Swift assessment and response measures were implemented, resulting in no significant operational disruptions.

Innovation and Service

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

4.1 Innovative Research and Development

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

The Company remains committed to allocating resources towards scientific research and manufacturing development, aimed at producing premium dietary supplements and skincare products, while also offering comprehensive Contract Development and Manufacturing Organization (CDMO) services worldwide. Furthermore, TCI prioritizes investments in global patent protection and trademark strategies, safeguarding our research and design outcomes. This strategic approach aligns our innovations with business goals, fortifying our competitive edge and fostering intellectual property innovation.

Key Actions

1. Enhance research and development efficiency by embracing Industry 4.0 as the cornerstone of intelligent manufacturing and upgrading processes.
2. Safeguard intellectual property through the acquisition of patents and trademarks, ensuring the protection of innovative ideas and designs.
3. Sustain investment in recruiting top-tier research and development talent, as well as in refining raw materials, manufacturing processes, formulations, and packaging, fostering continuous innovation and product excellence.

2023 Performances

1. 2023 intelligent manufacturing system optimization, manufacturing process improvement in production efficiency, saving cost, and reducing losses, with an estimated benefit of approximately NT$ 49 million.
2. TCI's patent commercialization value reached NT$ 5.5 billion in 2023.
3. Research and development expenses amounted to NT$ 0.57 billion , accounting for 7% of the total revenue.

2024 Target

1. Maximize the advantages of optimizing the intelligent manufacturing system to achieve a 5% increase in output per capita.
2. Aim for a 8% growth in the value of patented outputs, demonstrating our commitment to innovation and intellectual property protection.
3. Allocate no less than 5% of revenue towards research and development expenses, ensuring continuous investment in pioneering solutions and product advancement.

7 Affordable & Clean Energy

9 Industry, Innovation & Infrastructure

12 Responsible Consumption & Production

4.1.1 R&D Results of Integrated Bioscience Design

[Microbiome Series]

Consumer dietary habits are gradually shifting, often accompanied by bodily burdens. TCI has developed functional probiotics, including "TCI604 Bifidobacterium lactis," which enhances intestinal health. TCI604 is a unique probiotic isolated from breast milk, proven in experiments to effectively regulate the expression of intestinal inflammation genes by up to 50%. For strengthening hair roots and alleviating hair loss, "TCI999 Plant-derived Lactobacillus" is formulated. TCI addresses hair loss caused by aging follicle cells, intestinal imbalance leading to systemic inflammation, and cholesterol metabolism affecting blood circulation. TCI999 has been shown to fortify hair roots, improve hair loss, increase hair density, and alleviate scalp sensitivity and redness. It also balances intestinal flora, promotes cholesterol reduction, and inhibits pro-inflammatory bacteria, providing relief from hair loss at its source. Research indicates an improvement rate of 80%, published in journals. In 2023, TCI's fruitful development of functional probiotics earned the Bronze Medal at the Geneva International Invention Exhibition and the Gold Medal at the Tokyo Genius International Invention Award in Japan.

[New IBD and Its Ingredients] Cashew Nut Skin Extract

Each year, approximately 1 million tons of cashews are consumed globally, with 210,000 tons of cashew fruit peels typically discarded due to their bitter taste during processing. However, cashew fruit peels are rich in nutrients and possess antioxidant capabilities. Utilizing our exclusive bio-mining platform technology, TCI has uncovered their efficacy. We have discovered that cashew fruit peels can effectively reduce the production of reactive oxygen species (ROS) by 70% in follicle cells stimulated by external stress, thereby minimizing oxidative damage to the follicles. Experimental evidence confirms that this strengthens hair roots and reduces hair loss.

TCI believes that through the development of cashew fruit peel extraction, not only can agricultural by-products be recycled, but it can also have a positive impact on agricultural sustainability.

[Innovative Formulations]

In the realm of health supplements, efficacy often hinges on absorption rate. TCI is committed to delivering the most effective product experiences to consumers. Therefore, leveraging the strengths of our research and development team, we pioneered diverse formulations in 2023 with significant success. Our latest innovation, double 2 Nutri®, has further evolved into the new generation double 2 Nutri® Solid. Validated by the E.V.E LAB using LIPO-VC (The Powder-Form Vitamin C encapsulated in TCI's Liposome), our studies confirm that Vitamin C processed with double 2 Nutri® Solid technology exhibits superior absorption rates compared to untreated Vitamin C. The absorption rate is increased by 1.98 times, with calcium absorption rate enhanced by over 2 times. This advancement enables prolonged nutrient absorption, lasting up to 8 hours, as validated and published in the "Journal of Biomedical Nanotechnology," earning recognition from the international academic community.

Double 2 Nutri® Solid encapsulates both liquid and solid advantages, catering to a wide range of product types including jellies, beverages, powder packets, chewable tablets, and gummies. Additionally, TCI has developed a sublingual absorption series, allowing health supplement ingredients and nutrients to directly enter the bloodstream through the oral mucosa, rapidly exerting their effects while bypassing the complex processes of the digestive tract. Product types in this series include tablets, droplets, sprays, and more, providing consumers with a diverse and effective range of health supplements to promote their well-being.

[Sustainable Collagen]

TCI unveils its latest innovation, VeCollal® Type II, a vegetarian collagen designed to support the synthesis of type II collagen in the human body. This revolutionary product integrates key plant extracts and has been scientifically proven to increase the expression of type II collagen genes in cartilage cells by 1.5 times, significantly enhancing the secretion of glycosaminoglycans while simultaneously suppressing inflammatory factors. This achievement not only promotes healthier lifestyles for the elderly and athletes but also effectively reduces carbon dioxide emissions associated with the consumption of animal-derived collagen supplements.

Utilizing our proprietary "Precision Fermentation" process, TCI synthesizes collagen by precisely controlling microbial fermentation under specific conditions, leveraging advanced genetic recombination technology to replicate human collagen genes. VeCollal® Type II has been successfully developed and applied in collagen-based health products, catering to customers from 65 countries seeking sustainable health solutions.

[Fast-Acting Products]

TCI is proud to introduce its GLP-1 Formula weight management product, composed of natural plant extracts and probiotics. This product aims to stabilize blood sugar levels and control appetite by regulating gut microbiota. Experimental evidence has shown that it elevates GLP-1 levels in the serum within 15 minutes, with a peak increase of 10.3% within 1 hour. By promoting insulin secretion, it effectively stabilizes postprandial blood sugar levels, reducing postprandial blood sugar elevation by 97%. As of the end of 2023, the GLP-1 Formula has assisted 350 individuals in achieving a weight loss exceeding 1,300 kilograms. TCI will continue to develop fast-acting products in the future, with plans to create 12 functional products, including those for eye care, hair loss, sleep, allergies, and whitening.

2024 Innovation and Research Development Goal

[Sustainable Materials]

TCI continues to explore sustainable raw materials, with plans for the development of apple blossom husks and Guanxi honey pomelos in 2024. Apple blossom husks, agricultural byproducts of apples, consist primarily of dietary fiber, carbohydrates, lipids, and proteins, offering potent antioxidant properties. Guanxi honey pomelos, primarily cultivated in Pinghe County, Fujian Province, China, are rich in vitamin C and dietary fiber. During the ripening process, pomelo farmers prune excess fruits to maintain quality, with the pruned fruits becoming agricultural byproducts. TCI transforms these byproducts into high-value ingredients for health products, contributing to agricultural circular economy initiatives.

[Development of Probiotics and Prebiotics Raw Materials]

Probiotics have been developed for over 40 years and have been found to promote not only gastrointestinal health, scalp health, intimate care, and enhanced athletic performance. In 2023, TCI developed 20 raw materials, and in 2024, it plans to develop 10 additional materials with effects including nerve health, menopausal care, eye health, and respiratory health. Additionally, TCI is working on developing a proprietary prebiotic for Akermansia muciniphila to increase specific probiotic populations in the body, thereby regulating overall health.

[Skincare product]

increase in skin absorption. Additionally, TCI will introduce vibrant dopamine-colored biocellulose eye masks, enhancing consumer relaxation during skincare routines. In 2024, TCI plans to release a skincare research compendium, presenting a variety of facial and targeted masks for different concepts and applications in an elegant book format. These masks will feature eco-friendly biodegradable fabric and aluminum pouches crafted from recycled materials, ensuring all customers find their ideal product within the mask compendium.

[Industry-academia cooperation]

TCI has an excellent internal R&D team dedicated to innovation. Through industry-academia cooperation clinical trials, we understand and prove the safety of new products. In 2023, we collaborated with China Medical University, National

2023 List of Awards

Awards	Awarded Products
2023 48th International Exhibition of Inventions of Geneva	1. Mango Unripe Fruit Extract: Silver Medal 2. Latilactobacillus sakei TCI147: Bronze Medal 3. Probio-Kombu black tea: Gold Medal
2023 122th Concours Lépine International Paris	1. Formosa Quinoa Cream Jar: Bronze Meda 2. Eco-Beauty Lyophilized mask: Bronze Medal
2023 37th World Genius Convention and Education Expo	1. Cherimoya Extract: Gold Medal & Summit Platinum Award 2.Limosilactobacillus fermentum TCI757: Gold Medal 3. IndianNaNa (Pineapple) Extract: Gold Medal
ASIA – PACIFIC STEVIE AWARD	1. Excellence in Innovation in Health Care Industries⬜Gold Stevie Winner 2. Innovative Achievement in Diversity & Inclusion⬜Bronze Stevie Winner 3. Innovative Achievement in Science or Technology⬜Silver Stevie Winner 4. People's Choice Stevie Award for Favorite Companies: Health Care Industries
World FOOD Innovation Awards	1. Happy Angel™ : Finalist 2. Soba!™: Finalist 3. Establish Sustainability DNA from the Inside Out: Commended
Nutra Ingredients-USA Awards	Happy Angel™ : Finalist (Ingredients of the Year - Beauty from Within)
European Green Award	VeCollal®⬜Winner (Consumer Goods-Green Product Award category)
The International CSR Excellence Awards	1. Community Commitment: Bronze Winner 2. Initiatives: Champion Award
World DAIRY Innovation Awards	1. Flounder Collagen: Commended (Dairy alternative Innovation, Manufacturing/technology innovation) 2. VeCollal®: Commended (Dairy alternative)
Asia Pacific Sustainability Action Award (APSAA)	1.SDG12 Responsible Consumption and Production: Circular Economy: Silver 2.SDG15 Life on Land: Biodiversity: Bronze
2023 8th iCAN International Invention Innovation Competition	1. Jackfruit pulp Extract: Gold, Special Award 2. DeliahtTS Formulat: Gold, Special Award
INNOVERSE Invention & Innovation Expo	1. Bifidobacterium breve TCI761: Gold , Grand Award 2. Immuno Formula: Gold , Special Award
CSR Excellence in Corporate Social Responsibility	1. Excellence in Corporate Social Responsibility - Medium Enterprises: Top 5 2. Sustainability of HR: Medium Enterprises: Top 5
World PLANT BASED Awards	VeCollal®: Winner (Plant-based beverage)

Awards	Awarded Products
2023 5th London International Invention and Trade Expo(ITE)	1. Milk Ceramide: Gold Award 2. PV Formula: Gold Award
Taiwan Corporate Sustainability Awards	1. ESG report Award (Bronze Awards) 2. Sustainability Individual Performance -Circular Economy Leader Award, Social Inclusion Leader Award, Gender Equality Leadership Award
2023 19th Seoul International Invention Fair	Bifidobacterium animalis subsp.lactis TCI604: Grand Special Award
Biotech Breakthrough Awards	Commercialization Services Provider of the year: Winner
World BEVERAGE Innovation Awards	Double2nutri: finalist(Best Manufacturing/Processing Innovation), commended(Best Health/Wellness Innovation)
Global Beauty & Wellness Awards (GBWA)	1. 2X Probiotic Defense Sooth & Repair Balm: WINNER (Best Ingredient Skincare Product) 2.Eco-Beauty Lyophilized Mask: WINNER (Best Sustainable Skincare Product) 3.Ice Plant Rejuvenating Eye Mask: FINALIST (Best Sustainable Eye Product)
ECI Awards	1. Model Innovation(Commercial Service): Silver Award 2. Social Empowerment(Environment): Silver Award
BIG Innovation Awards	Food Innovation: Winner
Green World Awards	Conservation: Winner (Ocean Environmental) Corporate Social Responsibility: Winner (Social Welfare) Sustainability: Winner (Upcycle! AgriUpcycling Turning Waste to Wealth)

Note: Please refer to the Appendix for the complete list of TCI's awards for 2023.

4.1.2 "Bio-Resource Data Mining" Model

In 2018, the Company embarked on a groundbreaking business model termed "Bio-Resource Data Mining," leveraging genetic technology, big data analytics, automation, an intelligent formulation platform, and Industry 4.0 manufacturing techniques. This initiative incorporates cutting-edge technologies such as real-time fluorescence quantitative analyzers, AOI (automated optical inspection), and fully automated nucleic acid extraction systems. By integrating these advanced tools with global biotechnology resources, we develop high-performance products. The "Bio-Resource Data Mining" model orchestrates seven extraction and biotransformation processes, 100 cellular efficacy platform evaluations, 200 gene regulation mechanisms, and 15 natural substance composition analyses through automated R&D. Each active ingredient undergoes 17,700 experiments, driving a remarkable 70-fold increase in efficiency through vertical integration and automation.

4.1.3 Intellectual Property Deployment

TCI conducts thorough market assessments and intellectual property evaluations for each IBD material developed, ensuring a deep understanding of consumer markets and future product development potential. Comprehensive evaluations of patents, trademarks, copyrights, fair trade, and other aspects are also conducted to secure maximum intellectual property protection globally. This strategic approach safeguards TCI's products from infringement, enhancing their market competitiveness. Patent and trademark applications are meticulously managed to align with the company's R&D efforts, ensuring the complete protection of research achievements. As of the end of 2023, TCI had accumulated 1,027 patent applications with 619 approvals across 18 countries, including Taiwan, China, the United States, and many more. Additionally, there were 1,216 trademark applications and 916 approved trademarks filed in 30 countries worldwide, reflecting TCI's commitment to global IP protection.

■ CN   ■ TW   ■ EU/US   ■ Others

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

Year	CN	TW	EU/US	Others	Total
2019	77	65	26	14	182
2020	88	77	58	6	229
2021	29	33	57	11	130
2022	30	46	46	5	127
2023	24	18	45	11	98

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

Year	CN	TW	EU/US	Others	Total
2019	77	108	5	10	200
2020	146	154	19	40	359
2021	76	78	23	25	202
2022	54	49	16	7	126
2023	54	28	23	17	122

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

Year	CN	TW	EU/US	Others	Total
2019	3	31	3	7	44
2020	11	43	12	12	78
2021	17	68	9	3	97
2022	52	70	18	2	142
2023	30	51	16	7	104
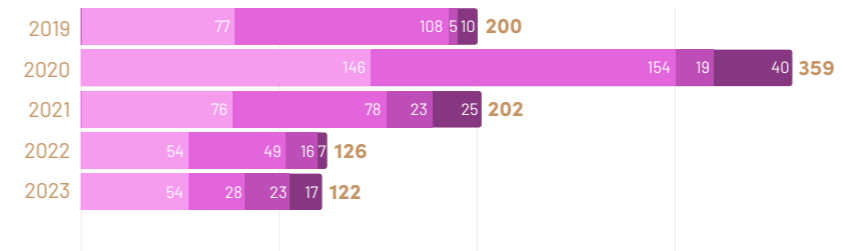
Number of approved trademarks and regional statistics in the past 5 years
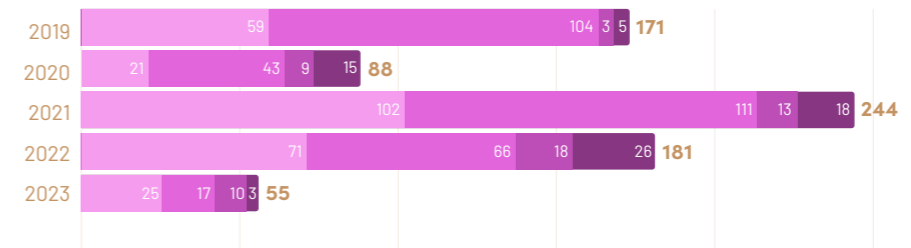
Year	CN	TW	EU/US	Others	Total
2019	59	104	3	5	171
2020	21	43	9	15	88
2021	102	111	13	18	244
2022	71	66	18	26	181
2023	25	17	10	3	55

4.2 Innovative Incubation

4.2.1 12 Main Laboratories

NEXT LAB

SBL. LAB

H&M LAB

E.V.E. LAB

CLEAN B. LAB

Q-ODM LAB

MIA LAB

EAGLE EYE LAB

GMA LAB

ARMTE LAB

CELL V. LAB

ART LAB

QODM Lab

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

E.V.E. Lab

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

Eagle Eye Lab

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

Next Lab

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

Cell Validation Lab

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

H&M Lab

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

4.2 Innovative Incubation

4.2.1 12 Main Laboratories

NEXT LAB

SBL. LAB

H&M LAB

E.V.E. LAB

CLEAN B. LAB

Q-ODM LAB

MIA LAB

EAGLE EYE LAB

GMA LAB

ARMTE LAB

CELL V. LAB

ART LAB

Clean Beauty Lab

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

GMA Lab

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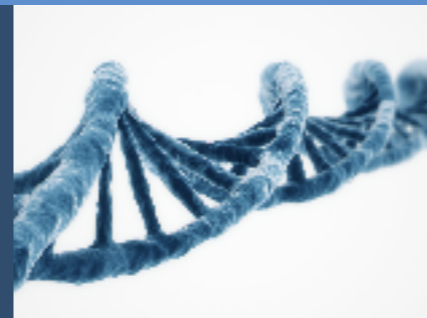
ARMTE Lab

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

MIA Lab

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

ART Lab

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

Synthetic B. Lab

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

4.2.2 Internal Innovation

In order to infuse continuous momentum into TCI's research and development (R&D) innovations, an internal R&D interaction platform has been established within the company. This platform hosts regular R&D proposals, breaking through organizational frameworks to encourage colleagues to suggest innovative ideas. Proposals aligned with the company's development direction and subsequently developed and invested in may be rewarded with R&D bonuses.

Annually, a group innovation proposal competition is held, with internal mentors assigned to assist teams in optimizing proposal content, facilitating the practical implementation of cross-departmental creativity. Winning teams that proceed to implementation are awarded the "TCI Coin" R&D innovation bonus, incentivizing internal innovation and stimulating the development of various novel solutions within the organization.In 2023, a total of 73 successful proposals were recorded, representing a 49% increase compared to 2022.

2023 Key System Optimization Projects

System Name	Optimizing Content and Benefits
APP System	- Rapid Quoting System launched, accelerating the quotation process. - Implementation of CRM system architecture to expand its usage scope.
BI System	- Business report redesign to enhance sales management precision. - Optimization of cost analysis in the factory to improve cost management accuracy. - Enhancement of future demand forecasting capability for raw materials. - Improvement in industry trend analysis accuracy.
Document Management System	- Strengthen document management security by enhancing the classification system for confidential documents.
SAP	- Launch of HR Management System to automate processes. - Extension and optimization of MRP functionality.
Factory Management System	- Implementation of laboratory electronic cabinets to enhance efficiency and inventory management quality. - Deployment of multiple sets of Eagle Eye AOI systems to reduce manpower and enhance inspection capabilities and accuracy.
Information Security System	- The entire company underwent a comprehensive update of its cybersecurity software, coupled with the implementation of Managed Detection and Response (MDR) and Endpoint Detection and Response (EDR) systems, bolstering our antivirus and anti-hacking capabilities.
Virtual Reality System	- Enhancing customer experience is our top priority.
Carbon Management System	- The ESG carbon management system is now operational.

4.2.3 Intelligent Manufacturing

The effectiveness of our information systems relies heavily on robust research and development practices. TCI's Strategic Data Center prioritizes ongoing investments in optimizing both our corporate intranet and factory production processes. Each year, we allocate resources towards upgrading our hardware and software infrastructure. In 2023, TCI will embark on 8 significant system upgrade initiatives. These projects will center on enhancing customer experience and collaboration, streamlining product development and management processes, and refining production data monitoring and optimization capabilities. These strategic investments underscore our commitment to operational excellence and continuous improvement.

4.2.4 External Innovation Incubation

In addition to internal research and development and innovation, TCI strives to invest in cultivating new and innovative industries. The Chairman and senior executives provide multi-faceted support to start-ups and social entrepreneurship organizations from a mentor's perspective, like a runner who accompanies the entrepreneur to thrive. In the face of international competition, Taiwan needs more innovative solutions. Thus, TCI firmly believes that enterprise support for start-ups and generating Unicorns cultivates talents for Taiwan's industries and the essential practice of giving back to society. In 2022, TCI invited 20 startup companies for discussions, leveraging its 43 years of industry experience and expertise in three key areas to assist the startup industry. Additionally, TCI provided financial support of 2 million NTD to the AAMA (Asia America MultiTechnology Association) Cradle Program. Mr. Lin Yung-Hsiang, Chairman of TCI, personally served as a mentor to offer guidance and support to the program. 1. Direct Investment: TCI currently invests in three start-up companies. Because start-ups often encounter challenges in their first steps in sales, TCI can help start-ups in their first large-scale application or opening up international sales channels. 2. Provide incubation grants: In cooperation with the CnC Club, TCI provides incubation funding for new start-up companies with potential after evaluation. In addition to capital resources, the Company also maintains quarterly formal meetings to allow start-ups to present their growth plans, assemble appropriate resources, and provide useful advice. 3. Matching Industry Resources: TCI acts as a "matchmaker" for start-up companies, bridging customers, suppliers, and potential investors and providing all the network resources in TCI to assist start-ups and social innovation. For example, TCI has long-term partners in health food, agricultural products, health care products, daily necessities, and biotechnology and medical industry chains. For start-up companies interested in developing related industries, TCI also proactively seeks to help start-ups or social innovation integrate multiple resources.
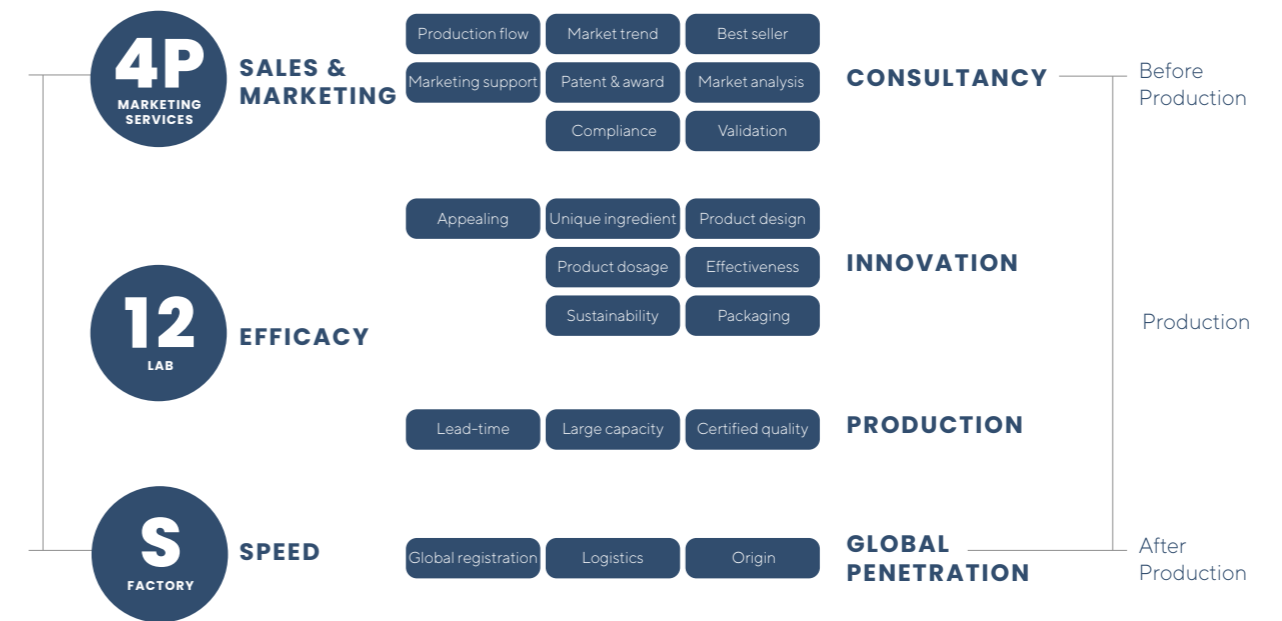
TCI Supports Taiwanese Entrepreneurs

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4.3 Product-centric One-stop Service

During the pre-development phase, TCI's Research and Development Center meticulously evaluates product efficacy and conducts thorough market analyses in collaboration with customers. This includes studying market trends and regional regulations. Additionally, experimental designs are validated, and effect mechanisms are discussed with customers. TCI prioritizes selecting the best raw materials and devising comprehensive product designs leveraging the global supply chain. Following numerous product development workshops, trial production and rigorous quality and efficacy tests ensue. Throughout this process, patent and intellectual property protection evaluations are integral to ensure full safeguarding of research outcomes. Upon product confirmation, TCI finalizes product documentation, manuals, and marketing resources. Subsequently, the product is launched into the market. Utilizing the "Dropshipping service," TCI facilitates direct shipping to distributors/agents and end consumers worldwide, enhancing service efficiency and minimizing carbon emissions during transportation.

END-TO-END PRODUCT DEVELOPMENT & MANUFACTURING SERVICE

4P MARKETING SERVICES — **SALES & MARKETING**

Production flow	Market trend	Best seller
Marketing support	Patent & award	Market analysis
	Compliance	Validation

CONSULTANCY — Before Production

12 LAB — **EFFICACY**

Appealing	Unique ingredient	Product design
	Product dosage	Effectiveness
	Sustainability	Packaging

INNOVATION — Production

| Lead-time | Large capacity | Certified quality |

PRODUCTION

S FACTORY — **SPEED**

| Global registration | Logistics | Origin |

GLOBAL PENETRATION — After Production

END-TO-END PRODUCT DEVELOPMENT & MANUFACTURING FLOW

Committed to Environmental Protection

5.1 Climate Change and Carbon Management
5.2 Energy Resource Management
5.3 Water Resource Management
5.4 Waste Management
5.5 Green Products

5.1 Climate Change and Carbon Management

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

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

Key Actions

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

2023 Performance

1. Implement TCFD framework to assess operational climate risks and opportunities
2. Carbon intensity 83 tCO2e/$Million USD revenue of Rock Park Factory, 75 tCO2e/$Million USD revenue of Golden Hill Factory.

2024 Target

1. Deepen TCFD climate scenario analysis to quantify risk and financial values of opportunities.
2. 1.5 % reduction in carbon intensity by 2023.

5.1.1 Climate Related Financial Disclosure Recommendations

TCFD Framework and TCI's Response Measures

Governance

The Board of Directors
The Board of Directors primarily oversees and advises on assessing financial risks arising from climate issues, climate related capital expenditures, research and development to grasp opportunities related to climate issues, and the Company's participation in climate and energy initiatives. In 2022, the Board of Directors proposed that in evaluating future mergers, acquisitions or investments, the Company must conduct due diligence on climate issues related to the Company's operations as a necessary assessment for the Board of Directors to approve mergers, acquisitions, and investments.

ESG Committee
The ESG Committee, chaired by the Chairman, reviews the risk warning mechanism and response plan proposed by the operating departments. After the resolution passes, the Chairman instructs other departments involved in the risk, in addition to the department that identified the risk, to make an interdepartmental risk response to mitigate the possibility or impact of the risk on the Company's overall operation. The ESG Committee reports to the Board of Directors at least once a year. In 2022, the ESG Committee approved the investment in the construction of power plants and the installation of energy-saving and energy-storage-related equipment.

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

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

Strategies

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

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

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

Risk management

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

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

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

Indicators and Goals

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

International Initiative Goals
Publicly responding to international energy and carbon reduction initiatives such as RE100, EP100, AWS (Alliance for Water Stewardship) and SBTi serves as the Company's climate goal and as a commitment and declaration to external stakeholders.

Risk and Opportunity Assessment Procedures

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

Step 1 Collect Climate Risk and Opportunity Issues

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

Step 2 Identify Major Climate Risks

Through interviews with each unit, we compiled all climate risk and opportunity issues that may affect operations and designed a climate change risk and opportunity assessment questionnaire. We described the possible impact of TCI in each item group of the questionnaire and asked colleagues to respond to each climate issue's likelihood and degree of impact. In the end, we selected 6 key risks and 2 key opportunities.

Step 3 Analyze Financial Impacts

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

Step 4 Draft Countermeasures

We propose management actions and plans regarding the 6 key risks and 2 key opportunities identified and review the management effectiveness quarterly to adjust the countermeasures on a rolling basis.

Major Climate Risks and Countermeasures

Transition Risk

Risk Category	Potential Financial Impact	Risk Factor	Countermeasures
Policy and Regulation: Green Energy Certificate Competition	Increased operating costs	TCI has set the goal of using 100% renewable energy by 2030. If TCI's power plants are insufficient, it may compete with other companies for a limited number of green power certificates.	·Self-built renewable energy generating facilities. ·Implement greenhouse gas reduction projects.
Policy and Regulation: Carbon Fee	New operating expenses	The domestic "Climate Change Response Act" draft expects to levy carbon fees in stages, depending on the scale of the enterprise, from large to small. As a result, TCI expects new 'carbon fee' operating costs as levy begins in 2024 at the earliest	Implement greenhouse gas reduction projects.
Market: Change in Raw Material Production and Quality	Increased operating costs Reduced shipments and limited revenues	TCI's product formulas use natural ingredients and rely to some extent on natural resources. However, climate change affects many crops and animal resources, resulting in fluctuations in quality, reduced production, and higher raw material prices.	Strengthen research and development technology and develop diversified products, reducing dependence on single raw materials. Sign long-term contracts with suppliers for high-risk raw materials to establish a stable supply source.
Goodwill: Customer expectations for sustainability	Loss of existing customers and decline in revenue Loss of potential customers and limited growth	More and more customers ask for low and zero carbon products or expect TCI to respond to more international climate initiatives. The effect of greenhouse gas reduction affects TCI's goodwill and customer engagement and further affects customers' business performance.	Increase the proportion of renewable energy use yearly. Provide low and zero carbon product solutions.

Physical Risk Management and Adaptation

Risk Category	Potential Financial Impact	Risk Factor	Countermeasures
Chronic: Water Scarcity	·Product production disruption and decline in revenue	Research by the Academia Sinica predicts that the more severe the degree of warming in the future, the more pronounced the uneven spatial and temporal distribution of rainfall in southern Taiwan. TCI's factory in Pingtung may face the risk of water scarcity.	Promote water management and water conservation programs to enhance water resource usage efficiency.
Acute: Flooding	·Loss of production capacity and decline in revenue ·Capital loss	As climate change intensifies, the frequency of flooding in Changzhi Township, Pingtung County, the location of TCI's factory, may increase, which may cause damage to raw materials, products, or equipment.	Capital expenditure related to improving drainage systems and investing in flood prevention.

Major Climate Opportunities and Countermeasures

Opportunity Category	Potential Financial Impact	Opportunity Causes	Actions
Green Product Sales	·Increased product sales and growth in revenue ·Reach out to new customers and growth in revenue	As the global sustainability trend takes shape, consumers become more environmentally conscious, driving customer demand for green products.	Gradually increase the application of environmentally friendly packaging materials, reduce greenhouse gas emissions, and reduce the carbon footprint of products.
Promote ESG performance	Obtain working capital	Investors are increasingly concerned about corporate ESG performance	Continued participation in domestic and international ESG evaluations and implementation of sustainable performance management framework and tools.

5.1.2 Management of Greenhouse Gas Emissions

Scope 1 and 2 Emissions

According to the Greenhouse Gas Reduction and Management Act enacted in Taiwan, TCI is not obliged to report its greenhouse gas emissions to the government. However, with the rise of international climate initiatives, climate change-related risk management, greenhouse gas management, and greenhouse gas emissions information disclosure has become a key issue for business operations. TCI has voluntarily started to conduct organizational greenhouse gas inventories, which indicate direct (scope 1) emissions and indirect (scope 2) emissions, in Pingtung Precise iManufacturing Center (Rock Park) in accordance with the GHG Protocol every year since 2018, while the Shanghai Precise iManufacturing Center (Golden Mountain Park) independently conducts organized greenhouse gas inventory and has gained third-party verification against ISO 14064-1. The direct emissions in 2023 are 3,646 tCO2e, and the indirect energy emissions are 9,669 tCO2e.

	Rock Park					Golden Hill Park	
	2019	2020	2021	2022	2023	2022	2023
Direct	3,800	4,917	4,296	3,723	3,646	820	7.41
Energy indirect	8,021	10,205	10,683	9,954	9,669	6,526	6,051
Total	11,821	15,122	14,979	13,677	13,315	7,346	6,059
Emission Intensity (tCO2e/USD$ Million revenue)	58	74	73	82	83	91	75

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

Scope 3 Emissions

TCI uses the GHG Protocol Evaluator Tool to identify the main emission items of Scope 3. After identifying significant emission categories, the Company found that "purchased goods and services" accounted for more than 80% of total Scope 3 emissions. Therefore, TCI decided this to be a voluntary inventory of Scope 3 emissions in 2022 and sent it to a third party for verification. In the future, TCI will continue collaborating with the supply chain to promote environmental sustainability and achieve an absolute reduction of 15% in Scope 3 by 2030 (with 2018 as the base year), set in line with the target scenario of the Paris Agreement to control the temperature increase by 1.5°C. In 2023, the Pingtung Precise iManufacturing Center (Rock Park) emitted 5,298 tCO2e from Scope 3 employee commuting, business travel, and purchased goods (external energy).

Climate International Initiatives

TCI devotes itself to environmental protection actions and energy conservation and establishes energy transformation and carbon reduction goals and strategies. By responding to international climate, TCI joins global benchmark initiatives such as RE100, EP100, and SBTi. Additionally, TCI became the first Taiwanese company to join the Alliance of Water Stewardship (AWS), dedicated to improving our water efficiency and the use of sustainable water sources. Through international benchmarking initiatives, the Company publicly commits to green operations. TCI commits to a 51% absolute reduction in emissions by 2030 in target Scopes 1 and 2 and a 15% absolute reduction in "purchased goods and services" in Scope 3, with 2018 as the base year and the strictest 1.5°C path. The gradual use of renewable energy and energy efficiency improvements will reduce emissions in Scopes 1 and 2. In contrast, the supplier selection and negotiation mechanism and reduction of the emission of purchased goods and services will reduce emissions in Scope 3.

5.2 Energy Resource Management

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

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

Key Actions

Automated facility equipment systems to improve energy efficiency.

2023 Performance

TCI's Pingtung Precise iManufacturing Center (Rock Park) power intensity is 125 MWh per million dollars of revenue.

2024 Target

3.5 % reduction in electricity consumption and water consumption intensity compared to 2023.

| 7 Affordable & Clean Energy | 9 Industry, Innovation & Infrastructure | 13 Climate Action |

Energy Use

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

the introduction of cascading steam between factories helped improve the efficiency of natural gas usage. In 2023, several facilities continued to consume a fixed amount of electricity. The electricity consumption intensity at Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park) was based on purchased non-renewable electricity. Compared to each site's revenue (in million USD), Pingtung Precise iManufacturing Center (Rock Park) had a total electricity consumption of 20,004 MWh in 2023, with an electricity consumption intensity of 125 MWh per million USD. Shanghai Precise iManufacturing Center (Golden Mountain Park) consumed 6,809 MWh, with an intensity of 85 MWh per million USD. In 2023, the factories focused on increasing automation by adding robotic arms, which is expected to reduce electricity consumption intensity as production value rises. However, the impact was not yet reflected in 2023, but as production scales up, there will be opportunities to further lower electricity consumption intensity.
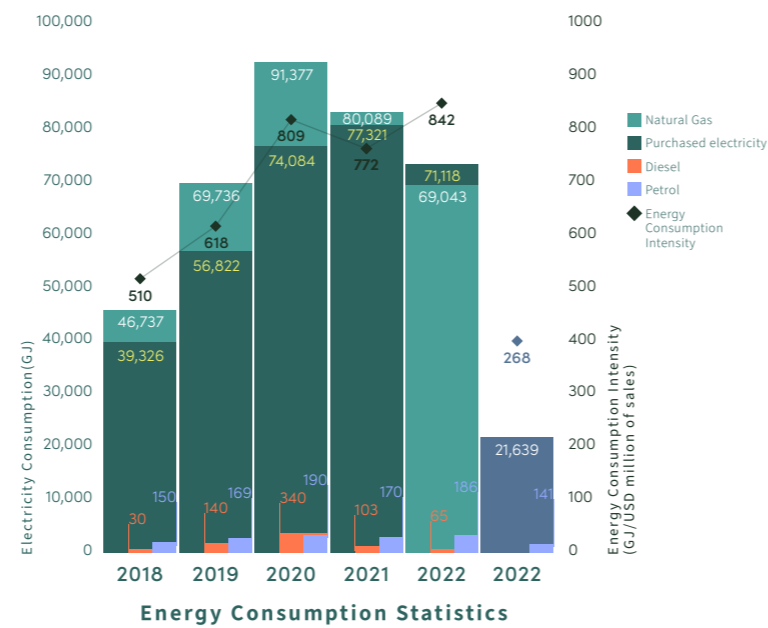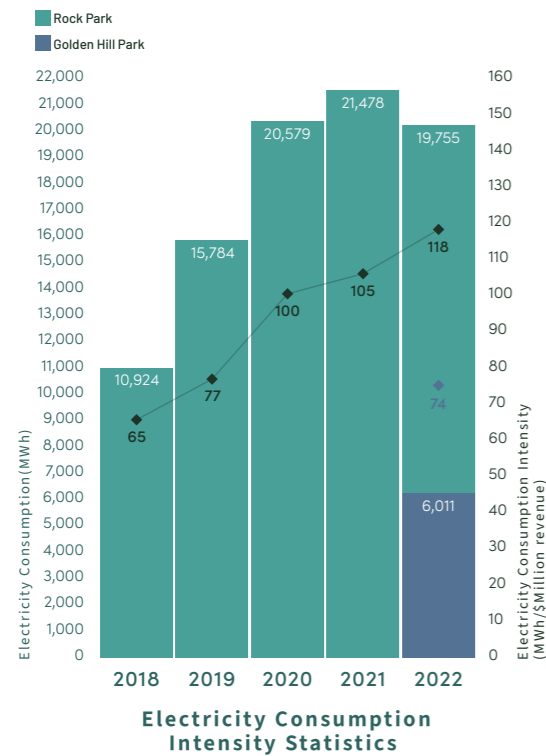
Electricity Consumption Intensity Statistics

Energy Consumption Statistics

Energy Consumption Statistics

Year	Rock Park					Golden Hill Park	
	2019	2020	2021	2022	2023	2022	2023
Purchased Non-renewable Electricity (MWh)	15,759	20,050	20,989	19,256	19,536	5,323	6,161
Non-renewable Electricity Consumption (MWh)	15,759	20,050	20,989	19,256	19,536	5,323	6,161
Total Renewable Electricity Consumption (MWh)	25	529	489	499	468	688	648
Total Electricity Consumption (MWh)	15,784	20,579	21,478	19,755	20,004	6,011	6,809
Electricity Consumption Intensity (MWh/USD$Million revenue)	77	100	105	118	125	74	85
Natural Gas (GJ)	69,736	91,377	80,089	69,043	66,492	0	0
Diesel (GJ)	140	340	103	65	85	0	0
Fuel (GJ)	169	190	170	186	213	141	143
Steam (GJ)	0	0	0	0	0	29,255	30,114
Electricity (GJ)	56,822	74,084	77,321	71,118	72,007	21,639	22,180
Total Energy Consumption (GJ)	126,868	165,992	157,682	140,435	138,499	51,035	54,769
Energy Intensity (GJ/USD$ Million	618	809	772	842	862	629	680

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

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

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

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

Note5：Energy statistics data includes historical data from Pingtung Precise iManufacturing Center (Rock Park). Shanghai Precise iManufacturing Center (Golden Hill Park) are starting from 2022.

Energy Management

In response to the Industry 4.0 trend, TCI has been evaluating AI-driven process optimization since 2023. They are integrating IT and OT data to establish a production scheduling center that provides real-time control over human-machine-material information such as production progress and activation rate. This initiative aims to enhance production efficiency. TCI also plans to install smart meters for real-time energy monitoring and integrate cloud-based AI computation to develop a centralized control and management hub, aiming for a low-energy consumption smart production base. Additionally, the factory roofs are fully equipped with solar panels for green electricity generation, boosting the use of renewable energy.

Solar Panel Construction in the Factory

TCI installed solar power generation equipment on the rooftop of the Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Hill Park). Pingtung Precise iManufacturing Center's total installed capacity is 1,362kW, with an installed area of 7,940 square meters. Shanghai Precise iManufacturing Center's total installed capacity is 689 kWp, with an installed area of 7,500 square meters.   The roof of the S12 automated warehouse, completed in 2019, is also equipped with solar panels with a capacity of 400kW to produce green electricity for the warehouse's use. Thus, reducing greenhouse gas emissions by approximately 886 metric tons of carbon dioxide equivalent (CO2e) compared to a non-solar photovoltaic system. Considering the limited roof area of the factory, to achieve the goal of RE100 energy transition, TCI now proactively looks for space outside the factory to invest in renewable energy construction and expects to achieve 50% green electricity use by 2025 and 100% renewable energy use by 2030.

Energy International Initiative

RE100 and EP100 are corporate initiatives launched by The Climate Group for renewable energy and energy efficiency, respectively. By 2021, over 300 companies will have responded to RE100, and over 100 companies will have responded to EP100, each setting challenging and indicative energy targets. In 2018, TCI became the first Taiwanese company to join RE100 and has pledged to use 100% green power by 2030 at the Pingtung Precise iManufacturing Center (Rock Park). To fulfill the Company's commitment to RE100, TCI continues to develop green power promotion strategies to strengthen the application of renewable energy. Currently, the Company implements three methods: purchasing Taiwan Renewable Energy Certificates (T-RECs), signing Renewable Energy Power Purchase Agreements (PPAs) with renewable energy generators, and self-generating solar power systems at our factories. In the future, the Company plans to generate energy for self-use as the main method to achieve the target. TCI also joined EP100 in early 2019, pledging to improve energy productivity and energy use efficiency by 35% by 2040, using 2016 as the baseline. The Company will continue to invest in energy efficiency projects and capital expenditures, such as upgrading energy-efficient equipment, replacing LED lighting systems, installing smart meters and monitoring systems, and others, to use energy more efficiently and enhance energy savings.

5.3 Water Resource Management

Water consumption Statistics

Year	Rock Park						Golden Hill Park	
	2018	2019	2020	2021	2022	2023	2022	2023
Water Intake (tons)	208,939	297,939	322,164	354,202	346,154	324,405	92,213	101,111
Water consumption (tons)	–	–	–	–	105,122	108,128	9,222	10,112
Water Intensity (tons/$M revenue)	1,237	1,452	1,570	1,734	2,075	2,020	1,136	1,256

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

Note 2: The water consumption statistics only cover Pingtung Precise iManufacturing Center (Rock Park) and the Shanghai Precise iManufacturing Center (Golden Mountain Park) from 2022 onwards.

Note 3: Water consumption = Water Intake - Wastewater Volume
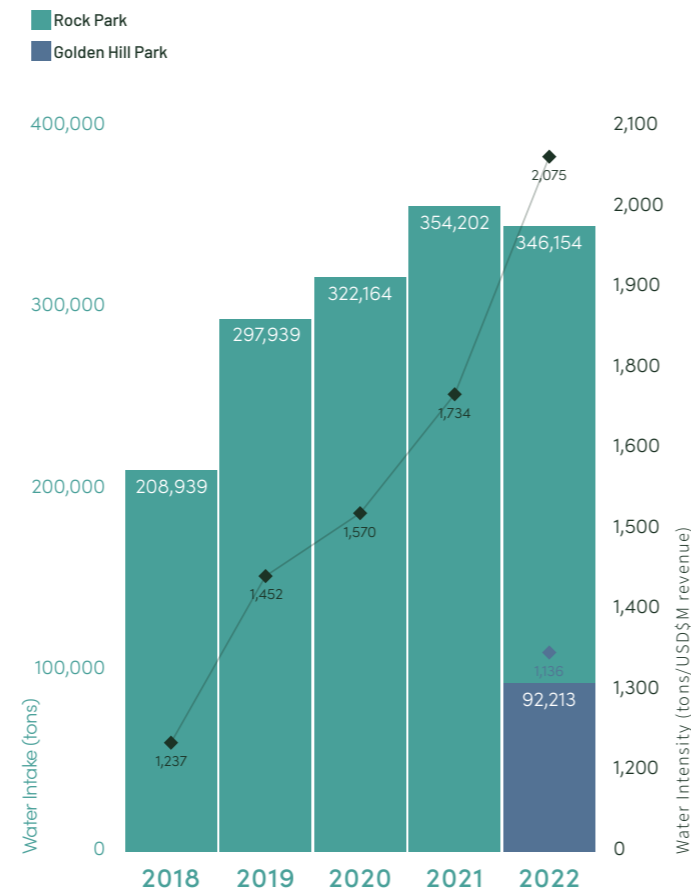
Management of Water Use

TCI's Pingtung Precise iManufacturing Center (Rock Park) uses tap water as the industrial water source, with approved water consumption of 1,500 metric tons per day (1,500 CMD). In 2023, four factories at the PABP BRANCH implemented a loop system to convert waste heat (steam) into condensate for reuse in steam boilers, enhancing recycling efficiency. S11 Eco Facial Mask Factory also designed the rainwater recycling pipeline to recover rainwater for planting and irrigation and RO water for toilet flushing.

In addition, the Shanghai Precise iManufacturing Center (Golden Mountain Park) joined the AWS (Alliance for Water Stewardship) in 2023, with plans to obtain certification in 2024. The facility recycles RO bottle washing water monthly for use in warming machines, employs a smart water-saving system for remote monitoring of water meter data to improve management efficiency, and reuses primary treated water for cooling towers and toilets, saving an estimated 1,050 tons of water monthly. In the future, TCI will continue to plan water conservation measures and water recycling programs and expects to invest about NT$5 million to NT$8 million in discharge water recycling equipment within three years. This initiative is expected to reduce overall water intake and intensity, with the goal of lowering water intensity by 25% by 2030, using 2022 as the baseline year.

Management of Wastewater

The wastewater treatment plant of the Pingtung Agricultural Biotechnology Park Administration treats the wastewater from TCI's factory. The S5 Functional Drink Factory and S9 Functional Food Factory have built separate wastewater treatment facilities to reduce water temperature, pH, suspended solids, chemical oxygen demand, biochemical oxygen demand, and other water quality items before discharging it to the Pingtung Wastewater Treatment Plant. The Company also commissions an inspection company approved by the Environmental Protection Department to conduct wastewater quality inspections every six months to ensure that the overall wastewater management process complies with the Water Pollution Control Law and the agricultural biotechnology park sets water quality standards. The factory had no leaks, spills, or water quality violations in 2023.

5. 4Waste Management

Waste Management Statistics

Industrial Waste

	Year	Rock Park				Golden Hill Park	
		2020	2021	2022	2023	2022	2023
Reuse/recycle		581.4	740.5	604.3	1,211	253	271
Non-reusable/non-recyclable	Incineration	0	0	0	0	0	0
	Landfill	516.9	719.7	518.7	599	100	175
	Other disposal	0	0	0	0	0	0
Total Amount(tons)		**1,098.3**	**1,460 . 2**	**1,123**	**1,810**	**353**	**446**

Hazardous Industrial waste

	Year	Rock Park				Golden Hill Park	
		2020	2021	2022	2023	2022	2023
Reuse/recycle		0	0	0	0	0	0
Non-reusable/non-recyclable	Incineration	0	0	0	0	1.071	1.2
	Landfill	0	0	0	0	0	0
	Other disposal	1.1	0.6	0.675	0	0	0
Total Amount(tons)		**1.1**	**0.6**	**0.675**	**0**	**1.071**	**1.2**

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

Waste Management

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

To reduce waste at the source, TCI collaborates with suppliers to develop and prioritize sustainable packaging materials. The company also minimizes excessive raw material packaging and recycles packaging materials. Certified recycling vendors collect packaging from domestic customers, and reusable packaging is redistributed to production sites for continued use.

TCI keeps monthly statistics on the number of package materials recycled, the recycling rate, and the achievement rate and reviews the items that do not meet the target. Through the packaging recycling management mechanism, the Company extends the materials' life cycle, reduces material usage and costs, and reduces waste generation. Pingtung Precise iManufacturing Center (Rock Park) used a total of approximately 298.5 metric tons of plastic material (including packaging, cushioning, film, and other materials) in 2023, To achieve the goal of zero waste at the production end by 2030, the Company shall draft plastic reduction measures and reduction targets and continue to monitor the total amount of waste.

5.5 Green Products

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

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

Key Actions

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

2023 Performance

1. In 2023, the proportion of recyclable packaging materials used in products reached 40%
2. In 2023, the proportion of products using circular economy concept raw materials reached 36%

2024 Target

1. In 2024, increase the ratio of recyclable packaging materials used in products by 4.5%
2. In 2024, the proportion of products using circular economy concept raw materials will reach 38%

2 Eliminate Hunger

12 Responsible Consumption & Production

13 Climate Action

14 Marine Ecology Conservation

15 Terrestrial Ecology Conservation

5.5.1 Create Circular Economy Agricultural By-Products

TCI recognizes that approximately one-third of global food production is lost or wasted. Hence, losses and waste are prevalent at any point between the production and consumption of food, regardless of location. TCI responds to the global target of reducing food loss and waste by 50% by 2030. Since 2021, TCI has been developing agricultural by-products, successfully transforming materials such as banana peels, banana stems, Taiwan Djulis husks, and cashew nut skin into healthcare products, skincare items, packaging materials, and more. For example, 100% biodegradable face masks made from banana sources and Djulis cream jars made from a blend of Djulis by-products and biodegradable PBS. The packaging includes caps and outer boxes made from recycled plastic(PCR), while inner boxes are crafted from Djulis by-products. After using the lotion, consumers only need to purchase the inner box. If this production model sells 100,000 units annually, with 50,000 units being inner boxes, it is estimated to reduce 14,286 kgCO2e, which is roughly equivalent to the carbon sequestration capacity of 1,190 trees. This approach revitalizes agricultural by-products with new economic value, creating a circular economy to help prevent food loss and waste.

5.5.2 Sustainable Collagen

TCI has developed a new product, VeCollal Type II, which is a non-animal sourced collagen aimed at supporting the synthesis of human type II collagen. This collagen incorporates essential plant extracts and has been experimentally proven to increase the production of type II collagen in chondrocytes, significantly promoting the secretion of glycosaminoglycans while reducing inflammatory factors. Additionally, TCI utilizes precision fermentation technology to synthesize collagen. Through advanced genetic recombination techniques, they control microbial fermentation under specific conditions to mass-produce collagen, offering healthier products for the elderly and sports enthusiasts, and providing sustainable health foods without animal sources to customers in 65 countries worldwide.

5.5.3 Sustainable Materials and Fair Trade

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

As a purchaser of health supplement ingredients, TCI is committed to controlling the sustainability of raw material production. The highest criterion for raw materials are not harming human health and being environmentally friendly. Raw material suppliers are required to submit relevant certificates, and raw materials undergo standardized acceptance procedures, including specification and quality testing. Inspection standards also reference the latest international trends and prioritize surpassing regulations from various countries, such as the US FDA, Canada CFIA, UK FSA, Germany BVL, France ANSES, Australia TGA, among others, or based on customer requirements. All products are regulated, conforming to or exceeding EU REACH standards. The raw materials used in products are committed to not containing the EU REACH SVHC highly concerning substances (accumulating 233 items) to ensure their safety. TCI values localization and fair trade and uses locally sourced raw materials for 100% of its products, and uses native Taiwanese plants and fruits as targets for research and innovation. The Company realizes fair trade in purchasing coffee beans and acerola unripe fruit. In addition, TCI promises small farmers a guaranteed purchase price to maintain their livelihood and sustainable operation, preventing them from being exploited by distributors or having their livelihood affected by drastic price fluctuations. Most fair-trade crops use environmentally friendly farming practices, which relatively cost more and are the biggest obstacle for many farmers when deciding whether or not to abandon customary farming practices. TCI provides technology and resources for farmers' transition, helps introduce friendly and regenerative farming, and guarantees purchase prices to establish long-term partnerships with farmers to achieve a win-win situation for both the environment and society.

5.5.4 Ocean Waste Reused Packaging

Recognizing the irreversible impact of plastic packaging on the environment and oceans and aiming to achieve zero waste from the production end by 2030, TCI established the Clean Beauty Lab in 2022 and partnered with suppliers to integrate waste reduction into design. Embracing the principles of the circular economy, the Company incorporates bio-based materials for applications that enable post-use biodegradation or easy recycling. For example, in the research and experimentation of mask packaging materials, TCI uses recycled plastic (PCR) from ocean waste. After multiple tests, the Company successfully developed a stable quality soft mask pouch that meets international safety standards, replacing the previously non-recyclable aluminum-plastic packaging. TCI is committed to reducing plastic use from the source and promoting product recycling to alleviate the burden on marine ecosystems.

5.5.4 Packaging Weight Reduction

TCI invested in digital printing, which is more energy-efficient and carbon-reducing than traditional printing. With the "trackable marketing technology" and platform, customers can conduct marketing activities, such as raffles and gift sending, and discount coupons, after adopting the "trackable marketing technology" platform (i.e., each product has a unique barcode). In China, for example, marketing campaigns are paperless, reduce cross-city movement and significantly increase customer engagement rates. In addition, the Company made efforts in the labeling of drink bottles. Traditional collagen drinks use 106mm*64mm bottle labels. However, we reduced them to 55mm*35mm, and the new carbon reduction labels are estimated to emit 212.76 kg CO2e per 100,000 labels, a reduction of 71% in carbon emissions compared to traditional bottle labels.

A Positive and Caring Workplace

6.1 Talent Employment and Development
6.2 Labor Rights Equality
6.3 Joyful Workplace
6.4 Occupational Health and Safety

6.1 Talent Employment and Development

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

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

Key Actions

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

2023 Performance

1. 30 hours of education and training per capita, with a 97.8% course satisfaction rate.
2. Received "2023 Happy Enterprise" Gold Award from 1111 Job Bank and "2023 Excellence in Corporate Social Responsibility - Medium Enterprises: Top 5" from CSR Excellence in Corporate Social Responsibility and "2023 Sustainability Individual Performance -Circular Economy Leader Award, Social Inclusion Leader Award, Gender Equality Leadership Award" from Taiwan Corporate Sustainability Awards and "2023 Innovative Achievement in Diversity & Inclusion: Bronze Stevie Winner" from ASIA - PACIFIC STEVIE AWARD.

2024 Target

1. **98.3**% course satisfaction rate

8 Suitable Work & Economic Growth

10 Reducing Inequality

6.1.1 Employee Structure

By the close of 2023, TCI boasted a workforce totaling 885 individuals, both domestically and internationally. Among them, 434 were male employees, representing 52.4% of the total, while 421 were female, constituting 47.6%. Noteworthy is the fact that 55 female employees held managerial positions, comprising 47.8% of all managerial staff, underscoring the company's commitment to unbiased promotion and career development evaluations regardless of gender. Specializing in the design and production of beauty and healthcare products, TCI actively employs individuals with disabilities and fosters a supportive workplace culture.

Employees under the age of 30 make up 32.3% of the workforce, while the 31-50 age group constitutes 66.5%. Those over 50 comprise a modest 2.2%. The company's diverse and inclusive environment attracts a new wave of talent, fueling ongoing innovation. Guided by the principles of trust, innovation, and intelligence, TCI is dedicated to providing high-efficiency products and services to customers while attracting partners who share its values. Amidst rapid global expansion, the company is committed to nurturing sustainable talent development programs and offering competitive career advancement opportunities for the younger workforce.

Total number of employees by employment contract and by region

	Taipei Headquarters and Pingtung Precise iManufacturing Center (Rock Park)		Shanghai Precise iManufacturing Center (Golden Mountain Park) and Other Offices in China		Other Overseas Offices	
	Male	Female	Male	Female	Male	Female
Full-time Employees	293	255	134	118	37	48

Total: 885 people

Ratio of Male to Female (include overseas offices)

	Male	Female	Male to Female Ratio
Management	60	55	1.09:1
Business Department	45	78	0.66:1
STEM-related Employees	40	82	0.49:1
All Full-time Employees	464	421	1.10:1

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

Full-time Employees	Taipei Headquarters and Pingtung Precise iManufacturing Center (Rock Park)	Shanghai Precise iManufacturing Center (Golden Mountain Park) and Other Offices in China	Other Overseas Offices	Total	Ratio
Age under 30	180	105	15	300	33.9%
Age 31-50	360	144	58	562	63.5%
Age 50 and up	8	3	12	23	2.6%

Recruitment Policy

TCI is committed to crafting products that effectively enhance the quality of life for our customers, a commitment upheld and put into practice by all our employees. To this end, our Human Resources department closely collaborates with hiring units to consistently attract exceptional professionals across various fields who align with our values. We prioritize diversity and adhere to both domestic and international regulations, ensuring the exclusion of child labor, discrimination, and other human rights violations in our policies.

Our audit unit conducts regular audits of the recruitment process each year to guarantee regulatory compliance. In 2023, a comprehensive audit revealed no instances of related risks. Furthermore, recruiting units receive ongoing training in interview techniques, including diversity recruitment, interview skill enhancement, and professional assessment tool utilization. Through transparent selection processes, we provide equal opportunities for all candidates to showcase their abilities, thereby enhancing the fairness and effectiveness of our recruitment procedures.

In addition to utilizing internal and external recruitment platforms for open recruitment, we actively engage with universities and colleges through campus outreach programs and research and development internships. These initiatives offer early exposure to industry structures for students and create opportunities for employment for socially talented individuals with development potential. In 2023, TCI hired a total of 324 new employees, representing 36.6% of the total workforce, with a hiring rate of 37.7%.

TCI has implemented a six-month mentorship program, pairing new employees with mentors from within and across departments. Monthly gatherings facilitate mentorship and provide necessary assistance, enabling new colleagues to integrate swiftly into our organizational culture. Furthermore, our Chief Human Resources Officer hosts informal gatherings known as "Monthly Welcome Dinners" to gauge new employees' adjustment and gather feedback in a relaxed environment.

Employee Structure by Location

Category	Item	Total number of employees at the beginning of the year		Total number of employees at the end of the year	
		Male	Female	Male	Female
Region	Taipei	50	106	94	152
	Pingtung	244	146	199	103
	Shanghai Precise iManufacturing Center (Golden Mountain Park) and Other Offices in China	121	122	134	118
	Other Overseas Offices	38	48	37	48

6.1.2 Diversity and Non-Discrimination

"Emphasizing multiculturalism and inclusivity is a cornerstone of TCI's corporate ethos. We adhere to principles of 'respect for human rights' and 'merit-based employment', implementing diversity initiatives in our talent acquisition processes. Our practices align with national regulations such as the Labor Standards Act and the Gender Equality in Employment Act, prioritizing individual professional competence in selection criteria.

Furthermore, we uphold guidelines outlined in documents like the United Nations Universal Declaration of Human Rights, International Labor Organization conventions, and United Nations Global Compact, ensuring equitable compensation for employees. We provide wages exceeding local minimum living standards, uphold freedom of association, and offer comprehensive welfare benefits, while proactively combating discrimination, forced labor, and child labor to foster a supportive work environment. As of 2023, TCI boasts a workforce comprising individuals from 16 different nationalities, leveraging the diverse backgrounds of our employees to enrich our group's business endeavors."

6.1.3 Employee Retention and Development

Retention

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

Development

The objective of learning and development at TCI is to nurture individuals who are self-driven, proactive, and deeply committed to the company, embodying a strong sense of responsibility. Through continuous personal growth and learning, these individuals enhance their performance and contribute to achieving organizational objectives. Consequently, employee development is a key focus area for us.

We encourage our employees to engage in continuous learning and problem-solving, thereby enriching their professional knowledge, honing their skills, and ultimately improving service quality while fostering innovation. The Education and Training Division of our Talent Development Center conducts annual assessments of departmental training needs, tailoring customized training plans for each unit and regularly reviewing implementation to ensure effectiveness.

Regarding talent development, we promote and rotate employees based on their job performance, capabilities, and unique attributes, aiming to provide opportunities for growth and development from within the organization. For key talents, we execute talent development through our "Succession Plans for Board Members and Key Management Personnel."

Through this succession planning framework, we groom senior executives for potential board positions, acquainting them with board responsibilities, operations, regulatory compliance, and group-wide business operations through job rotations to deepen their industry experience. Progress in this regard is reported to the board of directors annually. In 2023, a total of 8senior executives were assigned to affiliated companies.

Additionally, in alignment with our "Key Management Successor Program," we identify and select potential successors and implement a systematic reserve candidate management mechanism. Each potential successor's readiness is reviewed annually, and development plans are collaboratively devised by senior executives and HR. These plans include assignments to affiliated companies, project responsibilities, cross-departmental rotations, participation in management courses, and personalized mentorship, all aimed at enhancing succession capabilities and expediting the succession process.

Comprehensive Learning Initiatives

TCI employs digital platforms to offer a wide range of learning opportunities, tailored to accommodate employees with diverse learning preferences. Our learning programs encompass On-the-Job Training (OJT), lecture-style courses, interactive workshops, live online sessions, and pre-recorded modules. Supported by our proprietary digital learning platform, the "TCI App," our global workforce can access courses, complete assessments, and provide feedback using various devices, eliminating constraints of time and location and empowering employees to manage their learning at their convenience.

Furthermore, our digital learning platform serves as an effective tool for disseminating best practices, instilling corporate culture, and communicating strategic initiatives to employees company-wide. We employ pre-course assessments, interactive sessions, and post-course evaluations to facilitate structured and engaging learning experiences.

In 2023, the TCI App introduced 358 new online courses, comprising a total of 5,087 digital resources (including videos and handouts). Throughout the year, 28,662 overall participations in training sessions, completed online modules, assessments, and provided course feedback. Since its inception in 2018, the platform has offered a cumulative total of 1,388 online courses and 12,257 digital resources, benefiting a total of 105,598 overall participations by the end of 2023.

Training Hours

	Management		Professional Jobs		Total	Number of trainees as a percentage of total employees
	Male	Female	Male	Female		
Number of Employees	60	55	404	366	885	100%
Total Training Hours	2044.83	1909.11	17941.15	14193.71	36,118.93	
Average Training Hours	30	32	30	31	30.43	

Training Hours per Capita (hours)

2019	2020	2021	2022	2023
15.2	20	26.9	23	30.4

Annual Expense for Employee Education and Training (NT$)

Item	2018	2019	2020	2021	2022	2023
General Training and Seminars	355,750	1,050,173	756,361	696,342	535,242	850,588
External Training	294,854	716,180	973,106	767,246	1,581,280	872,930
Scholarship for further studies	89,022	227,713	282,054	271,578	536,592	342,852
Total	729,626	1,994,066	2,011,521	1,735,166	2,653,114	

Training Program Overview

In 2023, our training initiatives were structured into various categories, including "Professional Development," "Business Skills," "General Education," "Legal Compliance," "Manufacturing Practices," and "ESG Sustainability." Additionally, we introduced new courses focusing on digital transformation and AI workshops. A total of 552 sessions were conducted, comprising 257 physical classes and 295 digital sessions. The total expenditure, encompassing general training, external programs, and continuing education scholarships, amounted to approximately NT$2,066,370. The cumulative training hours reached 36,118.93, with 32,962 overall participations, averaging 30 hours of training per person, and achieving a 100% participation rate. The satisfaction rates for all courses exceeded 98.1%.

Aside from our corporate offerings, employees were encouraged to propose their own development plans, illustrating the relevance of their chosen training to their roles. Upon approval, employees received full tuition reimbursement for participating in external training and study programs. In 2023, 2 employees received continuing education scholarships, totaling NT$342,852, with an average subsidy of NT$171,462 per recipient.

Distinguished Speaker Series

We invited distinguished figures from various industries and academia to enlighten our employees on a range of crucial topics. Covering aspects such as personal well-being, resilience, effective communication, and industry insights, these speakers inspired a culture of continuous learning and growth within our organization.

Global Business Training

Our global business training sessions brought together professionals from diverse backgrounds for collaborative activities, including group proposal competitions. These initiatives facilitated the exchange of practical experiences across cultures and regions, enhancing participants' international perspectives and aligning them with our global development strategies.

Manufacturing Internships

Monthly manufacturing internships provided new hires with hands-on experience spanning the entire product development lifecycle, from design to production. Participants also gained familiarity with various equipment and systems used in intelligent manufacturing. These internships not only fostered collaboration between different teams but also instilled a mindset of continuous improvement among participants in their day-to-day operations.

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

Integrity Management, Information Security, and Human Rights Training Programs

At TCI, it is mandatory for all new employees to undergo an 8-hour onboarding training program, which includes a dedicated 1-hour session on integrity and ethics. The participation rate for new hires consistently stands at 100%. Furthermore, we conduct periodic, in-depth training sessions for our existing staff covering integrity management, risk awareness, information security, and human rights. In the year 2023 alone, we provided a cumulative total of 1971.62 training hours across these pertinent courses, benefiting a total of 4,954 overall participations.

In addition to offering human rights-related courses to raise employee awareness, TCI conducts an annual human rights and employee satisfaction survey to understand the current work conditions of its employees. The 2023 survey focused on aspects such as the company's human rights policy and the work environment. Understanding of the company's human rights policy includes the prevention of unlawful practices, sexual and non-sexual harassment, various forms of misconduct, bullying, discrimination, and occupational hazards. The 2023 employee survey covered the following policies: courses on preventing unlawful practices, internal grievance channels, workplace safety and health management policies, occupational hazard prevention training and courses, clearly defined policies and regulations on sexual harassment prevention, occupational injury compensation and relief, labor safety, labor-management meetings, and the company's adherence to the principles advocated by the United Nations Universal Declaration of Human Rights. Through the survey, TCI aimed to determine whether employees are aware of the company's relevant regulations to enhance advocacy efforts. The survey covered TCI headquarters and global overseas organizations.

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

6.1.4 Performance Management System

TCI has established the "New Employee Task Card Examination Mechanism" and the "Assessment Measures for Employees" for new and regular employees, respectively. After new employees are registered, they will obtain their task cards. TCI uses the task card management mechanism to establish career records and project tasks for new employees through a three-month continuous project assessment to assess the eligibility and performance of the employees and then determine whether the employees meet the Company's culture and requirements. The cards mainly detail employees' work performance, and the mechanism evaluates each employee fairly and transparently. Employees who pass the probation period shall be subject to the "Assessment Measures for Employees." The Company evaluates the performance every 3 to 6 months, serving as the basis for rewards, punishments, promotions, and job rotations. To assess each employee's performance comprehensively and impartially, the Company adopts a two-way communication to conduct performance appraisal, written by the employee and fully communicated with the supervisor and submit the performance appraisal results to the Rewards and Disciplinary Committee*. The Committee members discuss and determine the suitability and arrangement of the list and use it as a reference for training and planning the career development of their staff. To reward and develop outstanding employees, TCI awards the "TCI Star" and "Outstanding Supervisor" awards quarterly. All Company employees can participate in the competition. The supervisor and supervisor of Human Resources submit the nominations to the Reward and Disciplinary Committee for joint discussion by members to determine the list of winners. Thus, rewarding outstanding employees and motivating other colleagues "see the best and think the best." To further implement the integration of corporate values and culture and motivate morale. Each year, the Company selects the "Global Excellence 8" among the "TCI Stars." These 8 outstanding colleagues will participate in the "V PROJECT" with the Chairman to attend high-level meetings with vital overseas partners and intensive CEO strategy meetings, which significantly benefit management succession learning.

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

6.2 Labor Rights Equality

MATERIAL ISSUES MANAGMENT POLICY

TCI's Commitment

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

Key Actions

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

10 Reducing Inequality

2022 Performance

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

2023 Target

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

6.2.1 Human Rights Policy

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

Human Rights Issues	TCI's Policy
Prohibition of Child Labor and Forced Labor	Check the identity documents of new employees to confirm that they have reached the legal working age Employ per the law, no forced labor, slavery, and human trafficking.
Equal Pay for Equal Work	Assess salary based on professional competence, with no differences based on gender, nationality, race, religion, or other factors.
Occupational Health and Safety	Introduce ISO45001 standard to implement occupational safety and health management in factories to minimize the risk of occupational accidents and environmental safety UK Sedex certification, regulating human rights, labor rights, labor conditions, employment relations, and environmental safety are up to standard.
Harassment Prevention	Develop and publicly disclose prevention measures for various forms of harassment
Freedom of Association	o not intervene in the establishment, operation, or management of organizational activities or collective bargaining in any way Each operating location should establish a labor-management meeting to ensure that employees can fully exercise their freedom to participate in activities and labor conferences within the organization and can conduct collective negotiation and discussion .

6.2.2 Parental Leave

TCI actively promotes a work-life balance for its employees, encouraging them to fulfill their professional duties while also attending to their family responsibilities. When employees need additional time for newborn care and cannot balance work, TCI implements the provisions of the Act of Gender Equality in Employment. The company provides comprehensive parental leave benefits, allowing eligible employees to receive 80% of their insured salary during the period they can apply for parental leave subsidies, thus facilitating a smooth transition back to work. Over the past five years, a total of 130 employees have been eligible for parental leave, with the highest number being 40 in 2020. Approximately 54 employees have availed themselves of this benefit.

In support of employees starting families, TCI offers a childbirth subsidy of up to NTD 22,000, along with a complimentary baby stroller, upon submission of the newborn's birth certificate (within three months of birth). This initiative underscores our proactive approach to employee welfare and support.

		2019	2020	2021	2022	2023
Number of people eligible for parental leave	Male	13	27	15	15	14
	Female	9	13	8	8	9
	Total	**22**	**40**	**23**	**22**	**23**
Actual number of applicants	Male	0	1	1	5	5
	Female	9	12	7	6	8
	Total	**9**	**13**	**8**	**11**	**13**
Number of people who should be reinstated	Male	0	1	1	5	5
	Female	9	9	10	6	8
	Total	**9**	**10**	**11**	**11**	**13**
Actual number of reinstatements	Male	0	1	1	1	3
	Female	9	7	6	2	4
	Total	**9**	**8**	**7**	**3**	**7**
Reinstatement rate[1]	Male	–	100%	100%	20%	60%
	Female	100%	78%	60%	50%	50%
	Total	**100%**	**80%**	**64%**	**27%**	**54%**
Number of people reinstated for one year in the previous year	Male	0	0	1	2	1
	Female	1	8	3	3	3
	Total	**1**	**8**	**4**	**5**	**4**
Retention rate[2]	Male	–	–	100%	100%	10%
	Female	20%	89%	43%	50%	70%
	Total	**20%**	**89%**	**50%**	**71%**	**85%**

Note 1: Reinstatement rate = Actual number of reinstatements / Number of people who should be reinstated
Note 2: Retention rate = Number of people reinstated for one year in the previous year / Actual number of people reinstated in the previous year

6.3 Joyful Workplace and Employee Care

6.3.1 Competitive Compensation

In order to ensure our workforce remains competitive and to attract and retain top talent, while also considering shareholder interests and maintaining a high standard of living for our employees, TCI implements regular adjustments to salary levels. These adjustments take into account factors such as price fluctuations, market demands, salary benchmarks, and local regulations. Additionally, we have established a robust promotion system.

In 2023, the average annual salary for non-managerial employees at TCI reached NTD $820,000. Apart from offering competitive fixed salaries that surpass industry standards in Taiwan, our employees also benefit from year-end bonuses and mid-year performance bonuses, which are tied to the company's annual operational performance. The total annual expenditure on employee welfare amounted to $693,483 (in thousands of NTD), with an average welfare expense per employee of $1,225 (in thousands of New Taiwan Dollars), and an average salary expense per employee of $1,060 (in thousands of NTD).

To incentivize outstanding performance among our staff and teams, we have established various reward systems. These include performance bonuses, production bonuses, proposal bonuses, restricted stock options, quarterly opportunities for salary adjustments based on performance reviews, quarterly recognition as "TCI Star" (equivalent to an outstanding employee rating), and annual rewards for long-serving employees.

The average salary adjustment for 2023 stood at 4.6%, with non-managerial staff experiencing an average adjustment of 4.5%. This is significantly higher than the industry average, which was reported at 2.5% according to a survey by 104 Job Bank. We offer a structured system of regular salary adjustments on a quarterly or semi-annual basis, exceeding the industry standard. By empowering supervisors to determine the frequency and extent of salary adjustments for their team members, we encourage ongoing performance discussions within teams.

Ratio of Average Annual Employee Salary Between Men and Women

	Male	Female
Taipei Headquarters	1.12	1
Pingtung Precise iManufacturing Center (Rock Park)	1.15	1
All Employees	1.19	1

Full-time Salaries for Non-managerial Employees

	2020	2021	2022	2023
Number of People	642	569	499	482
Average Salary	1,028	949	916	817
Median Salary	923	842	811	753

(NT$ thousand)

6.3.2 Retirement System

TCI handles retirement-related matters in accordance with the Labor Standards Act and the Labor Pension Act. The old system is only applicable to a very small number of long-term employees. Most employees adopt new pension schemes stipulated in the Labor Pension Act based on which each employee's 6% of monthly salary is paid to a special pension account for individual workers, which complies with statutory retirement protection. 1. According to the "Labor Pension Act," if they continue to apply the "Labor Standards Act" pension schemes or retain the working years that the labor retirement regulations have not yet applied to, their retirement benefits will be issued per the previous paragraph. 2. For employees who are subject to the "Labor Standards Act" retirement pension schemes and are forced to retire per Article 35, Paragraph 1 (2), whose loss of mind or physical disability caused by the performance of their duties, the pension shall be increased by 20% according to the provisions of the preceding paragraph. 3. For employees subject to the "Labor Pension Act" retirement benefits, the Company will withdraw 6% of their monthly salary to a special pension account for individual workers.

6.3.3 Benefit System

TCI is committed to providing its employees with competitive salaries, comprehensive benefits, and a range of perks tailored to their needs. To ensure the well-being of our employees and their families, we have established an Employee Welfare Committee dedicated to their care.

At the heart of our employee welfare program is the "TCI Coin," our virtual currency, which holds an equivalent value to the Taiwan Dollar. Employees can use TCI Coins for various purchases, recurring TCI Coin Events, and exclusive activities organized by the Administration Services Center. These activities include both dynamic and static events, such as domestic and international tours, family outings, stand-up paddleboarding, aerial yoga, dining at Michelin-starred restaurants, booking luxury cinemas or salons, and participating in flower arrangement or DIY soap courses.

Employees receive TCI Coins monthly, based on their role and seniority, and can earn additional coins by participating in company competitions, achieving excellence at work, leading successful projects, engaging in public welfare activities, or proposing innovative sustainability initiatives. Additionally, employees receive TCI Coins during their birthday month. In 2023, the total face value of TCI Coins (excluding bonuses) amounted to approximately NT$4,800,000.

As a leader in the biotechnology and medical industry, TCI prioritizes the health and well-being of its employees. We offer various health-related benefits to support their physical and mental wellness. For instance, our "Energy Replenishment Station" provides free TCI-produced functional drinks, food, skincare products, and nutritional blends to meet employees' daily nutritional needs and combat eye fatigue. Additionally, we offer a complimentary healthy dinner every evening at 6 PM, ensuring employees can dine nutritiously while working.

Furthermore, through our "Biotechnology Alliance," employees have access to a wide range of complementary medical resources from leading biotech/pharmaceutical companies within the TCI Group. We organize internal lectures and regularly share the latest medical information with employees. Through the "TCI Service Center," employees can conveniently arrange appointments for professional medical treatment, emergency care, or hospitalization assistance, extending these services to their family members as well.

TCI Offers TCI Token for Employees' International Travels

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Category	Description
Insurance	Medical insurance, group insurance, business travel insurance
Cash/Monetary	• Mid-Autumn Festival, Dragon Boat Festival bonuses, year-end bonuses, long-term service bonuses, performance bonuses, special contributions • Bonuses, proposal bonuses • Employee rewards (bonuses), employee stock options, treasury stock, restricted stock
Social/Work-Life Balance	• Various sports clubs • CI Coin activities (discounted employee purchases, five-star travel, Michelin-starred dining, exclusive cinema screenings, DIY classes, sports classes) • Library, concerts, birthday celebrations, marathons, family days • Employee travel accommodations
Subsidies	• Marriage grants • Funeral assistance • Housing subsidies • Car/motorcycle parking, private car for public use subsidy, official telecommunications fee subsidy • External training subsidies, in-service scholarship • Overseas assignment allowance, overseas family allowance • Information equipment subsidy • Graduation gift for employees' children
Health	• Professional massages from the visually impaired • Employee health check-ups/genetic testing discounts • Gym/shower facilities • On-site health counseling and services by doctors, nurses, occupational therapists, and psychologists
Other	• TCI Dream Plan: Full-time employees who have served the company for more than two years are eligible to apply for interest-free loans

6.4 Management of Occupational Health and Safety

Targets

–Placing occupational health and safety policies at the center of business management to create a pleasant and safe workplace for employees.

–To comply with relevant laws and regulations and practice ESG management by establishing the occupational health and safety system.

–Establish a more comprehensive occupational health and safety supporting culture by strengthening safety awareness and training of every employee, with a training coverage of 100%.

–The executive management shall serve as the top decision-making body for occupational health and safety-related plans and policies.

Work Safety Measures at the Factory

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

6.4.1 Occupational Health and Safety Policy and Management

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

Each factory established a health and safety management unit, employing health and safety administrators and specialists to plan and execute health and safety operations and to implement the promotion of health and safety management operations. The coverage rate of relevant courses shall exceed 90%, and each factory manager shall fulfill the responsibilities of management, supervision, and auditing.

In compliance with local regulations, each factory convenes an Occupational Health and Safety Committee every three months, uniting representatives from both labor and management. These committees convene regular meetings to review, coordinate, and recommend initiatives pertaining to health and safety management. Throughout 2023, the Pingtung Precise iManufacturing Center (Rock Park) held four such meetings, while the Shanghai Precise iManufacturing Center (Golden Hill Park) convened five, focusing on enhancing occupational health and safety measures and formulating action plans for the occupational health and safety management system.

6.4.2 Occupational Injury and Disease Statistics

In 2023, TCI's Pingtung Precise iManufacturing Center (Rock Park) had zero occupational injury incidents, with no cases of death, severe occupational injury, or occupational disease. Shanghai Precise iManufacturing Center (Golden Hill Park) reported one occupational injury incident, with no cases of death, severe occupational injury, or occupational disease.

		Rock Park)						Golden Hill Park	
		2018	2019	2020	2021	2022	2023	2022	2023
Employee	Incidence of fatalities due to occupational injuries	0	0	0	0	0	0	0	0
	Incidence of severe occupational injuries	0	0	0	0	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)	1.02	0	0	2.04	0	0	0	1.79
	Incidence of death due to occupational diseases	0	0	0	0	0	0	0	0
	Recordable incidence of occupational diseases	0	0	0	0	0	0	0	0
All non-employees whose jobs and/or workplaces are under the control of the organization	Incidence of fatalities due to occupational injuries	0	0	0	0	0	0	0	0
	Incidence of severe occupational injuries	0	0	0	0	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)	0	0	0	0	0	0	0	0
	Incidence of death due to occupational diseases	0	0	0	0	0	0	0	0
	Recordable incidence of occupational diseases	0	0	0	0	0	0	0	0

Note 1 Occupational injury and occupational disease statistics only cover the Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park)
Note 2 The statistics do not include commuting accidents; the incidence rate is taken at two decimal places, and the third place is rounded off unconditionally.
Note 3 Incidence of fatalities caused by occupational injuries = Number of fatalities caused by occupational injuries / Total working hours * 1,000,000.
Note 4 Incidence of severe occupational injuries = Number of severe occupational injuries / Total working hours * 1,000,000.
Note 5 Lost Time Injury Frequency Rate (LTIFR) = Number of recordable occupational injuries / Total working hours * 1,000,000.
Note 6 Incidence of deaths caused by occupational diseases = Number of deaths caused by occupational diseases / Total working hours * 1,000,000.
Note 7 Incidence of recordable occupational diseases = Number of recordable occupational diseases / Total working hours * 1,000,000.
Note 8 Total working hours are calculated by multiplying the number of employees at the end of each month of the year by the number of national working days in each month multiplied by the standard working hours (nine hours per day).

Social Prosperity

7.1 Social Welfare

MATERIAL ISSUES MANAGEMENT POLICY

TCI's Commitment

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

Key Actions

1. Collaborating with educational institutions to engage in marine ecological records, aiming to enhance awareness of endangered wildlife conservation issues.
2. With flipped education as the central theme, the Company long-term cooperates with enterprises, science museums, local public welfare organizations, and other organizations in science education activities.

2 Eliminate Hunger
4 Quality Education
12 Responsible Consumption & Production
13 Climate Action
17 Partnerships For The Goals

2023 Performance

1.1. Taitung County Sea Turtle Reproductive Ecology Conservation Research Project: TCI, with a focus on marine ecology, partnered with National Taiwan Ocean University to witness the birth of 2,273 endangered sea turtles.

2.Corner Bookshelf Project: As of the end of 2023, we have provided support to a total of 252 schools and institutions, including 175 elementary schools and 43 junior high schools in Pingtung County, benefiting approximately 27,000 individuals.

3.We conducted 66 industry-academia interactions, one community concert, and collaborated with the Science Museum to promote science education exhibitions in Pingtung, with a total of 12,585 participants.

2024 Target

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

7.1 Social Welfare

NAVIGATING EDUCATION FOR TOMORROW

7.1.1 Science and Humanities Expedition

TCI collaborated with the Yung-Chiang Foundation in the Yung-Chiang and TCI Series of Educational Events, providing young students with diverse forms of education. Through the involvement of experts from different fields, students are exposed to career-related content, allowing them to envision their future aspirations. In 2023, TCI held the "Taichung Science Camp," giving Pingtung students the opportunity to explore science, space, and flora and fauna exhibits at the Taichung Science Museum. TCI also covered food, accommodation, and transportation costs, allowing students and schools to allocate more resources to education. By the end of 2023, a total of 752 students had participated.

7.1.2 Horizon Ascent Pole Vault

TCI has long supported local athletes in Pingtung, including pole vaulters Cheng Chi HUANG and Chih Cheng LIN, by providing nutritional supplements, training subsidies, international competition fees, and professional pole vaulting equipment. Cheng Chi HUANG represented Taiwan at the 19th Asian Games Hangzhou in 2023, achieving eighth place with a result of 5.15 meters. Meanwhile, Chih Cheng LIN won the championship at the New Taipei City National Youth Cup Athletics Open in 2023. In 2024, Lin secured the gold medal again at the same event by clearing 5.10 meters in a jump-off, following his previous gold-winning performance of 5.25 meters at the Spring Cup. Post-competition, Lin emphasized his goals of not only breaking the national record but also surpassing the 5.50-meter threshold at the Asian level.

The Pingtung County Government, Coach Chien Ming YEH, the Yong Chang Education Foundation, and TCI Group have all collaborated long-term to nurture athletes in Pingtung. They will continue to support nutrition and funding for talented but resource-limited athletes like Cheng Chi HUANG and Chih Cheng LIN, helping them to shine on the international stage and bring glory to Taiwan.

7.1.3 Sunrise Reading Companions Project

TCI has been committed to supporting education. Since 2016, TCI has donated NT$80,000 annually in scholarships to Xuhai Elementary School. This ongoing scholarship program aims to provide financial support to the students of the school each year, motivating them to achieve better academic results. By offering financial assistance, TCI alleviates the economic burden on students from rural areas and their families, allowing the students to focus on their studies and pursue their dreams.

The scholarships not only recognize the students' academic achievements but also encourage their dedication to learning. Through the Sunrise Reading Companions Project, TCI provides more opportunities and support for rural students, helping them realize their aspirations and ambitions. TCI will continue to pay attention to developments in the field of education and support and promote the transformation of educational resources in rural areas.

7.1.4 Rural Students Lunch Boost

TCI is committed to ESG public welfare activities, annually providing NT$120,000 to Wangjia Elementary School for nutritious lunches. This ensures students receive balanced meals with essential nutrients, supporting their daily learning.

The program aims not only to provide necessary nutritional support but also to create a positive learning environment. Healthy eating habits are crucial for students' growth and learning abilities. Through this nutritional support, TCI contributes to the physical and mental well-being of students, helping them stay energetic and focused on their studies.

7.1.4 Corner Bookshelves to Shape Future

The Pingtung-based TCI and the Yung-Chiang Foundation have long shown interest in local education issues and understanding local needs. A book can bring knowledge, new perspectives, hope, and opportunities. In 2016, TCI initiated the "Corner Bookshelf" project, starting in Pingtung's rural elementary schools, setting up bookshelves with books in schools to create a reading atmosphere, hoping to enable Pingtung's local rural children to break through geographical limitations and harbor a broader vision.

In addition, to create a comprehensive carbon reduction network, TCI Academy promotes carbon reduction on campus by placing energysaving and carbon-reducing books or picture books on the corner bookshelves so that the spirit of sustainability is deeply rooted in daily reading. By the end of 2023, TCI established corner bookshelves in 252 elementary schools in Pingtung County and sponsored new books for students to borrow each month, creating regular reading opportunities for nearly 27,000 students.

7.2 From Ocean to Land–
Protecting Ecosystems through Education

AZURE ARK PROJECT

7.2.1 Sea to Land Public Educational Exhibit

Starting in 2021, TCI collaborated with the National Museum of Natural Science to organize the "From Sea to Land" special exhibition, which features vertebrate animals and introduces the evolutionary process of animals from swimming in the ocean, strolling on land to soaring in the sky. To provide students with a comprehensive touring experience during the special exhibition, TCI arranged for colleagues to conduct professional tour guide training and learn how to explain to students the evolutionary process of vertebrate animals in the ocean, on land, and in the sky in hopes that through the special exhibition activities, children will be able to see the richness of living organisms, thus planting the seeds of interest in their hearts and inspiring future scientific exploration. By the end of 2023, the "From Sea to Land" special exhibit had 1,673 participants, and the recorded online instructional videos had accumulated 3,660 views.

7.2.2 Ocean Recycled PET Circulation

TCI partnered with face mask packaging suppliers to use ocean-retrieved waste. Discarded plastics were processed into sustainable, single recyclable materials. After extensive testing, they successfully developed high-quality face mask pouches that meet international safety standards. This initiative aims to reduce plastic use at the source and promote product recycling, lessening the burden on marine ecosystems.

7.2.3 Sea Turtle Legacy for Generations

Since 2022, TCI has partnered with the Institute of Marine Biology at National Taiwan Ocean University to participate in the "Research Project on Nesting Ecology and Conservation of Sea Turtles in Taitung County." A total of eight students and volunteers have been involved in this project. By the end of 2023, the project had recorded 33 nests with an 81% hatching rate, resulting in the birth of 2,273 newborn sea turtles. Through this project, researchers and students gain a better understanding of the spatial and temporal variations in wild sea turtle populations. This knowledge is crucial for implementing appropriate management measures and effective conservation strategies. In addition, the project allows the government and academia to take appropriate actions to address the threat of extinction and environmental hazards faced by sea turtles, ensuring the survival of these populations.

7.2.4 Sea Turtle Care & Release

Sea turtles, known as living fossils of the ocean, have existed for over 300 million years. However, recent human activities have severely impacted marine ecosystems, including improper fishing methods and waste pollution, causing significant harm to sea turtles. According to research, the average person in Taiwan generates 2.1 kilograms of trash per day and uses 18 billion plastic bags annually. Unfortunately, around 200 sea turtles are stranded each year, with nearly every one found to have plastic waste in their stomachs. Even a small plastic bag can be one of the main culprits in this marine "plastic killing."

TCI has long partnered with the National Museum of Marine Biology and Aquarium in Pingtung to support marine conservation efforts. On June 30, 2023, TCI employees and their families participated in a sea turtle release event. Under the guidance of professional caretakers, they learned about sea turtle rescue and conservation. After being meticulously cared for and treated by the Pingtung Ocean Museum, the injured sea turtles were finally able to return to the ocean.

7.2.5 Ocean Exploration Academy

TCI collaborated with Turtle Spot Taiwan to host marine ecology education seminars for thousands of participants. These seminars aimed to educate students about the endangered status of sea turtles and how everyday human habits significantly impact ecosystems. The program conveyed the concept of marine ecological sustainability to the students. During the courses, students learned about the unique scale patterns of different sea turtles, akin to their "facial features," and understood the distinctions among various turtle species. This introduction enriched students' knowledge of marine ecosystems. In 2023, a total of 20 marine ecology education seminars were conducted across elementary, junior high, and high schools in Taipei City and Pingtung County, with a total participation of 1,640 attendees.

7.2.6 MSC's Oceanic Collagen Elixir

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

7.3 Restoration Creates Prosperity – Biodiversity Park

Sunlit Biodiversity Endeavor

7.3.1 Sunlit Biodiversity Park

Since 2021, TCI has partnered with the National Pingtung University of Science and Technology to transform a 2.5-hectare plot into Taiwan's first industry-academia cooperative Biodiversity Park. The park aims to achieve ecological, industrial, and future prosperity goals through plant restoration. TCI utilizes this park for industry-academia cooperative internship programs, including the Species Survey by the National Pingtung University of Science and Technology and the Seed Restoration Project by the World Vegetable Center.

In 2023, the park recorded 214 species of plants across 72 families, with native Taiwanese plants accounting for 46.26%. Seven endemic Taiwanese plants were noted, including Large-leaved Nanmu (Machilus japonica var. kusanoi), Incense nanmu (Machilus zuihensis), and Taiwan Eugenia (Syzygium formosanum). Additionally, six highly invasive plant species were observed, such as Para Grass (Brachiaria mutica) and Bid bidens (Bidens pilosa var. radiata).

The animal species survey documented 203 animal species, including seven endemic Taiwanese animals like Japalura swinhonis (Swinhoe's japalura), Gray Treepie (Dendrocitta formosae), and Taiwan Barbet (Psilopogon nuchalis). There were also eight endemic subspecies, including the Pallas's squirrel (Callosciurus erythraeus thaiwanensis), Savanna Nightjar (Caprimulgus affinis), Black-naped Blue Monarch (Hypothymis azurea), Maroon Oriole (Oriolus traillii), Light-vented Bulbul (Pycnonotus sinensis), and Collared-Scops Owl (Otus lettia). In the Seed Restoration Project, three species and ten strains were successfully restored, including the Red Gourd (Cucurbita pepo), Roselle (Hibiscus sabdariffa), and Wild Soybean (Glycine soja).

In the future, TCI will continue to acquire 30 species of seeds annually from the World Vegetable Center for seed preservation. This initiative aims to mitigate the environmental impact on Taiwanese agriculture and ensure that Taiwan's endemic plant species are preserved internationally. The results of this research will provide better nutritional values.

7.3.2 Rural School Agriculture Education Initiative

The Shen Nong Project that TCI participated in was hosted in Pingtung's Silin Elementary School and Chau Nan Primary School, with 155 and 72 students participating in each project respectively. The project promotes the "One School, One Acre" initiative, allowing students to experience organic farming, learn about organic diet, land education, and local identity. This grassroots agricultural education enables students to experience organic farming life firsthand, rooting food and agricultural education in rural areas.

Additionally, the project integrates subjects such as natural science, social studies, mathematics, and computer science with the school farm, using it as a resource for practical exercises. This approach, covering knowledge of plants and animals, insects, seasons, and food processing, inspires students' learning motivation. It gives them a better understanding of the local agricultural culture and encourages them to learn about the impact of humans and the ecosystem through on-site observation while promoting the elementary school's unique food and agriculture curriculum.

Furthermore, after TCI introduced the Shen Nong Project to Silin Elementary School, the school used the project as a key promotional tool for enrollment, resulting in a 68% increase in student numbers over the past six years.

7.3.3 Upcycle! AgriUpcycling Turning Waste to Wealth

TCI recognizes that approximately one-third of global food production is lost or wasted. Hence, losses and waste are prevalent at any point between the production and consumption of food, regardless of location. To collaboratively reduce waste with the rest of the world, TCI responds to the global target of reducing food loss and waste by 50% by 2030. Since 2021, TCI worked together with Taiwanese farmers to develop innovative and collaborative methods to prevent waste. The Company purchases subpar fruits or agricultural wastes from farmers, increasing farmers' additional income and transforming these original waste materials into highly valuable healthcare products, skincare items, and packaging materials. TCI dedicates to developing agricultural waste into highvalue products, for example, active ingredients extracted from banana peels can be converted into highly effective sleep aids supplements. Red quinoa husks can be transformed into beauty supplements that boost collagen, additionally, Indian jujube unripe fruit, often discarded by farmers, can be utilized as a liver-protecting and anti-hangover supplement, helping consumers prevent food loss and waste, and responding to the global objective of reducing food loss and waste by 50% by 2030.

Appendix

8.1 GRI Index Catalogue

GRI 2 Universal Standards

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	2-4	Restatements of information	–		Not-restated
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405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	6.1.1 Employee Structure	134 138	
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406 Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	6.3.1 Competitive Compensation	146	No incidents of discrimination
408 Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	6.2.1 Human Rights Policy	146	No incidents of child labor
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418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.5.2 Customer Benefits and Privacy	69	

8.2 The UN Global Compact

Category	10 Principles		TCI Implementation	Relevant Sections
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	TCI values human rights at work and creates a friendly work environment per the standards advocated in the "Universal Declaration of Human Rights," "ILO Convention," and "The UN Global Compact." Human rights and labor standards: - Eliminate any discrimination, sexual harassment, forced labor, bullying, and child labor. - Protect employees' freedom of association and freedom of speech and provide a smooth and diversified communication channel and complaint mechanism. - Protect freedom of speech and assembly and hold regular labor-management meetings for two-way communication. - Equal job opportunities and reasonable wages and working conditions.	6.1 Talent Employment and Cultivation 6.2 Labor Rights Equality 6.3 Joyful Workplace
	Principle 2	Make sure that they are not complicit in human rights abuses		
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining		
	Principle 4	The elimination of all forms of forced and compulsory labour		
	Principle 5	The effective abolition of child labour		
	Principle 6	The elimination of discrimination in respect of employment and occupation		
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges	- Develop and provide green products and solutions to customers - Implement circular economy concept and utilize agricultural by-products as raw materials. - Establish carbon reduction target and energy management systems. - Enhance resource efficiency and strengthen water and waste recycling.	5.2 Energy Resource Management 5.3 Water Resource Management 5.4 Waste Management 5.5 Green Products
	Principle 8	Undertake initiatives to promote greater environmental responsibility		
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies		
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	- Provide integrity management training yearly. - Enhance the Integrity Management Code. - Sign Ethical Clause with partners.	3.2 Integrity Management

8.3 TCFD
(Task Force on Climate Related Financial Disclosures)

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

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

8.4 List of Awards

ESG Awards	
HR Asia Awards	Best Companies to Work for in Asia
1111 Job Bank Happy Enterprise Award	Gold Award
CSR Excellence in Corporate Social Responsibility Award	Honored in Medium-sized Enterprise Category
Taiwan Corporate Sustainability Awards (TCSA)	Top 100 Corporate Sustainability Awards , Corporate Sustainability Bronze Rating , Best Performance of Specific Categories-Circular Economy Leader Awards
Dun & Bradstreet 1st ESG Certificate of Assessment Completion	Recognized
EcoVadis Sustainability Ratings	Pingtung BioCosme PABP Factory: Silver Rating
S&P Corporate Sustainability Assessment	Recognized
AWS(Alliance of Water Stewardship)	Passed the audit

Research and Development Awards		
	Awarded Items	Award
2022 Geneva International Exhibition of Inventions	NMN yeast, TCI fruit and vegetable Enzyme™	Gold Award
	Prunus domestica ferment, PRO6X	Silver Award
	MBI Maxi Collagen	Gold Award
	SlimBT Formula	
	Golden Clam Peptide	
	TCI188	Silver Award
	Biomimetic Peptide	Bronze Award
	Yellow Pitaya Ferment	
	Rose Apple Extract	

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

8.5 Annual Donation Record($/NTD)

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

8.6 Association Member

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

Classification	Association	Purpose of Participation
ESG	Commonwealth CSR European Chamber of Commerce Taiwan – Low Carbon Initiative	To understand international sustainability trends, innovative technologies, and domestic and international sustainability or climate-related regulatory developments.
Cosmetics	Taiwan Beauty Valley Taipei Cosmetics Industry Association Taiwan Cosmetics Industry Association	To exchange the latest market trends, grasp the changes in supply and demand and technical information, and pursue product innovation.
Food	Taiwan Canners Association Health Food Society of Taiwan Taiwan Association for Food Science and Technology Winner's Fellowship of the Taiwan Association for Food Science and Technology Taiwan Functional Food Industry Association Food Distributors Association of Taiwan Food Association of Taiwan Agricultural Chemical Society of Taiwan Taiwan Elderly Care Industry Association	To exchange the latest market trends, grasp the changes in supply and demand and technical information, and pursue product innovation.
Industry-academia	Academia Industry Consortium for Science Parks in Central Taiwan Academia-Industry Consortium for Agricultural Biotechnology Park	To promote industry-academia cooperation and youth development, integrate cross-sectoral technological innovation in industry-academia research.
Certification	Taiwan Halal Integrity Development Association Taiwan Accreditation Foundation	To understand certification standards and specifications to provide customers with quality certified products.
G ene	A Community Of Minds Pushing Forward Advancements In Precision Medicine Taiwan Research-based Biopharmaceutical Manufacturers Association	To grasp the changes in regulations and policies related to industry certification and enterprise-related regulations and policies to respond to industry trends and comply with various regulations promptly.

8.7 ISAE 3000 Assurance Item Summary Sheet

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

The calculation of the measurement basis is described as follows:
(1) Electricity consumption intensity (A) = "electricity consumption (MWh)" (B) divided by "revenue per million dollars" (C), where:
B = The total electricity consumption for the S12 Automated Warehouse at Pingtung Precise iManufacturing Center (Rock Park) and the total electricity generation for Shanghai Precise iManufacturing Center (Golden Mountain Park), as per the Taiwan Power Company's billing records, and as obtained from China Grid Shanghai Power Company's billing records for the year 2022. This information is also available through the Chunghwa Telecom Smart Green Energy Management System.
C = The amount of operating revenues of TCI for 2022, as audited by our auditors, was converted into U.S. dollars using the average exchange rate of New Taiwan dollars to U.S. dollars for the year 2022.
(2) Water consumption intensity (D) is calculated by dividing "water consumption (metric tons)" (E) by "revenue per million dollars" (C), where E = The water consumption of Pingtung Precise iManufacturing Center (Rock Park) and Shanghai Precise iManufacturing Center (Golden Mountain Park)
in 2022 is based on the water bill from Taiwan Water Corporation and Shanghai Jinshan Tap Water Co., Ltd.

8.8Third-party Assurance Statement and Assurance Report

pwc 資誠

之關鍵績效指標之整體表達，有關風險評估程序（包括對內部控制之瞭解）及因應所評估風險之程序，有限確信案件之範圍明顯小於合理確信案件。

本會計師對第一段所述 貴公司所選定之關鍵績效指標所執行之程序係基於專業判斷，該等程序包括查詢、對流程之觀察、文件之檢查是否適當之評估，以及與相關紀錄之檢對或調節。

基於本案件情況，本會計師於執行上述程序時：

- 已對參與編製所選定之關鍵績效指標之相關人員進行訪談，以瞭解編製前述資訊之流程，以及該關之內部控制，以辨認重大不實表達之領域。

- 基於對上述事項之瞭解及所辨認之領域，已對所選定之關鍵績效指標選取樣本進行包括查詢、觀察、檢查等測試，以取得有限確信之證據。

相較於合理確信案件，有限確信案件所執行程序之性質及時間不同，其範圍亦較小，故於有限確信案件所取得之確信程度亦明顯低於合理確信案件中取得者。因此，本會計師不對 貴公司所選定之關鍵績效指標在所有重大方面，是否依照適用基準編製，表示合理確信之意見。

此報告不對 2023 年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

有限確信之結論

依據所執行之程序與所獲取之證據，本會計師並未發現第一段所述 貴公司所選定之關鍵績效指標在所有重大方面有未依照適用基準編製之情事。

其它事項
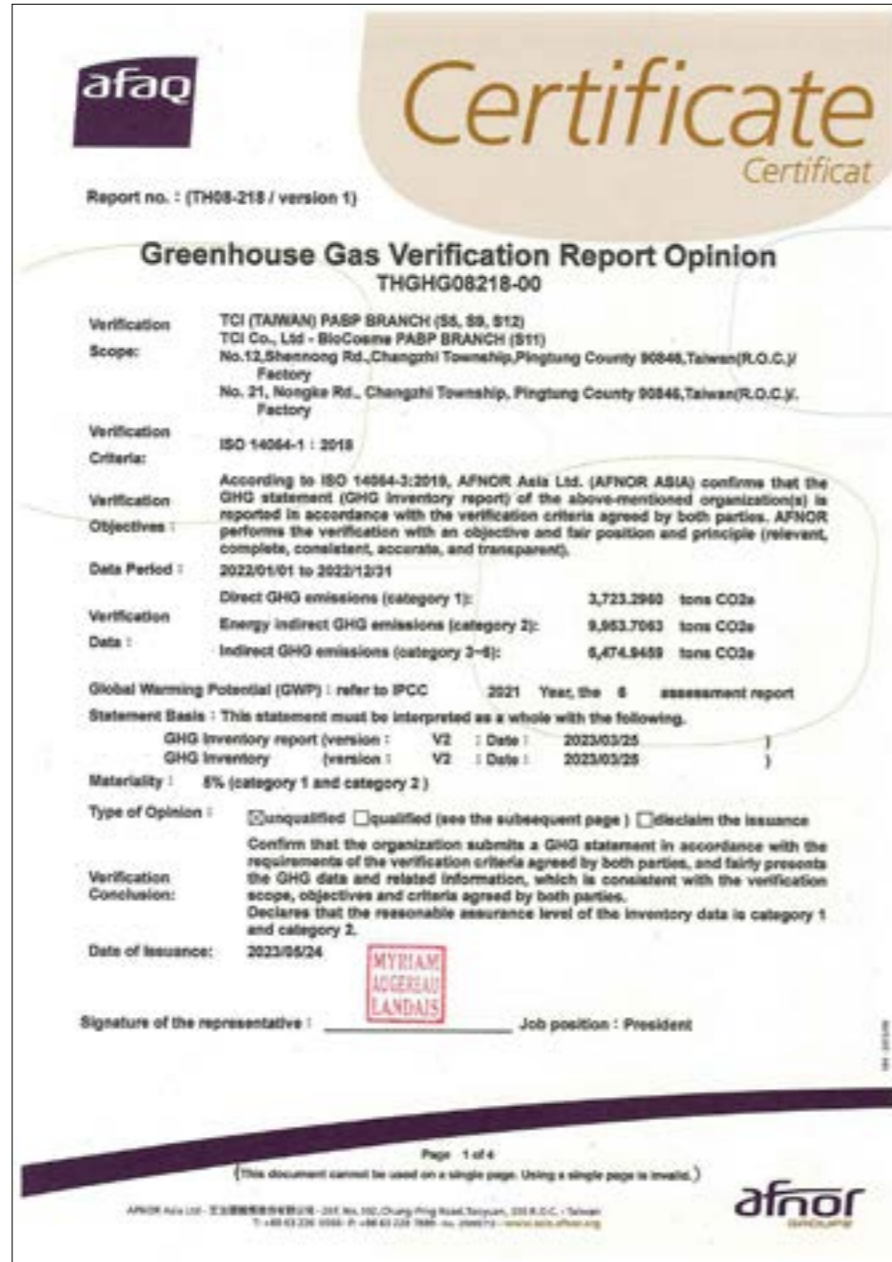
貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何所選定之關鍵績效指標或基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資 誠 聯 合 會 計 師 事 務 所

會計師 徐明劍 徐明劍 [印]

2 0 2 4 年 9 月 2 6 日

8.9 The GHG Emmissions Validation Statement

Certificate No : 04123GHG0034

APPENDIX TO THE GREENHOUSE GAS VERIFICATION STATEMENT

Description of the verification :	CTI verified the inventory of Greenhouse gas emissions in year 2022 of BioFunction, Shanghai BioTech Group according to ISO 14064-1:2018.
Scope :	Food and tobacco production (14)
Objectives :	a) Evaluate whether the GHG declaration meets the requirements of ISO 14064-1:2018
	b) Evaluate the consistency and completeness of the GHG inventory report
	(c) Verify the correctness and reasonableness of the GHG accounting and reporting
	d) Evaluate the GHG-related management controls at the organization level
Assurance level :	Reasonable
Materiality threshold :	5%
Intended users :	Stakeholders involved in the business activities
Nature of data and information supported the GHG statement :	Historical facts
GHGs included :	■CO₂ ■CH₄ ■N₂O ■HFCs □ PFCs □ SF₆ □ NF₃
Category 1 Emissions :	820.77 tCO₂e
Category 2 Emissions :	6,524.93 tCO₂e
Total Emissions :	7,346 tCO₂e

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

Certificate No : 04123GHG0034

GREENHOUSE GAS VERIFICATION STATEMENT

The inventory of Greenhouse gas emissions in year 2022 of

BioFunction, Shanghai BioTech Group

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

Verification Criteria :	ISO 14064-1: 2018
Boundary(ies) :	Verified greenhouse gas statement
	The 2022 Greenhouse Gas Inventory Report of BioFunction, Shanghai BioTech Group.
	Organizational boundaries:
	All facilities under the operational control approach related to greenhouse gas emissions and removals of BioFunction, Shanghai BioTech Group, includes:
	Address: No.380, Jin De Rd., Jinshan Industrial Park,Shanghai,China
	Scope of business and activities:
	Food production, food import and export, wholesale, commission agency (excluding auction), and provide related supporting services, technical consultation, technical services and self-owned technology transfer, wholesale of pre-packaged food (excluding frozen food), general goods warehousing business (excluding dangerous goods), Technology research and development, technical support and technology transfer in the field of biotechnology (except genetically modified organisms, human stem cells, gene diagnosis and therapy).
	Time period:
	January 1, 2022- December 31, 2022
	GHG Category(ies):
	■ Category 1 ■ Category 2 □ Category 3 □ Category 4 □ Category 5 □ Category 6
Total emissions :	7,346 tCO₂e
Type of entity :	Third-party
Issue date :	April 15, 2023
Commissioned by :	BioFunction, Shanghai BioTech Group

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

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

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Profit
People
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TCI

Sustainability
Report

vol. 2023