

Stock Code: 6581



Taiwan Steel Union Co., Ltd.

2020 Annual Report

This Annual Report is available on

Website of the Company: <https://www.tsutw.com.tw>

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V. Overseas Securities Exchange Where Securities are Listed and Method of

Inquiry: None.

VI. Company website: <https://www.tsutw.com.tw>

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One. Letter to Shareholders

Dear Shareholders,

In 2020, the Company's processing capacity for EAF dust reached 147,249 metric tons, and we had recycled 51,996 metric tons of crude zinc oxide, with an average zinc content of 57.7%. The processing capacity of Kiln No. 1 is 68,280 metric tons, with the crude zinc oxide output of 23,180 metric tons, and that of Kiln No. 2 is 78,969 metric tons, with the crude zinc oxide output of 28,816 metric tons. The Company is the only domestic company with pyrometallurgical process technology and equipment capabilities that can completely reuse the hazardous business waste of EAF dust in a harmless manner, and we treated the dust dumped illegally in Xinfeng Township, Hsinchu County, and the Dadu Estuary, Changhua County, in 2020 free of charge, thereby fulfilling our corporate social responsibility.

Affected by COVID-19 in the first half of 2020, and the uncertainties over the global economy due to the pandemic, the LME zinc price dropped. In the second half of 2020, due to a decline in the US dollar index and the gradual restart of economic activities in European countries and the US, the prices of many precious metals, including gold, zinc, and copper, were rising, bringing the price of zinc upward. In 2020, as the average LME zinc price decreased by US\$284 year on year; the treatment charge increased by US\$54.75, and the US dollar depreciated, the unit price of zinc oxide in 2020 decreased by NT\$4,620, or a drop of 18%, year on year, which affected the Company's sales prices of crude zinc oxide. In response to the decline in LME zinc prices, the Company strategically adjusted the prices of reusing EAF dust charged in 2020, resulting in a slight decrease of overall sales revenue by 2% compared with the prior year, while the net operating income was NT\$530 million, an increase of 2% compared with 2019.

As the subsidies from the Environmental Protection Administration (EPA) for treating contaminated agricultural land were used up; therefore, the volume of treating the contaminated soil in 2020 decreased by 41% compared with 2019.

The trial operation of our subsidiary Taiwan Steel Resources Co., Ltd. was completed in November 2019. In 2020, it processed a total of 59,442 tons of steelmaking reduced slag, 5,851 tons of steelmaking oxidized slag, and 98,624 tons of our slag from rotary kilns, contributing to roughly 7% of our consolidated revenue.

In addition, the Company's application for changes in the environmental impact assessment has been successfully approved in the environmental impact assessment review by the EPA in December 2020. In the future, we will add a total of 12 types of different sources of waste resources to make full use of our remaining capacity, including the dust from production of stainless steel, dust from disposal sites, zinc-containing dewatered sludge from the electroplating industry, other zinc-containing dust/slag waste (resources and products), low-chlorine and calcium-containing incineration fly ash from incineration plants, waste resources with heating value, as well as solid recovered fuel (SRF)/refuse-derived fuel (RDF). In 2021, we will gradually work towards a comprehensive and diverse layout, and begin to plan to incorporate domestic waste that is difficult to be disposed of while with high unit prices, to stimulate growth momentum.

I. 2020 Business Achievements

1. Implementation Results of Business Plan:

(1) The Company's dust reuse and disposal in 2020 are as follows:

Unit: Metric tons / NT\$1,000

Year Item	2020		2019		Growth (%)	
	Volume	Amount	Volume	Amount	Volume	Amount
Reuse	147,249	341,885	144,247	157,633	2.08	117
Disposal	142,022	-	145,125	-	(2.14)	-

(2) The Company's contaminated soil reuse and disposal in 2020 are as follows:

Unit: Metric tons / NT\$1,000

Year Item	2020		2019		Growth (%)	
	Volume	Amount	Volume	Amount	Volume	Amount
Reuse	12,776	82,801	21,515	109,503	(40.62)	(24.38)
Disposal	8,974	-	24,463	-	(63.32)	-

(3) The reuse and disposal of slag by our subsidiary Taiwan Steel Resources Co., Ltd. in 2020 are as follows:

Unit: Metric tons / NT\$1,000

Year Item	2020		2019		Growth (%)	
	Volume	Amount	Volume	Amount	Volume	Amount
Reuse	163,917	202,834	2,966	5,570	5,427	3,542
Disposal	169,375	-	4,948	-	3,323	-

(4) The Company's zinc oxide output and sales in 2020 are as follows:

Unit: Metric tons / NT\$1,000

Item \ Year		2020		2019		Growth (%)	
		Volume	Amount	Volume	Amount	Volume	Amount
Unwashed	Output and cost	51,996	522,920	53,495	722,356	(2.80)	(27.61)
	Domestic sales	3,903	79,772	4,531	112,560	(13.86)	(29.13)
	Export	48,569	1,010,395	49,878	1,269,184	(2.62)	(20.39)

2. Budget Implementation:

Unit: NT\$1,000

Item	Actual amount	Estimated amount	Difference
Operating revenue	1,622,229	1,510,365	111,864
Operating cost	883,443	923,778	(40,335)
Gross profit	738,786	586,587	152,199
Operating expenses	207,289	216,538	(9,249)
Net operating income	531,497	370,049	161,448
Net income before tax	523,607	365,131	158,476
Net income after tax	407,534	283,724	123,810

The main differences are due to:

- (1) LME zinc prices rebounded in the second half of 2020; thus, the unit sales prices increased.
- (2) The price of coke, our main fuel, dropped; thus, the costs decreased.

3. Financial Position and Profitability:

(1) Consolidated Financial Statements

Item \ Year		2020	2019
Financial structure (%)	Ratio of liabilities to assets	29.46	24.23
	Ratio of long-term capital to property, plant and equipment	136.73	142.91
Profitability	Asset return ratio (%)	8.65	8.77
	Equity return ratio (%)	11.65	11.34
	Ratio of income before tax to paid-in capital (%)	47.06	47.08
	Net profit ratio (%)	25.12	24.16
	Earnings per share (NTD)	3.66	3.58

(2) Parent Company-Only Financial Statements

Item \ Year		2020	2019
Financial structure (%)	Ratio of liabilities to assets	6.72	6.07
	Ratio of long-term capital to property, plant and equipment	319.03	282.63
Profitability	Asset return ratio (%)	10.90	10.36
	Equity return ratio (%)	11.65	11.34
	Ratio of income before tax to paid-in capital (%)	47.06	47.08
	Net profit ratio (%)	26.98	24.19
	Earnings per share (NTD)	3.66	3.58

4. Research and Development (R&D) Status :

The Company's R&D status in 2020 is as follows:

- (1) We designed the proportion of non-structural concrete and controlled low strength material (CLSM).
- (2) We conducted a research project on reduced slag as raw materials for brick kilns.

II. Summary of 2021 Business Plan

1. Business Guidelines

In 2020, the Taiwan Steel Union Co., Ltd. strove hard to complete the transformation. We included more waste resources that could be treated, and our subsidiary Taiwan Steel Resources Co., Ltd. expanded its production lines and established a ready-mixed concrete plant, and therefore, we have worked to reinforce the foundation for the Company's future growth. In 2021, we will reduce the impact of LME zinc prices on the Company's revenue by raising waste treatment fees to increase the revenue growth. It is expected that our business performance in 2021 will grow compared to 2020.

Our subsidiary Taiwan Steel Resources Co., Ltd. has stepped into the reuse of slag to produce green and eco-friendly building materials, which is in line with the policy of circular economy. We completed the expansion to five production lines of the 4th and 5th autoclaves by the end of 2020. From 2021 onwards, our processing capacity will increase. Regarding the stabilized slag, we have established two ready-mixed concrete plants dedicated to recycled aggregate concrete in the plant, which have also been put into formal operation at the end of 2020. We will step into the ready-mixed concrete industry. Currently, we have finalized the contracts with downstream suppliers, and they have begun to supply materials.

2. Expected sales/Volume of reuse

Unit: Metric tons

Product	Volume
Sales of zinc oxide	48,350
Reuse of EAF dust	131,200
Reuse of contaminated soil	4,710
Washed fly ashes	12,450
Electroplating sludge	1,400
Zinc-containing waste	1,125
Waste with heating value	600

3. Important Production and Marketing Policies

To fulfill our corporate social responsibility, we will uphold our consistent business philosophy, plan resources effectively, and control potential hazards and environmental impact sources in production activities, products, and services through the operation of our environmental safety and health management system effectively, thereby achieving sustainable operation.

III. Future Development Strategies

To pursue the Company's sustainable development, we have formulated the short-term and long-term development strategies below:

1. Our short-term development strategy is to increase the volume of reusable waste for treatment.
2. Long-term development strategy:
 - (1) Promote the reuse of other waste resources that are difficult to be treated.
 - (2) Work to obtain permits for reuse of contaminated soil cases and to increase the scope of the general reuse permits.
 - (3) Strive to install solar power panels on the rooftop of our plants and develop green power projects.

IV. Impact of External Competition Environment, Legal Environment, and Overall Business Environment

At present, more than 95% of the total output of domestic EAF dust is reused by the Company. The Company occupies a leading position in the EAF dust reuse industry among domestic electric arc furnace steel mill plants. The environmental protection laws and regulations in our country have been developed with reference to those of European countries and the US, so they are relatively advanced and complete. This has enabled the Company to be competitive in this industry.

Domestic forward-looking infrastructure construction business opportunities are influenced by changes in politics. At present, the forward-looking infrastructure projects, and the areas of construction licenses under application continue to increase, and overseas Taiwanese businesspeople continue to return to and invest in Taiwan. Thus, the impact of COVID-19 on the domestic construction industry and the needs for steel have been relatively small. In the future, we will continue to increase customers and sources of materials in terms

of other waste resources that are difficult to be treated, and to increase the volume of treatment/reuse. This will not only give us an excellent advantage in the domestic competition but also diversify our operational risks.

In addition, the LME zinc prices fell as the global economy was affected by the uncertainty over the pandemic in 2020. In the second half of, as the US dollar index declined and the European countries and the US restarted economic activities gradually, the zinc prices showed an upward trend. To respond to the decline in zinc prices, the Company has a competitive advantage in raising the treatment fees strategically, to minimize the impact on our operations.

There are many contaminated sites caused by major domestic enterprises, and new companies are constantly stepping into the remediation, clearance, and reuse of contaminated soil. The Company's rotary kilns can treat soil contaminated by high concentrations of heavy metals and toxic substances, significantly distinguishing us from other competitors in the industry, so we are highly competitive. So far, we have obtained the general permits for reuse of 13 contaminated soils. With the high unit price of S-02 hazardous contaminated soils, the Company has a competitive advantage in terms of prices and volume and can provide proper treatment methods of domestic contaminated soils, which is well-aligned with the government's Resource Sustainable Recycling Implementation Program.

I would like to thank all our shareholders again for your support and encouragement. I wish you good health and all the best.

Chairman Lin Ming-Ju

Two. Company Profile

I. Date of incorporation: May 24, 1995.

II. Company History:

Time	Major Milestones
1995	<p>May ➤ Mid-North part Environmental Engineering Co., Ltd. was formally established with a authorized and paid-in capital of NT\$15 million. The Board of Directors elected Mr. Mark Lin from Feng Hsin Steel Co., Ltd. as the Chairman.</p>
1996	<p>August ➤ The extraordinary shareholders' meeting approved the merger of the Mid-North part Environmental Engineering Co., Ltd. and the South area Xiaogang Industrial Company, which was then renamed "Taiwan Steel Union Co., Ltd.", and confirmed that the authorized capital would be increased to NT\$500 million, and a capital increase in cash of NT\$285 million was conducted with the paid-in capital increased to NT\$300 million. The shareholders were twelve companies, namely Feng Hsin Steel Co., Ltd., Tung Ho Steel Enterprise Corp., Kuei Hung Industrial Co., Ltd., Wei Chih Steel Industrial Co., Ltd., Shyeh Sheng Fuat Steel & Iron Works Co., Ltd., Jeng Tai Wood Co., Ltd., Lung Ching Steel Enterprise Co., Ltd., King Shing Industrial Co., Ltd., UPC Technology Corporation, Hanhua Company, Hai Kwang Enterprise Corporation, and Jin Yongsheng Company. The Board of Directors elected Mr. Mark Lin from Feng Hsin Steel Co., Ltd. as the Chairman.</p> <p>December ➤ The Industrial Development Bureau, Ministry of Economic Affairs, approved the establishment of a joint treatment system for EAF dust and waste.</p>
1998	<p>January ➤ Obtained the permit for the establishment of the zinc oxide manufacturing process (M01) for stationary pollution sources.</p> <p>September ➤ Conducted a capital increase in cash of NT\$100 million, with the paid-in capital increasing to NT\$400 million.</p>
1999	<p>February ➤ Obtained the permit for the establishment of a waste treatment</p>

Time	Major Milestones
	plant (factory) in Changhua County.
	June ➤ Began disposing of EAF dust, and the Company began to operate formally.
2000	February ➤ Obtained the factory registration certificate from the Ministry of Economic Affairs.
	June ➤ Obtained the permit for operating the zinc oxide manufacturing process (M01) for stationary pollution sources.
2001	October ➤ Obtained the permit for operating the dumping ground process (M02) for stationary pollution sources.
	December ➤ Obtained a license for joint clearance and treatment of business waste from the Ministry of Economic Affairs.
2003	December ➤ The annual processing capacity for EAF dust (wet basis) exceeded 50,000 metric tons.
2004	December ➤ The annual processing capacity for EAF dust (wet basis) exceeded 60,000 metric tons.
2005	August ➤ The authorized capital approved by the Ministry of Economic Affairs was in the amount of NT\$1 billion; after a capital increase in cash of NT\$500 million, and capitalization of NT\$15.6 million from 2004 earnings, the total paid-in capital was NT\$915.6 million. After the capital increase, the new shareholders were Feng Hsin Steel Co., Ltd., Tung Ho Steel Enterprise Corp., Hai Kwang Enterprise Corporation, Shyeh Sheng Fuat Steel & Iron Works Co., Ltd., Jeng Tai Wood Co., Ltd., UPC Technology Corporation, Wei Chih Steel Industrial Co., Ltd., Yihongxing Company, and Hanhua Company.
2007	July ➤ The authorized capital approved by the Ministry of Economic Affairs was in the amount of NT\$1.2 billion; after capitalization of NT\$208.7568 million from 2006 earnings, the total paid-in capital was NT\$1.1243568 million.
	December ➤ Passed the ISO14001 environmental management system certification of the British Standards Institution (BSI).

Time	Major Milestones
2008	July ➤ The authorized capital approved by the Ministry of Economic Affairs was in the amount of NT\$1.3 billion; after capitalization of NT\$159.65865 million from 2007 earnings, the total paid-in capital was NT\$1.28401545 million.
2010	May ➤ Completed the second rotary kiln and obtained the use permit.
2012	December ➤ The annual capacity of the first rotary kiln for treating EAF dust reached 86,932 metric tons.
2013	March ➤ The total volume of EAF dust treated since June 1999 has reached one million tons.
	August ➤ Conducted capitalization of earnings of NT\$71.90487 million, with the total registered capital of NT\$1.6 billion and the total paid-in capital of NT\$1.35592032 billion.
	December ➤ The volume of EAF dust treated by the second rotary kiln reached 100,000 tons.
2014	July ➤ Conducted capitalization of earnings of NT\$71.86378 million, with the total registered capital of NT\$1.6 billion and the total paid-in capital of NT\$1.4277841 billion. Obtained OHSAS18001 certificate.
2014	December ➤ The annual capacity of the first rotary kiln for treating EAF dust reached 89,000 metric tons.
2015	August ➤ Obtained ISO14064 assurance statement.
2015	September ➤ Obtained the finalized EPA Official Letter Huan-Shu-Zong No. 1040075104, titled "Table of the Fourth Change in the Environmental Impact Statement of Taiwan Electric Arc Furnace Steelmaking Industry Waste Joint Treatment System Establishment Modification Program" for reference (water cooling modified to air cooling in No. 1 slag cooling system).
	December ➤ Obtained the ISO 9001 certificate.
	➤ Conducted a capital reduction by NT\$428.33523 with the

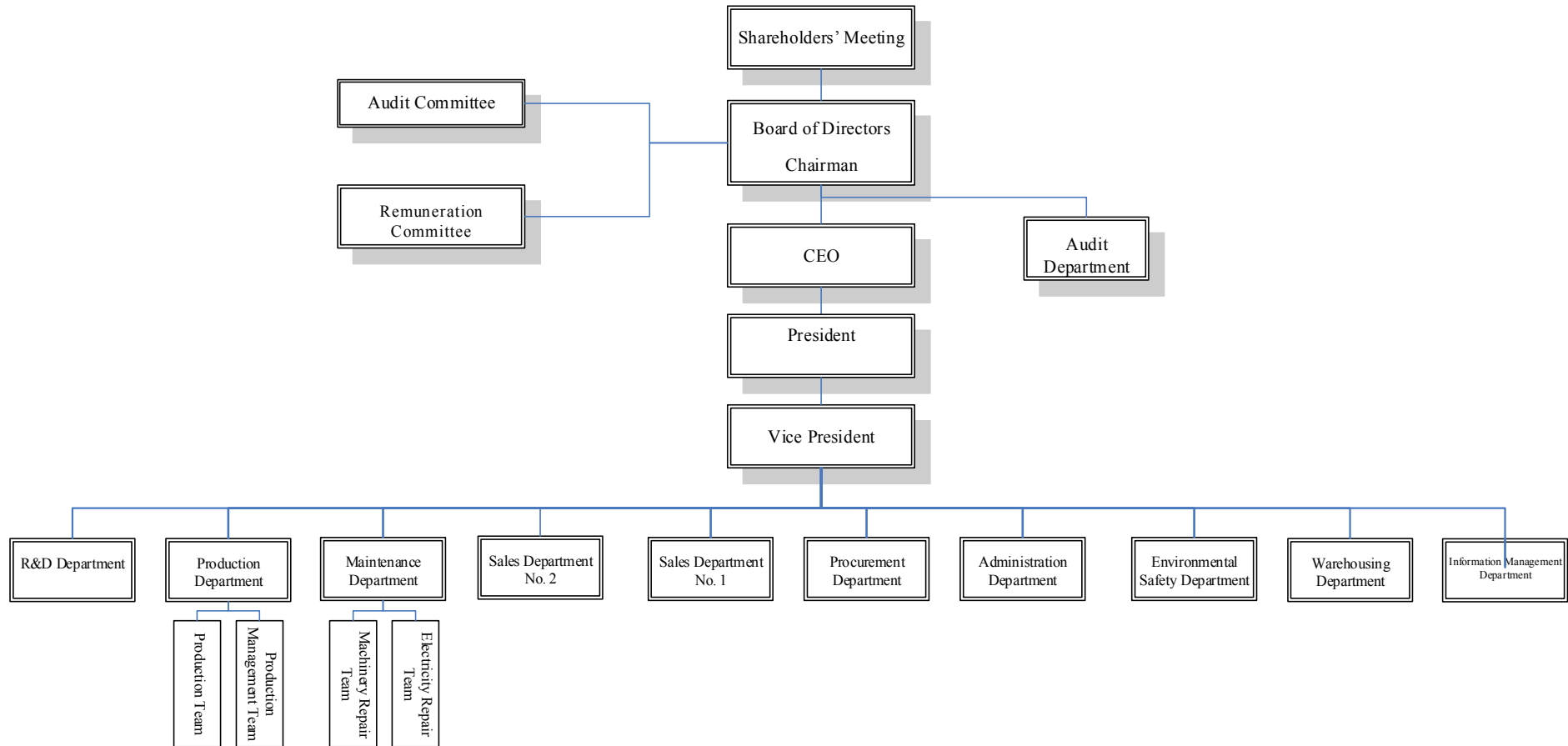
Time	Major Milestones
	registered total paid-in capital of NT\$1.6 billion, and the total paid-in capital of NT\$999.44887 million.
	➤ The annual capacity of the second rotary kiln for treating dust reached 109,900 metric tons.
2016	February ➤ Obtained the general permit for reuse of the contaminated soils from the EPA.
	May ➤ The Company's stock went public on May 19, 2016.
	July ➤ Invested in the establishment of Taiwan Steel Resources Co., Ltd., a wholly-owned subsidiary.
	August ➤ Established the first term of the Remuneration Committee.
	September ➤ The Company's stock was listed on the emerging stock market.
	September ➤ Established the first term of the Audit Committee.
2017	December ➤ Obtained the general permit for reuse of EAF dust from the Industrial Development Bureau, Ministry of Economic Affairs.
2018	January ➤ Conducted capital increase in cash of NT\$113.26 million, with the registered total capital of NT\$1.6 billion, and the total paid-in capital of NT\$1.11270887 billion.
	➤ The Company's stock was listed on the Taiwan Stock Exchange for trading.
	December ➤ Treated the dust dumped illegally in Xinfeng Township, Hsinchu County free of charge
2019	February ➤ The total volume of EAF dust treated since June 1999 has reached two million tons.
	August ➤ Won the 5 th Taiwan Mittelstand Awards from Minister of Economic Affairs.
	November ➤ Won the Sustainable Individual Performance at the 12 th Taiwan Corporate Sustainability Awards (TCSA) -Circular Economy Leadership Award and the Silver Award of the Corporate Sustainability Reports Award.

Time	Major Milestones
2020	October ➤ Won the Sustainable Individual Performance at the 13 th Taiwan Corporate Sustainability Awards (TCSA) -Circular Economy Leadership Award and the Gold Award of the Corporate Sustainability Reports Award.
2021	January ➤ Obtained the finalized EPA Official Letter Huan-Shu-Zong No. 1100003875, titled "The Second Environmental Impact Difference Analysis Report of the Environmental Impact Statement of EAF Dust Resource Recycling Site Establishment Modification Program" for reference (12 additional waste resources added).

Three. Corporate Governance Report

I. Organizational System:

1. Organizational chart



2. Functions of each main department

Department	Functions
Production Department	<ol style="list-style-type: none"> 1. Establishment, execution, evaluation, review, revision, or abolition of the production management system. 2. Planning, operation, and management of the recycle of business wastes, such as EAF dust, contaminated soils, and incineration fly ashes. 3. Records of operation of and basic maintenance and management of production process equipment. 4. Granulation in granulation plant. 5. Zinc oxide output planning. 6. Packaging and storage of zinc oxide products. 7. Operation of wastewater treatment plant. 8. Operation and maintenance of pollution prevention and control facilities of the in-plant exhaust gas system. 9. Operational technique testing and improvement. 10. Budgeting for the Production Department and implementation of the budget. 11. Execution and coordination of tasks related to environmental protection, labor safety and health, and quality control. 12. Preparation of instructions on the processes, pollution sources, and the operation of control and prevention equipment. 13. Filling out the guarantee for inspection work. 14. Filling in the records of proper disposal of business waste. 15. Submission of purchase requests for all equipment required by the Production Department. 16. Implementation and maintenance of ISO9001 quality management system.
Maintenance Department	<ol style="list-style-type: none"> 1. Establishment, execution, evaluation, review, revision, or abolition of the maintenance system for plants and equipment. 2. Daily repair and maintenance of electromechanical equipment. 3. Planning and execution of the repair and maintenance and shutdown of mechanical and electrical equipment for annual preventive maintenance. 4. Supervision of equipment improvement projects. 5. Execution of equipment improvement proposals. 6. Fire management business, and implementation and filing of reports on fire drills for self-defense. 7. Regular inspection of high- and low-voltage electrical equipment and filing of reports. 8. Building public safety inspection and filing of reports.
Sales Department No. 1	<ol style="list-style-type: none"> 1. Establishment, execution, evaluation, review, revision, or abolition of the business management system documents. 2. Attendance at the Board of Directors quarterly in a non-voting capacity

Department	Functions
	<p>to report on the sales results for the previous quarter.</p> <ol style="list-style-type: none"> 3. Negotiation of relevant agreements on dust, crude zinc oxide, incineration fly ashes, and confirmation, signing, and execution of relevant terms and conditions. 4. Development of business promotion plans and strategies for dust, crude zinc oxide, and incineration fly ashes. 5. Setting of the selling price formula of crude zinc oxide. 6. Domestic and export sales quotation for crude zinc oxide and shipping schedule planning. 7. Quotation for dust and incineration fly ashes and customer data collection. 8. Communication with customers 9. Tracking of production status and pre-scheduling of delivery plans. 10. Response to customer complaints. 11. Collection of accounts receivable. 12. Visit to customers and provision of services to customers. 13. Request for payment for sales-related expenses. 14. Business promotion in domestic and overseas markets and collection of relevant industry information. 15. Sales of equipment, salvage stocks, and tailings.
Sales Department No. 2	<ol style="list-style-type: none"> 1. Establishment, execution, evaluation, review, revision, or abolition of the business management system documents. 2. Attendance at the Board of Directors quarterly in a non-voting capacity to report on the results of the cases received for the previous quarter. 3. Negotiation of relevant agreements on contaminated soils, and confirmation, signing, and execution of relevant terms and conditions. 4. Development of business promotion plans and strategies for contaminated soils. 5. Quotation for contaminated soil business, assistance in arranging disposal operations, and collection of customer data. 6. Contact with sources of cases and evaluation. 7. Collection of accounts receivable. 8. Visit to customers and provision of services to customers. 9. Technician certification.
Procurement Department	<ol style="list-style-type: none"> 1. Development, execution, evaluation, review, revision, or abolition of the procurement system or procurement plans. 2. Investigation, collection, and analysis of market data on domestic and overseas sourcing markets. 3. Supplier management and evaluation. 4. Analysis and compilation of procurement and outsourcing materials. 5. Purchase, contracting, and payment application regarding materials, factory supplies, and equipment.

Department	Functions
	<ol style="list-style-type: none"> 6. Outsourcing, contracting and payment application regarding repair, improvement, and new construction projects. 7. Response to cases of breach of procurement contracts, construction defects, and claims for compensation. 8. Issue of letters of credit for imported equipment, application to the Industrial Development Bureau for tax exemption of imported environmental equipment, and other import procedures. 9. Outsourcing, contract signing, and settlement of service contracts. 10. Food, accommodation, and transportation arrangements for foreign consultants, technicians, and customers during technical cooperation in Taiwan. 11. Study, coordination, and planning of procurement operations on computers.
Administration Department	<ol style="list-style-type: none"> 1. Overall financial planning of the Company, capital use and dispatch, and transactions with financial institutions. 2. Development, execution, evaluation, review, revision, or abolition of the Company's financial system and operating procedures. 3. Development, execution, evaluation, review, revision, or abolition of accounting and tax management operations, as well as decision support analysis and reporting. 4. Planning and coordination of Board meetings. 5. Planning and coordination of the shareholders' meetings. 6. Planning and coordination of functional committee meetings. 7. Development, execution, evaluation, review, revision, or abolition of various stock affairs business activities. 8. Design, formulation, execution, evaluation, review, revision, or abolition of the Company's various personnel administrative management systems. 9. Employee attendance, evaluation management, and relevant data file management. 10. Insurance underwriting planning for labor and health insurance, property insurance (movable property and immovable property), and liability insurance. 11. Communication with the capital market and maintenance of investor relations. 12. Design, formulation, execution, evaluation, review, revision, or abolition of the Company's various general affairs management systems. 13. Promotion and execution of document control operations. 14. Planning, execution, audit, follow-up, sorting, and drafting of statements on internal control self-assessments. 15. Handling of matters that shall be declared or disclosed on the Market Observation Post System (MOPS) as a public company in accordance

Department	Functions
	with regulations.
Environmental Safety Department	<ol style="list-style-type: none"> 1. Amendment to, and implementation, operation, management, and maintenance of the ISO14001 environmental management system and the ISO45001 occupational health and safety management system documents. 2. Application for, change in, and extension of environmental protection-related permits (including environmental impact assessment, stationary pollution sources operation permits, general reuse permits, water pollution prevention and control permits, waste cleanup disposal plans, permits for operation with a small amount of toxic chemical substances, etc.). 3. Online filing of reports as required by the environmental protection laws and the occupational safety and health laws. 4. ISO14064 greenhouse gas inventory, certification, and registration. 5. Voluntary inspection management of and filing of reports on public dangerous articles. 6. Coordination and cooperation related to audits, supervision, inspection, and guidance by local competent authorities, competent authorities in charge of environmental protection, and competent authorities in charge of given business (including environmental impact assessment supervision and tracking). 7. Inspection and supervision of plant-wide environment and occupational safety and health. 8. Safety and health management of subcontracted operations. 9. Formulation of safety and health work rules and voluntary inspection plans. 10. Arrangement of matters related to plant-wide environmental monitoring and operating environment monitoring. 11. Application for and arrangement of annual health examination for employees and assistance with the implementation of health management. 12. Implementation of environmental safety and health education and training. 13. Assistance with investigation, correction, and prevention of in-plant environmental pollution incidents and industrial safety accidents. 14. Implementation of research projects related to environmental safety and health. 15. Handling of official documents related to environmental safety and health. 16. Collection and processing of and report on environmental protection opinions from the public and relevant groups. 17. Cooperation with questionnaires, testing, and research projects

Department	Functions
	<p>conducted by environmental protection agencies and academic groups.</p> <p>18. Cleaning and maintenance of the plant area and windbreaks and green belts adopted in the plant.</p> <p>19. Cleanup of debris in ditches, catch basins, storage tanks, and sludge in ditches in the plant.</p> <p>20. Relevant fund applications.</p> <p>21. Maintenance of relations with the neighborhood.</p> <p>22. Other matters related to environmental safety and health support in the plant.</p>
R&D Department	<ol style="list-style-type: none"> 1. Planning, formulation, execution, evaluation, review, revision, or abolition of the R&D system. 2. R&D of recycle technologies. 3. Collection of the latest information on various relevant technologies at home and abroad. 4. Formulation, execution, review, evaluation, revision, or abolition of inspection and testing standards for materials purchased, manufacturing processes, and shipments. 5. Establishment, execution, evaluation, review, revision, or abolition of product inspection methods and standards.
Audit Department	<ol style="list-style-type: none"> 1. Formulation, execution, evaluation, review, revision, or abolition of the internal audit system and implementation rules in accordance with the law. 2. Formulation and execution of an annual audit plan. 3. Non-routine ad-hoc audits or audit of abnormal cases. 4. Writing of audit reports, provision of suggestions about improvement, and tracking of improvement effectiveness. 5. Attendance at the Board of Directors quarterly in a non-voting capacity to report on the implementation and results of the audit plan. 6. Internal control system self-assessment verification and filing of a report. 7. Disclosure of the execution of the audit plan, the deficiencies in the internal control system, and the improvement to abnormalities on MOPS in accordance with the regulations. 8. Other matters that need to be implemented in accordance with relevant laws and regulations.
Warehousing Department	<ol style="list-style-type: none"> 1. Establishment, execution, evaluation, review, revision, or abolition of various warehousing management systems. 2. Management of the incoming and outgoing materials. 3. Filing of reports on business waste online. 4. Preparation of reports on incoming and outgoing materials. 5. Cleaning management of warehouse environment. 6. Management of incoming and outgoing materials on truck scales.

Department	Functions
	<ul style="list-style-type: none"> 7. Flexible intermediate bulk container (FIBC) crushing. 8. Pre-treatment operations, such as bag crushing, storage, transportation, mixing, sieving, and magnetic separation for receiving business waste. 9. Daily and annual inventory counts. 10. Outsourced transportation vehicles and personnel management. 11. Materials requisition and return management.
Information Management Department	<ul style="list-style-type: none"> 1. Planning, formulation, execution, evaluation, review, revision, or abolition of various information management systems. 2. Network software and hardware planning, establishment, maintenance, and update management. 3. Management of systematized work processes at each unit. 4. Information security planning and management. 5. Maintenance of computer hardware and equipment. 6. Server room security control and maintenance management. 7. Backup system establishment and maintenance management. 8. Allocation of the license quantity of purchased software copyrights and management of such records

II. Information on the Company's Directors, President, Vice Presidents, and the Heads of All the Company's Departments and Branch Units:

1. Information on Directors

(1) Members of the Board of Directors

March 29, 2021

Title	Nationality or place of registration	Name	Gender	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Feng Hsin Steel Co., Ltd.	-	2019.05.29	3 years	1995.05.05	22,091,587	19.85%	23,743,587	21.34%	-	-	-	-	-	Institutional director of Wen Shan Resort Corporation Institutional director of Chien Shing Harbour Service Co., Ltd. Institutional director of Pro-Ascentek Investment Corporation	-	-	-	-
	R.O.C.	Representative: Mark Lin	Male	2019.05.29	3 years	1995.05.24	-	-	2,000	0.00%	239,000	0.21%	-	-	Business Administration Department, New Taipei Municipal Tamsui Commercial Industrial Vocational Senior High School Chairman of the Taiwan Steel and Iron Industries Association Vice Chairman of the Chinese National Federation of Industries	Chief Executive Officer (CEO) of the Company Chairman and CEO of Feng Hsin Steel Co., Ltd. Chairman of Great Fortune Holding Limited Supervisor of Ta Chia Iron & Steel Co., Ltd. Chairman of FengYu Resources Co., Ltd.	Vice General Manager	Lin, Tsai-Hsiang	Father and son	Note 1
Director	R.O.C.	Tung Ho Steel Enterprise Corp.	-	2019.05.29	3 years	1995.05.05	24,829,009	22.31%	24,829,009	22.31%	-	-	-	-	-	Institutional director of Xiaogang Warehousing Co., Ltd. Institutional director of Chien Shing Harbour Service Co., Ltd. Institutional director of Tung Kang Steel Structure Corporation Institutional director of Tungho Steel Wind Power Co. Ltd. Institutional director of Katec Creative Resources Corp. Institutional director of Katec R&D Corporation Institutional director of Fada Industrial Co., Ltd. Institutional director of Dongjing Investment Co., Ltd. Institutional director of Lishi Venture Capital Co., Ltd. Institutional director of Liyu Venture Capital Co., Ltd. Institutional director of Tung Sugar Energy Service Co., Ltd.	-	-	-	-
	R.O.C.	Representative: Liu, Ming-Tsung	Male	2019.05.29	3 years	2008.05.22	-	-	-	-	-	-	-	-	Master's, Department of Materials Science and Engineering, National Taiwan University	Manager Miaoli Plant of Tung Ho Steel Enterprise Corp. Director of Taiwan Steel Resources Co., Ltd. Director of Fujian Zhongrida Metal Co., Ltd.	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Tung Ho Steel Enterprise Corp.	-	2019.05.29	3 years	1995.05.05	24,829,009	22.31%	24,829,009	22.31%	-	-	-	-	-	Institutional director of Xiaogang Warehousing Co., Ltd. Institutional director of Chien Shing Harbour Service Co., Ltd. Institutional director of Tung Kang Steel Structure Corporation Institutional director of Tungho Steel Wind Power Co. Ltd. Institutional director of Katec Creative Resources Corp. Institutional director of Katec R&D Corporation Institutional director of Fada Industrial Co., Ltd. Institutional director of Dongjing Investment Co., Ltd. Institutional director of Lishi Venture Capital Co., Ltd. Institutional director of Liyu Venture Capital Co., Ltd. Institutional director of Tung Sugar Energy Service Co.,Ltd.	-	-	-	-
	R.O.C.	Representative: Chen, Fu-Chin	Male	2019.05.29	3 years	2018.07.12	-	-	-	-	-	-	-	-	Kaohsiung Municipal Kaohsiung Industrial High School Production Vice General Manager of Tung Ho Steel Enterprise Corp. Chairman of Katec Creative Resources Corp.	Production Vice General Manager of Tung Ho Steel Enterprise Corp. Chairman of Katec Creative Resources Corp.	-	-	-	-
Director	R.O.C.	Feng Hsin Steel Co., Ltd.	-	2019.05.29	3 years	1995.05.05	22,091,587	19.85%	23,743,587	21.34%	-	-	-	-	-	Institutional director of Wen Shan Resort Corporation Institutional director of Chien Shing Harbour Service Co., Ltd. Institutional director of Pro-Ascentek Investment Corporation	-	-	-	-
	R.O.C.	Representative: Lin, Chih-Kang	Male	2019.05.29	3 years	2003.05.26	-	-	-	-	-	-	-	-	Department of Metallurgy, National Cheng Kung University Production Vice President of Feng Hsin Steel Co., Ltd.	Director of Taiwan Steel Resources Co., Ltd. Chairman of Megaflo Industry, Inc.	-	-	-	-
Director	R.O.C.	Hai Kwang Enterprise Corporation	-	2019.05.29	3 years	2005.08.02	9,691,512	8.71%	9,691,512	8.71%	-	-	-	-	-	Institutional director of E Chang Iron Steel Works Co., Ltd. Institutional director of Zhengtong Environmental Technology Co., Ltd.	-	-	-	-
	R.O.C.	Representative: Huang, Wei-Han	Male	2019.05.29	3 years	2016.09.22	-	-	-	-	-	-	-	-	Department of Chemical and Materials Engineering, Tamkang University Chairman of Passion Trading Co., Ltd.	Chairman of Hai Kwang Enterprise Corporation Chairman of E Chang Iron Steel Works Co., Ltd. Chairman of Zhengtong Environmental Technology Co., Ltd. Chairman of Haiming Investment Co., Ltd.	-	-	-	-
Director	R.O.C.	Shyeh Sheng Fuat Steel & Iron Works Co., Ltd.	-	2019.05.29	3 years	1996.11.20	9,677,573	8.70%	9,677,573	8.70%	-	-	-	-	-	Institutional director of Xiaogang Warehousing Co., Ltd.	-	-	-	-
	R.O.C.	Representative: Huang, Huang-Chang	Male	2019.05.29	3 years	1996.11.20	-	-	-	-	60,000	0.05%	-	-	Department of Business Administration, Chung Yuan Christian University. Chairman of Shyeh Sheng Fuat Steel & Iron Works Co., Ltd.	Chairman of Shyeh Sheng Fuat Steel & Iron Works Co., Ltd. Representative of institutional director of Xiaogang Warehousing Co., Ltd. Person in Charge of Fengshan Gas Station Co., Ltd.	-	-	-	-
Director	R.O.C.	Chien Shun Steel Co., Ltd.	-	2019.05.29	3 years	1999.12.06	6,116,469	5.50%	6,116,469	5.50%	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Chen, Mei-Hui	Female	2019.05.29	3 years	2016.11.16	-	-	-	-	-	-	-	-	Chih Ping Senior High School	Salesperson of Chien Shun Steel Co., Ltd.	-	-	-	-
Director	R.O.C.	United Steel Corporation	-	2019.05.29	3 years	2018.06.19	3,767,671	3.39%	3,767,671	3.39%	-	-	-	-	-	-	-	-	-	-

Title	Nationality or place of registration	Name	Gender	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
	R.O.C.	Representative: Yeh, Shih-Cheng	Male	2019.05.29	3 years	2018.06.19	-	-	-	-	-	-	-	-	-	Chairman of United Steel Corporation Chairman of Houfeng Investment Co., Ltd. Supervisor of Taiwan Steel Resources Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Lin, Hung-Tuan	Male	2019.05.29	3 years	2016.09.22	-	-	-	-	-	-	-	-	Chairman of the Taiwan Resource Recycling Industries Association Senior Auditor of the Council for Economic Planning and Development Section Chief of the Sustainable Development Division, Industrial Development Bureau, Ministry of Economic Affairs Specialist of the Sustainable Development Division, Industrial Development Bureau, Ministry of Economic Affairs	Chairman of the Taiwan Resource Recycling Industries Association	-	-	-	-
Independent Director	R.O.C.	Wu, Chuan-Chuan	Male	2019.05.29	3 years	2016.09.22	-	-	-	-	-	-	-	-	Master's in Accounting, University of Oklahoma Chief Financial Officer of Zhongyu Investment Co., Ltd. CPA of KPMG in Taiwan Accountant in Charge in Central Taiwan of KPMG in Taiwan	Independent Director of Champion Microelectronic Corp. Independent Director of Rexon Industrial Corporation Ltd. Independent Director of GuangZhou Seagull Kitchen And Bath Products Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Chang, Tien-Chin	Male	2019.05.29	3 years	2016.09.22	-	-	-	-	-	-	-	-	Associate Technical Specialist, Department of Labor Inspection, Council of Labor Affairs, Executive Yuan Head of Department of Civil Engineering, National Taipei University of Technology Professor and Director, Institute of Environmental Planning and Management, National Taipei University of Technology, Chairman of Taiwan Water Environment Regeneration Association Director of R&D Center, National Taipei University of Technology Dean of the College of Engineering, National Taipei University of Technology	Professor, Institute of Environmental Engineering and Management, National Taipei University of Technology, Managing Director of Taiwan Power Company	-	-	-	-

Note 1: The Chairman and the CEO of the Company are the same person. As the CEO mainly directs the management team, establishes vision, strategies, and implements various business activities, having the same person serving as the Chairman and the CEO will facilitate the efficiency of the Company's leadership. More than 90% of the Company's directors do not serve as employees or managers concurrently, and we have set up the Audit Committee, consisting of three independent directors as a response.

(2) Major Shareholders of Institutional Shareholders

April 29, 2021

Name of institutional shareholder	Major Shareholders of Institutional Shareholders
Feng Hsin Steel Co., Ltd.	Chengchuang Investment Co., Ltd. (4.24%); Fengshuo Investment Co., Ltd. (3.73%); Lin, Meng-Bi (2.80%); Yang, Chian-Cheng (2.28%); Mark Lin (2.21%); Lai, San-Ping (2.18%); Auvita Co. (2.06%); Chung, Chao-Chuan (1.99%); Lin Chang, Shu-Wen (1.96%); Chung, Ching-Lin (1.84%)
Tung Ho Steel Enterprise Corp.	Shenyuan Investment Co., Ltd. (13.41%); Maosheng Investment Co., Ltd. (6.07%); Hezhao Investment Co., Ltd. (5.94%); Public Service Education Pension Fund Supervisory Board (2.61%); Yutai Investment Co., Ltd. (1.78%); Goldman Sachs Emerging Market Core Equity Portfolio Account under GS Funds kept in custody by Sales Department of Standard Chartered Taiwan (1.15%); Yuanta Taiwan High-yield Leading Company Fund A Account kept in custody by Chang Hwa Commercial Bank, Ltd. (1.13%); Vanguard Emerging Markets Stock Index Fund managed by Vanguard kept in custody by JPMorgan Chase Bank, N.A., Taipei Branch (1.09%); Nan Shan Life Insurance Company, Ltd. (1.07%); Jicheng Investment Co., Ltd. (1.04%)
Hai Kwang Enterprise Corporation	Haiming Investment Co., Ltd. (22.83%); Youming Investment Co., Ltd. (7.07%); Zongli Investment Co., Ltd. (5.96%); Huang, Yu-Ching (3.16%); Zhaoan Investment Co., Ltd. (2.71%); Passion Trading Co., Ltd. (2.45%); Chen, Tsu-Yuan (2.28%); Shuai, Yun-Hui (1.7%); Huang, Yu-Hsueh (1.58%); Cheng, Ya-Ping (1.54%)
Shyeh Sheng Fuat Steel & Iron Works Co., Ltd.	Xiehuan Co., Ltd. (9.85%); Xieren Co., Ltd. (9.85%); Huang, Huang-Chang (9.5%); Huang Tien, Yu-Yun (9.29%); Shyeh Sheng Fuat Investment Co., Ltd. (8.3%); Xiechuang Co., Ltd. (8.3%); Xiehuang Co., Ltd. (8.3%); Hsiehhsingfa Co., Ltd. (8.3%); Xiechengfa Co., Ltd. (8.3%); Xiehongfa Co., Ltd. (6.2%); Xiexi Co., Ltd. (6.2%); Xie-Xi Co., Ltd. (6.2%)
Chien Shun Steel Co., Ltd.	Tongshun Investment Co., Ltd. (87.50%); Tong Shun Steel Co., Ltd. (10.50%); Wang Li, Hsiu-Chao (0.89%); Wang, Chi-Sheng (0.83%); Wang, Pi-Tzu (0.23%); Wang, Yu-Chun (0.05%)
United Steel Corporation	Houfeng Investment Co., Ltd. (24.6%); Li, Chih-Tsung (10.3%); Tung Chou Industrial Co., Ltd. (10%); Yinghua Investment Co., Ltd. (9.9%); Ruitai Investment Co., Ltd. (9.8%); Baofanghua Investment Co., Ltd. (9.6%); Li, Chien-Hung (8.8%); Tu, Shu-Chao (4.4%); Tu, Shu-Chin (4.1%); Chen, Hung-Lin (0.7%)

(3) Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

April 29, 2021

Name of institutional shareholder	Major shareholders of juridical persons
Chengchuang Investment Co., Ltd	Lin, Chen-Wei (22.97%); Lin, Cheng-Te (22.97%); Lin, Cheng-Hao (22.97%); Lin Chang, Shu-Wen (15.87%); Lin, Chin-Hsuan (7.49%); Lin, Liang-Hsuan (7.49%)
Fengshuo Investment Co., Ltd.	Feng Hsin Steel Co., Ltd. (18.2%); D&H Enterprises Co., Ltd. (15.75%); Mark Lin (10.00%); Hsieh, Jen-Tzu (5.00%); Chung, Ching-Lin (4.00%); Chung, Chao-Chuan (4.00%); Lin, Ling-Yu (3.13%); Lin, Chen-Ju (3.13%); Lin, Shan-I (3.13%); Lin, Ta-Chiao (3.13%)
Auvita Co.	Lin, Cheng-Feng (24.73%); Lin, Cheng-Chang (24.47%); Lin, Chiu-Huang (16.67%); Lin, Pei-Fang (16.67%)
Shenyuan Investment Co., Ltd.	Hou Wang, Shu-Chao (78.92%)
Maosheng Investment Co., Ltd.	Hou Wang, Shu-Chao (41.78%) and Hou, Chieh-Teng (11.73%)
Hezhao Investment Co., Ltd.	Hou Wang, Shu-Chao (83.61%) and Shenyuan Investment Co., Ltd. (16.39%)
Public Service Education Pension Fund Supervisory Board	N/A
Yutai Investment Co., Ltd.	Huang, Chih-Ming (42.5%); Huang, Tsung-Ling (17%); Cheng, Mei-Chu (8.1%)
Goldman Sachs Emerging Market Core Equity Portfolio Account under GS Funds kept in custody by Sales Department of Standard Chartered Taiwan	N/A
Yuanta Taiwan High-yield Leading Company Fund A Account kept in custody by Chang Hwa Commercial Bank, Ltd.	N/A
Vanguard Emerging Markets Stock Index Fund managed by Vanguard kept in custody by JPMorgan	N/A

Name of institutional shareholder	Major shareholders of juridical persons
Chase Bank, N.A., Taipei Branch	
Nan Shan Life Insurance Company, Ltd.	Runcheng Investment Holding Compan Trust Account under First Bank (55.5563%); Runcheng Investment Holding Co., Ltd. (33.9936%); Ruen Hua Dyeing & Weaving Co., Ltd. (1.3441%); Tu, Ying-Tsung (1.1576%)
Jicheng Investment Co., Ltd.	Chen, Pao-He
Haiming Investment Co., Ltd.	Huang, Wei-Han (21.1%); Huang, Cheng-Han (21.1%); Huang, Yu-Ching (9.6%); Huang, Yu-Yen (8.9%); Huang, Yu-Hsueh (7.9%); Huang, Hsiao-Wen (6.8%); Fu, Lin-Hsi (6%); Huang, Yu-Ping (4.9%); Lin, Wen-Chang (4.9%); Wu, Yung-Tzu (3.4%)
Youming Investment Co., Ltd.	Passion Trading Co., Ltd. (96%); Huang, Hsiao-Wen (2.5%); Huang, Wei-Han (0.5%); Huang, Cheng-Han (0.5%); Fu, Lin-Hsi (0.5%)
Zongli Investment Co., Ltd.	Passion Trading Co., Ltd. (20%); Huang, Hsiao-Wen (39%); Huang, Wei-Han (11%); Huang, Cheng-Han (20%); Fu, Lin-Hsi (10%)
Zhaoan Investment Co., Ltd.	Huang, Yu-Ching (60%); Liu, Chuan-Ning (2.0%); Liu, Ya-Chen (2.0%); Liu, Ming-Tan (36%)
Passion Trading Co., Ltd.	Huang, Hsiao-Wen (1.4%); Huang, Wei-Han (0.4%); Huang, Cheng-Han (0.7%); You Ming Investment Co., Ltd. (67.9%); Zongli Investment Co., Ltd. (29.6%)
Xiehuan Co., Ltd.	Huang, Chao-Huan (99.97%); Huang, Huang-Chang (0.015%); Huang Tian, You-Yun (0.015%)
Xieren Co., Ltd.	Huang, Chao-Jen (99.97%); Huang, Huang-Chang (0.015%); Huang Tian, You-Yun (0.015%)
Shyeh Sheng Fuat Investment Co., Ltd.	Huang, Huang-Chang (99.96%) and Huang Tian, You-Yun (0.04%)
Xiechuang Co., Ltd.	Huang, Huang-Chang (99.96%) and Huang Tian, You-Yun (0.04%)
Xiehuang Co., Ltd.	Huang, Huang-Chang (99.96%) and Huang Tian, You-Yun (0.04%)
Hsiehhsingfa Co., Ltd.	Huang, Huang-Chang (99.96%) and Huang Tian, You-Yun (0.04%)
Xiechengfa Co., Ltd.	Huang, Huang-Chang (99.96%) and Huang Tian, You-Yun (0.04%)

Name of institutional shareholder	Major shareholders of juridical persons
Xiehongfa Co., Ltd.	Huang Tian, You-Yun (99.95%) and Huang, Huang-Chang (0.05%)
Xiexi Co., Ltd.	Huang Tian, You-Yun (99.95%) and Huang, Huang-Chang (0.05%)
Xie-Xi Co., Ltd.	Huang Tian, You-Yun (99.95%) and Huang, Huang-Chang (0.05%)
Tongshun Investment Co., Ltd.	Wang Li, Hsiu-Chao (55.543%); Wang, Pi-Chang (30.62%); Wang, Chien-Chih (8.824%); Wang, Pi-Tzu (0.005%); Wang, Chi-Sheng (0.005%); Li, Hsueh-Ju (0.005%)
Tong Shun Steel Co., Ltd.	Tung Hong Flaking Bran Industry Co., Ltd. (97.03%); Wang, Pi-Chang (0.02%); Wang, Pi-Tzu (0.02%)
Houfeng Investment Co., Ltd.	Yeh, Shi-Cheng (27.83%); Yeh, Chun-Chih (24.83%); Yeh, Chun-Sheng (28.18%); Yeh Cheng, Yueh-Hsia (6.1%)
Tung Chou Industrial Co., Ltd.	Chou, Chen-Hui (9.48%); Chen, Lien-Chih (9.04%); Chou, Shih-Neng (11.92%); Chou, Lin-Wei (8.02%); Chou, Cheng-I (5.25%); Chou, Hsin-Ning (7.94%); Weng, Chang-Chi (0.80%); Huachang Investment Industrial Co., Ltd. (3.41%); Tongzen Industrial Co., Ltd. (1.63%); Chou, Shih-Hai (5.21%)
Yinghua Investment Co., Ltd.	Tseng, Jung-Hua (15%); Hsiao, Fang-Ching (5%); Tseng, Hsuan-Yu (10%); Tseng, Hsuan-Han (10%)
Ruitai Investment Co., Ltd.	Yeh Chang, A-Hui (30.98%); Yeh, Chun-Hung (25.32%); Yeh, Chun-Heng (22.09%); Yeh, Shu-Mei (13.51%)
Baofanghua Investment Co., Ltd.	Hsiao, Fang-Ching (14%); Tseng, Hsuan-Yu (11%); Tseng, Hsuan-Han (15%); Tseng, Jung-Hua (3%)

(4) Professional Qualifications and Independence Status of Directors

April 29, 2021

Name	Qualifications	Meets one of the following professional qualification requirements, together with at least five years of work experience			Independence criteria (Note)												Number of other public companies where the individual concurrently serves as an independent director
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the business of the company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Feng Hsin Steel Co., Ltd. Representative: Mark Lin				✓	✓	✓	✓	✓		✓			✓	✓	✓		0
Tung Ho Steel Enterprise Corp. Representative: Liu, Ming-Tsung				✓	✓	✓	✓	✓		✓	✓		✓	✓	✓		0
Tung Ho Steel Enterprise Corp. Representative: Chen, Fu-Chin				✓	✓	✓	✓	✓		✓	✓		✓	✓	✓		0
Feng Hsin Steel Co., Ltd. Representative: Lin, Chih-Kang				✓	✓	✓	✓	✓		✓			✓	✓	✓		0
Hai Kwang Enterprise Corporation Representative: Huang, Wei-Han				✓	✓	✓	✓	✓		✓	✓		✓	✓	✓		0
Shyeh Sheng Fuat Steel & Iron Works Co., Ltd. Representative: Huang, Huang-Chang				✓	✓	✓	✓	✓		✓	✓		✓	✓	✓		0
Chien Shun Steel Co., Ltd. Representative: Chen, Mei-Hui				✓	✓	✓	✓	✓		✓	✓		✓	✓	✓		0
United Steel Corporation Representative: Yeh, Shih-Cheng				✓	✓	✓	✓	✓		✓	✓		✓	✓	✓		0
Lin, Hung-Tuan				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wu, Chuan-Chuan		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chang, Tien-Chin	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: Please place a “✓” in the corresponding boxes if the directors meet the following conditions during the two years prior to the nomination and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by nominees, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked among top 10 in shareholdings.
- (4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship of the person listed in (2) and (3).
- (5) Not a Director, Supervisor or employee of the institutional shareholder who directly holds more than 5% of the outstanding shares issued by the Company, among the top 5 shareholders, or appointed representatives to assume positions as Directors or Supervisors of the Company under Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act).

- or local laws and regulations).
- (7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
 - (8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
 - (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.
 - (10) Does not have a marital relationship with, or a relative within the second degree of kinship with, any other director of the Company.
 - (11) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.
 - (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

2. Information on the Company's CEO, President, Vice Presidents, and the Heads of All the Company's Departments and Branch Units

March 29, 2021

Title	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Executive Officer	R.O.C.	Mark Lin	Male	2017.05.04	2,000	0.00%	239,000	0.21%	-	-	Business Administration Department, New Taipei Municipal Tamsui Commercial Industrial Vocational Senior High School Chairman of the Taiwan Steel and Iron Industries Association Vice Chairman of the Chinese National Federation of Industries	Chairman and CEO of Feng Hsin Steel Co., Ltd. Chairman of Great Fortune Holding Limited Supervisor of Ta Chia Iron & Steel Co., Ltd. Chairman of FengYu Resources Co., Ltd.	Vice General Manager	Lin, Tsai-Hsiang	Father and son	Note 1
General Manager	R.O.C.	Fang, Yen-Bin	Male	2007.03.01	60,000	0.05%	-	-	-	-	Ph.D. in Environmental Engineering (Air Pollution), Illinois Institute of Technology Senior Manager of the Air Pollution Department, DAI Environmental Inc., Chicago, USA Senior Manager of General Energy Corp. (GEC), Chicago Principal Consultant of Huma-Tech Environmental Engineering Corp. - Fluidized-Bed Plant Project Principal Investigator Assistant Vice President of Project Department of TCEC Corporation -EPC Plant Construction Project Principal Investigator for two incineration plants	Chairman of Taiwan Steel Resources Co., Ltd. Representative of directors of FengYu Resources Co., Ltd.	-	-	-	-
Vice President	R.O.C.	Lin, Tsai-Hsiang	Male	2019.09.01	187,000	0.17%	81,000	0.07%	-	-	Cal. State University Fullerton Marketing Assistant Administrator of the Business Department of Dragon Steel Corporation Manager of the Sales Department No. 1 of Taiwan Steel Union Co., Ltd.	Director of Fengshuo Investment Co., Ltd. Representative of directors of Gwo Uei Metals Industry Co., Ltd. Representative of directors of Gwo Huei Iron & Steel Co., Ltd. Director of FengYu Resources Co., Ltd. Director of Chengchuang Investment Co., Ltd Director of Dao-Zu Co., Ltd. Chairman of Golden Empire Investment Co., Ltd.	Chief Executive Officer	Mark Lin	Father and son	
Factory Manager of Production Department	R.O.C.	Yang, Ming-Chu	Male	2003.05.01	30,000	0.03%	-	-	-	-	Department of Industrial Safety and Health of Hungkuang University	None	-	-	-	-
Manager of Sales Department No. 1	R.O.C.	Fu, Fang-Li	Male	2019.09.02	-	-	-	-	-	-	Manager of the Sales Department No. 1 of Taiwan Steel Union Co., Ltd.	None	-	-	-	-
Head of Maintenance Department	R.O.C.	Yu, Ching-Nan	Male	2000.01.01	-	-	-	-	-	-	Department of Electrical Engineering, Affiliated College of Continuing Education, National Formosa University Engineer, Mechanical and Electrical Environmental Engineering Department, BES Engineering Inc.	None	-	-	-	-
Manager of Procurement Department	R.O.C.	Chang, Chih-Yang	Male	2004.05.06	11,000	0.01%	10,000	0.01%	-	-	Department of Navigation, National Taiwan Ocean University Sales Director of Taiwan Kansai Paint Co., Ltd.	None	Head of Audit Department	Chao, Yu-Chiao	Couple	-
Head of Audit Department	R.O.C.	Chao, Yu-Chiao	Female	2015.04.01	10,000	0.01%	11,000	0.01%	-	-	Department of Public Finance, Feng Chia University; auditor of Asia Pacific & Co., CPAs Leader of Cost Accounting Team, Lianxun Computer Co., Ltd.; Section Chief/Assistant Manager in Finance, Lianxun Computer Co., Ltd. Manager of Administration Department of Taiwan Steel Union Co., Ltd.	None	Manager of Procurement Department	Chang, Chih-Yang	Couple	-
Manager of Administration Department	R.O.C.	Lin, Kun-Chieh	Male	2015.04.01	-	-	-	-	-	-	Department of Accounting, Tamkang University Master's, Department of Accounting, College of Management, National Changhua University of Education Assistant Manager of the Audit Department of Deloitte & Touche	None	-	-	-	-
Manager of Environmental Safety Department	R.O.C.	Hsieh, Tsung-Lin	Male	2020.02.01	-	-	-	-	-	-	Master's in Environmental Engineering, National Cheng Kung University Assistant Project Manager of AECOM Taiwan Corporation	None	-	-	-	-
Manager of Sales Department No. 2	R.O.C.	Chang, Pi-Yu	Male	2017.07.17	3,000	0.00%	-	-	-	-	Department of Environmental Engineering, National Chung Hsing University Master's in Environmental Engineering, Department of Civil Department of Civil and Environmental Engineering, University of North Carolina at Charlotte Assistant Chief Engineer of Energy and Environment Division III of CTCI Corporation Technical Specialist of Taipei City Land Rezoning Team Auditor of Health Audit Team, Department of Environmental Protection, Taipei City Government Environmental Engineer of Alliance Luggage Inc.	None	-	-	-	Note 2
Section Chief of	R.O.C.	Hsieh,	Male	2020.02.01	-	-	-	-	-	-	Master's, Department of Environmental Engineering, National Chung Hsing University	None	-	-	-	Note 3

Title	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Sales Department No. 2		Hung-Fu									Central control worker of Taiwan Steel Union Co., Ltd.					
Section Chief of Information Management Department	R.O.C.	Chang, Che-Chia	Male	2012.08.10	20,000	0.02%	1,000	0.00%	-	-	Department of Information Management of Ling Tung University Master's, Department of Information Management, College of Management, National Changhua University of Education ERP Programmer of Data Systems Consulting Co., Ltd. Information Administrator of Huga Optotech Inc.	None	-	-	-	-
Section Chief of Warehousing Department	R.O.C.	Li, Yang-Sheng	Male	2019.03.16	-	-	-	-	-	-	Department of Accountancy, National Cheng Kung University	None	-	-	-	Note 4
Acting Section Chief of Warehouse Department	R.O.C.	Lu, Jui-Fu	Male	2021.02.27	-	-	-	-	-	-	Master's in of Human Resource and Public Relations, Dayeh University Warehouse management worker of Taiwan Steel Union Co., Ltd.	None	-	-	-	

Note 1: The Chairman and the CEO of the Company are the same person. As the CEO mainly directs the management team, establishes vision, strategies, and implements various business activities, having the same person serving as the Chairman and the CEO will facilitate the efficiency of the Company's leadership. More than 90% of the Company's directors do not serve as employees or managers concurrently, and we have set up the Audit Committee, consisting of three independent directors as a response.

Note 2: Chang, Pi-Yu, Manager of the Sales Department No. 2, resigned and was discharged from the position (January 31, 2020).

Note 3: Hsieh, Hung-Fu, Section Chief of the Sales Department No. 2, resigned and was discharged from the position (February 21, 2021).

Note 4: Li, Yang-Sheng, Section Chief of the Warehouse Department, resigned and was discharged from the position (February 27, 2021).

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, President, and Vice Presidents

1. Remuneration to Directors and Independent Directors

Unit: NT\$1,000

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Compensation paid to directors from an investee other than the Company's subsidiaries or parent company
		Base compensation (A)		Severance pay and pension (B)		Directors' compensation (C)		Business execution expenses (D)				Salary, bonuses, and allowances (E)		Severance pay and pension (F)		Employee compensation (G)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Representative of Feng Hsin Steel Co., Ltd.: Mark Lin	-	-	-	-	7,200	7,200	280	280	1.84%	1.84%	2,219	-	-	-	783	-	-	-	2.57%	2.57%	None
Director	Representative of Tung Ho Steel Enterprise Corp.: Liu, Ming-Tsung																					
Director	Representative of Tung Ho Steel Enterprise Corp.: Chen, Fu-Chin																					
Director	Feng Hsin Steel Co., Ltd. Representative: Lin, Chih-Kang																					
Director	Representative of Hai Kwang Enterprise Corporation: Huang, Wei-Han																					
Director	Representative of Shyeh Sheng Fuat Steel & Iron Works Co., Ltd.: Huang, Huang-Chang																					
Director	Representative of Chien Shun Steel Co., Ltd.: Chen, Mei-Hui																					
Director	Representative of United Steel Corporation: Yeh, Shih-Cheng																					
Independent Director	Lin, Hung-Tuan	2,700	2,700	-	-	-	-	135	135	0.70%	0.70%	-	-	-	-	-	-	-	0.70%	0.70%	None	
Independent Director	Wu, Chuan-Chuan																					
Independent Director	Chang, Tien-Chin																					
1. Please state the policy, system, standards, and structure of the remuneration paid to independent directors, and specify the connection between the amount of remuneration paid and their responsibilities and risks assumed, time invested, and other factors: Directors' remuneration is determined based on each director's contribution to the Company's operational performance. 2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: NT\$0.																						

Note 1: The remuneration paid to the Chairman's chauffeur in 2020 was NT\$120,000.

Range of remuneration

Range of remuneration paid to directors	Name of director			
	Sum of (A+B+C+D)		Sum of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Less than NT\$1,000,000	Feng Hsin Steel Co., Ltd. Representative: Mark Lin Tung Ho Steel Enterprise Corp. Representative: Liu, Ming-Tsung Tung Ho Steel Enterprise Corp. Representative: Chen, Fu-Chin Feng Hsin Steel Co., Ltd. Representative: Lin, Chih-Kang Hai Kwang Enterprise Corporation Representative: Huang, Wei-Han Shyeh Sheng Fuat Steel & Iron Works Co., Ltd. Representative: Huang, Huang-Chang Chien Shun Steel Co., Ltd. Representative: Chen, Mei-Hui United Steel Corporation Representative: Yeh, Shih-Cheng Lin, Hung-Tuan, Wu, Chuan-Chuan, Chang, Tien-Chin	Feng Hsin Steel Co., Ltd. Representative: Mark Lin Tung Ho Steel Enterprise Corp. Representative: Liu, Ming-Tsung Tung Ho Steel Enterprise Corp. Representative: Chen, Fu-Chin Feng Hsin Steel Co., Ltd. Representative: Lin, Chih-Kang Hai Kwang Enterprise Corporation Representative: Huang, Wei-Han Shyeh Sheng Fuat Steel & Iron Works Co., Ltd. Representative: Huang, Huang-Chang Chien Shun Steel Co., Ltd. Representative: Chen, Mei-Hui United Steel Corporation Representative: Yeh, Shih-Cheng Lin, Hung-Tuan, Wu, Chuan-Chuan, Chang, Tien-Chin	Tung Ho Steel Enterprise Corp. Representative: Liu, Ming-Tsung Tung Ho Steel Enterprise Corp. Representative: Chen, Fu-Chin Feng Hsin Steel Co., Ltd. Representative: Lin, Chih-Kang Hai Kwang Enterprise Corporation Representative: Huang, Wei-Han Shyeh Sheng Fuat Steel & Iron Works Co., Ltd. Representative: Huang, Huang-Chang Chien Shun Steel Co., Ltd. Representative: Chen, Mei-Hui United Steel Corporation Representative: Yeh, Shih-Cheng Lin, Hung-Tuan, Wu, Chuan-Chuan, Chang, Tien-Chin	Tung Ho Steel Enterprise Corp. Representative: Liu, Ming-Tsung Tung Ho Steel Enterprise Corp. Representative: Chen, Fu-Chin Feng Hsin Steel Co., Ltd. Representative: Lin, Chih-Kang Hai Kwang Enterprise Corporation Representative: Huang, Wei-Han Shyeh Sheng Fuat Steel & Iron Works Co., Ltd. Representative: Huang, Huang-Chang Chien Shun Steel Co., Ltd. Representative: Chen, Mei-Hui United Steel Corporation Representative: Yeh, Shih-Cheng Lin, Hung-Tuan, Wu, Chuan-Chuan, Chang, Tien-Chin
NT\$1,000,000 (inclusive)– NT\$2,000,000 (not inclusive)	None	None	None	None
NT\$2,000,000 (inclusive)– NT\$3,500,000 (not inclusive)	None	None	Feng Hsin Steel Co., Ltd. Representative: Mark Lin	Feng Hsin Steel Co., Ltd. Representative: Mark Lin
NT\$3,500,000 (inclusive)– NT\$5,000,000 (not inclusive)	None	None	None	None
NT\$5,000,000 (inclusive)– NT\$10,000,000 (not inclusive)	None	None	None	None
NT\$10,000,000 (inclusive)– NT\$15,000,000 (not inclusive)	None	None	None	None
NT\$15,000,000 (inclusive)– NT\$30,000,000 (not inclusive)	None	None	None	None
NT\$30,000,000 (inclusive)– NT\$50,000,000 (not inclusive)	None	None	None	None
NT\$50,000,000 (inclusive)– NT\$100,000,000 (not inclusive)	None	None	None	None
NT\$100,000,000 or more	None	None	None	None
Total	11 people in total	11 people in total	11 people in total	11 people in total

2. Remuneration to the President and Vice Presidents

Unit: NT\$1,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employee compensation (D)				Ratio of total remuneration (A+B+C+D) to net income (%)		Compensation paid to directors from an investee other than the Company's subsidiaries or parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	Mark Lin	5,866	6,886	203	203	757	757	6,760	-	6,760	-	3.33	3.58	None
General Manager	Fang, Yen-Bin													
Vice General Manager	Lin, Tsai-Hsiang													
Note: The remuneration paid to the CEO's chauffeur in 2020 was NT\$120,000.														

Range of remuneration

Range of remuneration paid to the president and vice presidents	Name of president and vice presidents	
	The Company	All companies in the consolidated financial statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)– NT\$2,000,000 (not inclusive)	-	-
NT\$2,000,000 (inclusive)– NT\$3,500,000 (not inclusive)	Mark Lin and Lin, Tsai-Hsiang	Mark Lin and Lin, Tsai-Hsiang
NT\$3,500,000 (inclusive)– NT\$5,000,000 (not inclusive)	-	-
NT\$5,000,000 (inclusive)– NT\$10,000,000 (not inclusive)	Fang, Yen-Bin	Fang, Yen-Bin
NT\$10,000,000 (inclusive)– NT\$15,000,000 (not inclusive)	-	-
NT\$15,000,000 (inclusive)– NT\$30,000,000 (not inclusive)	-	-
NT\$30,000,000 (inclusive)– NT\$50,000,000 (not inclusive)	-	-
NT\$50,000,000 (inclusive)– NT\$100,000,000 (not inclusive)	-	-
NT\$100,000,000 or more	-	-
Total	3 people in total	3 people in total

3. Remuneration to Managers

Unit: NT\$1,000

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income (%)
Managerial Officer	Chief Executive Officer	Mark Lin	-	13,088	13,088	3.21
	General Manager	Fang, Yen-Bin				
	Vice General Manager	Lin, Tsai-Hsiang				
	Factory Manager of Production Department	Yang, Ming-Chu				
	Manager of Sales Department No. 1	Fu, Fang-Li				
	Head of Maintenance Department	Yu, Ching-Nan				
	Manager of Procurement Department	Chang, Chih-Yang				
	Head of Audit Department	Chao, Yu-Chiao				
	Manager of Administration Department	Lin, Kun-Chieh				
	Section Chief of Warehousing Department	Li, Yang-Sheng (Note 1)				
	Section Chief of Information Management Department	Chang, Che-Chia				

Note 1: Li, Yang-Sheng, Section Chief of the Warehouse Department, resigned and was discharged from the position on February 27, 2021.

4. Separate comparisons and descriptions of total remuneration, as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the company and all other companies included in the consolidated financial statements during the past 2 fiscal years to directors, the President, and Vice Presidents, with analysis and description of remuneration policies, standards, and packages, procedure for determining remuneration, and linkage thereof to operational performance and future risk exposure

Item \ Year	2020		2019	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	3.27%	3.27%	3.32%	3.32%
CEO, General Manager, and Vice General Managers	3.33%	3.58%	3.01%	3.26

The remuneration to the Company's directors is clearly stipulated in the Company's Articles of Incorporation, and is determined based on the extent of their participation in the Company's operations and the value of their contributions, as well as the usual industry standards at home and abroad. The remuneration to the CEO, General Manager, and Vice General Managers includes salaries, bonuses, and employee compensation, and is determined based on their positions held, the responsibilities assumed, and their contribution to the Company while with reference to the usual industry standards. The procedures for determining such remuneration are also formulated in accordance with the Company's Articles of Incorporation and the approval authority. The remuneration paid by the Company to directors, the CEO, General Manager, and Vice General Managers has also had the Company's future operational risks and the positive correlation between such remuneration and the operational performance considered, which has also been submitted to the Remuneration Committee for approval, thereby achieving a balance between sustainable operation and risk control.

IV. Implementation of Corporate Governance

1. Operation of the Board of Directors

In the most recent year (2020), the Board of Directors had held 6 meetings (A), and the directors' attendance is as follows:

Title	Name		Attendance in person B	By proxy	Attendance rate (%) [B/A]	Remark
Chairman	Representative of Feng Hsin Steel Co., Ltd.	Mark Lin	6	-	100	
Director	Representative of Tung Ho Steel Enterprise Corp.	Liu, Ming-Tsung	6	-	100	
Director	Representative of Tung Ho Steel Enterprise Corp.	Chen, Fu-Chin	6	-	100	
Director	Representative of Feng Hsin Steel Co., Ltd.	Lin, Chih-Kang	6	-	100	
Director	Representative of Hai Kwang Enterprise Corporation	Huang, Wei-Han	3	-	50	
Director	Representative of Shyeh Sheng Fuat Steel & Iron Works Co., Ltd.	Huang, Huang-Chang	6	-	100	
Director	Representative of Chien Shun Steel Co., Ltd.	Chen, Mei-Hui	6	-	100	
Director	Representative of United Steel Corporation	Yeh, Shih-Cheng	6	-	100	
Independent Director	Lin, Hung-Tuan		6	-	100	
Independent Director	Wu, Chuan-Chuan		6	-	100	
Independent Director	Chang, Tien-Chin		6	-	100	

Other matters:

- I. With regard to the operations of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:
 - (I) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, in accordance with the provisions of Article 14-5 of the Securities Exchange Act, so the provisions of Article 14-3 of the Securities Exchange Act do not apply.
 - (II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.
- II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:

Date of board meeting	Session/Term	Name of director	Content of motion	Reasons for recusal	Participation in voting
2020.01.15	4 th meeting of the 9 th Board of Directors	Mark Lin	Discussion on compensation for employees and managers	As a party involved in the motion	Except for the recusal of the director with a conflict of interest, the remaining directors present passed the motion as it was without objection.

<p>III. A publicly listed company shall disclose the cycle and period, scope, method, and content of the self-evaluation (or peer evaluation) of the Board of Directors:</p> <table border="1"> <tr> <th colspan="5">Implementation of performance evaluation of the Board of Directors</th></tr> <tr> <th>Cycle</th><th>Period</th><th>Scope</th><th>Method</th><th>Content</th></tr> <tr> <td>Once a year</td><td>The performance of the Board of Directors and functional committees from January 1, 2020 to December 31, 2020.</td><td>The performance of the Board of Directors, functional committees, and individual directors.</td><td>Internal self-evaluation of the Board of Directors and directors' self-evaluation.</td><td> <p>(1) Board performance evaluation: It includes the degree of participation in the Company's operations, the quality of the Board's decisions, the composition and the structure of the Board, the selection and continuing education of directors, and internal control.</p> <p>(2) Performance evaluation of individual directors: It includes perception of the Company's goals and missions, awareness of directors' responsibilities, the degree of participation in the Company's operations, internal relationship management and communication, directors' professional and continuing education, and internal control.</p> <p>(3) Functional committee performance evaluation: The degree of participation in the Company's operations, awareness of the functional committees' responsibilities, the decision-making quality of the functional committees, the composition of the functional committees, the selection of members, and internal control.</p> </td></tr> </table>					Implementation of performance evaluation of the Board of Directors					Cycle	Period	Scope	Method	Content	Once a year	The performance of the Board of Directors and functional committees from January 1, 2020 to December 31, 2020.	The performance of the Board of Directors, functional committees, and individual directors.	Internal self-evaluation of the Board of Directors and directors' self-evaluation.	<p>(1) Board performance evaluation: It includes the degree of participation in the Company's operations, the quality of the Board's decisions, the composition and the structure of the Board, the selection and continuing education of directors, and internal control.</p> <p>(2) Performance evaluation of individual directors: It includes perception of the Company's goals and missions, awareness of directors' responsibilities, the degree of participation in the Company's operations, internal relationship management and communication, directors' professional and continuing education, and internal control.</p> <p>(3) Functional committee performance evaluation: The degree of participation in the Company's operations, awareness of the functional committees' responsibilities, the decision-making quality of the functional committees, the composition of the functional committees, the selection of members, and internal control.</p>
Implementation of performance evaluation of the Board of Directors																			
Cycle	Period	Scope	Method	Content															
Once a year	The performance of the Board of Directors and functional committees from January 1, 2020 to December 31, 2020.	The performance of the Board of Directors, functional committees, and individual directors.	Internal self-evaluation of the Board of Directors and directors' self-evaluation.	<p>(1) Board performance evaluation: It includes the degree of participation in the Company's operations, the quality of the Board's decisions, the composition and the structure of the Board, the selection and continuing education of directors, and internal control.</p> <p>(2) Performance evaluation of individual directors: It includes perception of the Company's goals and missions, awareness of directors' responsibilities, the degree of participation in the Company's operations, internal relationship management and communication, directors' professional and continuing education, and internal control.</p> <p>(3) Functional committee performance evaluation: The degree of participation in the Company's operations, awareness of the functional committees' responsibilities, the decision-making quality of the functional committees, the composition of the functional committees, the selection of members, and internal control.</p>															
<p>IV. The goals of strengthening the functions of the Board of Directors in the year and the most recent year (such as setting up an audit committee or enhancing information transparency), and evaluation of the implementation:</p> <ol style="list-style-type: none"> The Company adopts a candidate nomination system for directors and independent directors, have re-elected such directors comprehensively on May 29, 2019 with the term of office from May 29, 2019 to May 28, 2022. The Company's extraordinary shareholders' meeting resolved a decision to establish an audit committee and to abolish the system of supervisors on September 22, 2016 To strengthen the management mechanism and improve the supervisory function, the Board of Directors has established two functional committees: the Remuneration Committee and the Audit Committee, which convene meetings in accordance with the committee charters adopted by the Board of Directors to review and discuss relevant issues. They submit their conclusions and suggestions to the Board of Directors for resolution, and the operations are effective. The committee charters company adopted by the Board of Directors cover the number of committee members, term of office, powers and responsibilities, rules of meeting procedures, and resources that the Company shall provide when executing duties. The Company formulated, with the approval from the Board of Directors, the Rules of the Performance Evaluation of the Board of Directors. Performance evaluation of the Board of Directors and functional committees are conducted at the beginning of each year. According to the assessment on the 2020 performance, only some directors failed to hit targets in terms of meeting attendances in the self-assessment questionnaires for board members. The results of all the other self-assessment questionnaires were normal. The overall attendance rate of the board reached the average of at least 80% criterion during the year of corporate governance assessments. Please refer to the sections dedicated to "Stakeholders", "Shareholder Services", and "Corporate Governance" on the Company's website (http://www.tsutw.com.tw) for more information on the Company's corporate governance. The Company's Board of Directors adopted a resolution to engage a corporate governance officer on February 23, 2021 to manage the corporate governance business comprehensively and provide the support required by the Board. 																			
<p>V. Diversity of Board Members:</p> <p>To strengthen corporate governance and facilitate the sound development of the composition and structure of the Board, the Company stated in 4.5.3. of the Corporate Governance Best Practice Principles "In addition to considering the Company's business model, future development needs, and major shareholders' shareholdings, the Company shall evaluate various aspects of diversity of Board members, such as basic criteria and value (such as gender, nationality, age, and culture), professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</p>																			

The current Board of Directors of the Company is composed of 11 directors, including three independent directors. All members have extensive experience and expertise in the fields of industry knowledge, financial accounting, business, and management. Moreover, the Company pays attention to gender equality in the composition of the Board. We hope that there shall be at least one female director on the Board to bring the ratio of female directors to 9% or higher. At present, the female director of the 9th Board of Directors is Ms. Chen, Mei-Hui. The implementation of the diversity of Board members is as follows:

1. Basic composition, background, and experience

Name of director	Gender	Serves as an employee of the Company concurrently	Age		Professional background	Professional skill	Industry experience
			30-60	Over 60			
Mark Lin	Male	✓		✓	✓	✓	✓
Chen, Fu-Chin	Male			✓	✓	✓	✓
Liu, Ming-Tsung	Male		✓		✓	✓	✓
Lin, Chih-Kang	Male			✓	✓	✓	✓
Huang, Wei-Han	Male		✓		✓	✓	✓
Huang, Huang-Chang	Male			✓	✓	✓	✓
Yeh, Shih-Cheng	Male			✓	✓	✓	✓
Chen, Mei-Hui	Female		✓		✓	✓	✓
Wu, Chuan-Chuan (independent director)	Male			✓	✓	✓	✓
Lin, Hung-Tuan (independent director)	Male			✓	✓	✓	✓
Chang, Tien-Chin (independent director)	Male			✓	✓	✓	✓

2. Diverse core capabilities

Name of director	Gender	Operational judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making
Mark Lin	Male	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Fu-Chin	Male	✓	✓	✓	✓	✓	✓	✓	✓
Liu, Ming-Tsung	Male	✓	✓	✓	✓	✓	✓	✓	✓
Lin, Chih-Kang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Huang, Wei-Han	Male	✓	✓	✓	✓	✓	✓	✓	✓
Huang, Huang-Chang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Yeh, Shih-Cheng	Male	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Mei-Hui	Female	✓	✓	✓		✓	✓	✓	✓
Wu, Chuan-Chuan (independent director)	Male	✓	✓	✓	✓		✓	✓	✓
Lin, Hung-Tuan (independent director)	Male	✓		✓	✓	✓	✓	✓	✓
Chang, Tien-Chin (independent director)	Male	✓		✓	✓	✓	✓	✓	✓

VI. Succession planning for Board members and critical management personnel:

1. Succession planning for Board members:

Regarding the succession planning of the Board of Directors, the Company's directors are appointed by institutional shareholders, who designates personnel with relevant abilities in business, financial accounting, or corporate governance. As independent directors shall have work experience required for the fields of business, legal affairs, finance, accounting, or the Company's business in accordance with the law, they are selected by professionals from the domestic academic circle and the domestic industry.

2. Succession planning for management personnel:

The Company regularly reviews and selects a list of employees with potential at all levels, and offers internal/external training programs on professional skills, management skills, communication skills, or job rotation.

2. Operation of the Audit Committee

In the most recent year (2021), the Audit Committee had held 4 meetings (A), and the independent directors' attendance is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Remark
Independent Director	Lin, Hung-Tuan	4	0	100	-
Independent Director	Wu, Chuan-Chuan	4	0	100	-
Independent Director	Chang, Tien-Chin	4	0	100	-
Other matters:					
I. Main focus of annual work of the Audit Committee: The committee is composed of three independent directors with the main focus of the annual work to assist the Board in supervising the Company’s fair expression of relevant financial statements; the selection (dismissal), independence, and performance of CPAs; the effective implementation of the Company’s internal control system; compliance with the Company’s relevant laws and regulations (such as internal control system, acquisition or disposition of assets, derivative trading, loans to others, endorsements/guarantees provided to others); management and control of the Company’s existing or potential risks, and to execute other duties as required by law (appointment and dismissal of chief financial officer or chief internal auditor supervisor).					
II. With regard to the operations of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, the Audit Committee’s resolution results, and the Company’s handling of such opinions shall be specified: (I) Matters referred to in Article 14-5 of the Securities and Exchange Act:					
Date of Audit Committee meeting	Content of motion			Audit Committee’s resolution results, and the Company’s handling of such opinions	Resolution results of the Board of Directors
3 rd meeting of 2 nd term on 2020.02.20	Discussions on the Company’s 2019 financial statements and business report			Submitted to the Board of Directors with the consent of all members present	Approved by all the directors present at the 5 th meeting of the 9 th Board of Directors on February 21, 2020
	Submitted a proposal for issue of the Company's 2019 statement on the internal control system				
	Proposal for appointment of Yen, Hsiao-Fang and Chiang, Shu-Ching, CPAs at Deloitte & Touche, to audit the 2020 financial statements and tax reports and their professional audit fees				
	Amendment to the Company's Financial Statement Preparation Process Management Regulations				
	Internal audit report by the chief internal auditor				
4 th meeting of 2 nd term on 2020.04.20	Internal audit report by the chief internal auditor			Submitted to the Board of Directors with the consent of all members present	Approved by all the directors present at the 7 th meeting of the 9 th Board of Directors on April 22, 2020
	Report on preparation of consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the first quarter of 2020				
	Amendment to the Company's Related Party Transactions Management Regulations				
	Amendment to the Company's Remuneration Committee Charter				
	Amendment to the Company's Procedures for Ethical Management and Guidelines for Conduct				
	Amendment to the Company's Corporate Social Responsibility Best Practice Principles				
	Amendment to the Company's Corporate Governance Best Practice Principles				

Date of Audit Committee meeting	Content of motion	Audit Committee's resolution results, and the Company's handling of such opinions	Resolution results of the Board of Directors
5 th meeting of 2 nd term on 2020.07.22	Internal audit report by the chief internal auditor	Submitted to the Board of Directors with the consent of all members present	Approved by all the directors present at the 8 th meeting of the 9 th Board of Directors on July 23, 2020
	Report on preparation of consolidated balance sheets, consolidated statements pf comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the second quarter of 2020		
	Amendment to the Company's Internal Control System-R&D Cycle		
	Abolition of the Company's BO-002 Approval Authority List and setting of BO-003 Appraisal Authority List		
	Amendment to the Company's accounting system		
6 th meeting of 2 nd term on 2020.10.27	Internal audit report by the chief internal auditor	Submitted to the Board of Directors with the consent of all members present	Approved by all the directors present at the 9 th meeting of the 9 th Board of Directors on October 29, 2020
	Report on preparation of consolidated balance sheets, consolidated statements pf comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the third quarter of 2020		
	Submission of the Company's 2021 annual audit plan		
	Amendment to the Company's Rules of the Scope of Powers of Independent Directors		
	Amendment to the Company's Risk Management Policy		
	Amendment to the Company's Remuneration Committee Charter		
	Amendment to the Company's Regulations on Relevant Financial Operations between Affiliated Enterprises		
	Amendment to the Company's Rules of the Performance Evaluation of the Board of Directors		
	Amendment to the Company's Rules of Elections of Directors		

(II) Except for the above matters, other matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors: None.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communications between the independent directors, the Company's chief internal auditor, and CPAs (shall include the material matters, methods, and results of communication on the Company's financial and business status).

1. In the quarterly Audit Committee meetings, independent directors listen to the chief internal auditor's report on the findings and deficiencies in the internal audits and improvements in the previous quarter, and provide opinions and instructions.

2. Independent directors may investigate the Company's business and financial status at any time, inspect documents, and request managers to submit a report. If they have any doubt, they can communicate with the heads of relevant units for review and improvement.

3. Independent directors and CPAs communicate and discuss issues regularly, such as issues communicated between the Company's corporate governance unit and the management, in the Audit Committee meetings every year

3. Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the Corporate Governance Best-Practice Principles as approved by the Board of Directors on August 16, 2016, and approved the fourth version of said principles on April 22, 2020 in accordance with the amended Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies in the Taiwan Stock Exchange Official Letter Tai-Zheng-Ji-Li No. 1090002299 dated February 13, 2020. The fourth version is also disclosed under "Corporate Governance" on MOPS.	No difference.
II. Shareholding structure & shareholders' rights				
(I) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and does the Company implement the procedures in accordance with the procedure?	✓		The Company has set up the Procedures for Processing Internal Material Information, and has engaged a spokesperson and a deputy spokesperson to respond to shareholders' suggestions, doubts, disputes, litigation, and other relevant matters, and appoint a stock affairs agency to handle relevant business.	No difference.
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		The Company keeps abreast of the list of directors, managers, and major shareholders holding more than 10% of our shares, and files a report on changes in their shareholdings as scheduled every month.	No difference.
(III) Has the Company established, and	✓		The Company has formulated the Regulations on Relevant Financial	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
does it execute, a risk management and firewall system within its affiliated companies?			Operations between Affiliated Enterprises and implemented them in accordance with the relevant regulations, to manage the risk control between the affiliated companies.	
(IV) Has the Company established internal rules against insiders using undisclosed information to trade with?	✓		The Company has formulated the Insider Trading Prevention Management Regulations and the Code of Ethical Conduct to regulate the use of undisclosed information on the market by the Company's insiders to buy and sell securities.	No difference.
III. Composition and responsibilities of the Board of Directors (I) Has the Board developed, and does it implement, a diversity policy for the composition of its members?	✓		According to the Corporate Governance Best Practice Principles approved by the Company's Board of Directors, in addition to considering the Company's business models, future development needs, and major shareholders' shareholdings, the Company shall evaluate various aspects of diversity of Board members. The Company's current Board of Directors is composed of eight institutional directors and three independent directors with professional backgrounds, professional skills, and industry experience. The institutional directors all appoint representatives with sufficient expertise to participate in the Company's Board meetings. The Company has disclosed information on individual directors on the Company's website - Diversity of the Board of Directors, and the relevant information is available in the "Operations of the Board of Directors " in the annual report.	No difference.
(II) In addition to the legally-required Remuneration Committee and Audit		✓	The Company has established the Remuneration Committee and the Audit Committee since 2016.	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof														
	Yes	No	Description															
Committee, has the Company voluntarily established other functional committees?																		
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? And does the Company report the results of the performance evaluation to the Board, and use them as a reference for individual directors' remuneration and nomination for re-election?	✓		The Company has formulated the Rules of the Performance Evaluation of the Board of Directors on February 23, 2017, which has been approved by the Board of Directors. The 2020 performance evaluation of the Board of Directors was conducted at the beginning of 2021. Only some directors failed to hit targets in terms of meeting attendances in the self-assessment questionnaires for board members. The results of all the other self-assessment questionnaires were normal. The overall attendance rate of the board reached the average of at least 80% criterion during the year of corporate governance assessments. The result was reported to the Board of Directors on February 23, 2021, as a reference for the remuneration and nomination of individual directors for re-election.	No difference.														
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		<div>The Company's Audit Committee and Board of Directors evaluate the independence and competence of CPAs, complete the CPA Independence Assessment Form, and obtain the Statement on Independence regularly every year in accordance with the Company's Corporate Governance Best Practice Principles. The evaluation results this year are as follows:</div> <table><tr><th rowspan="2">Evaluation item</th><th colspan="2">Evaluation results</th><th rowspan="2">Independence</th></tr><tr><th>Yes</th><th>No</th></tr><tr><td>1. Obtained the Statement on Independence.</td><td>√</td><td></td><td>Yes</td></tr><tr><td>2. The CPA has not been replaced for seven</td><td>√</td><td></td><td>Yes</td></tr></table>	Evaluation item	Evaluation results		Independence	Yes	No	1. Obtained the Statement on Independence.	√		Yes	2. The CPA has not been replaced for seven	√		Yes	No difference.
Evaluation item	Evaluation results		Independence															
	Yes	No																
1. Obtained the Statement on Independence.	√		Yes															
2. The CPA has not been replaced for seven	√		Yes															

Evaluation item	Implementation status				Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																				
	Yes	No	Description																						
			<table><tr><td>consecutive years.</td><td></td><td></td><td></td></tr><tr><td>3. Does not serve as a director, supervisor, or manager at the Company.</td><td>√</td><td></td><td>Yes</td></tr><tr><td>4. Is not a shareholder of the Company, and does not receive salary from the company.</td><td>√</td><td></td><td>Yes</td></tr><tr><td>5. Deloitte & Touche is not an affiliate of the Company.</td><td>√</td><td></td><td>Yes</td></tr><tr><td>6. The CPA does not provide non-audit services that may affect his/her independence.</td><td>√</td><td></td><td>Yes</td></tr></table>		consecutive years.				3. Does not serve as a director, supervisor, or manager at the Company.	√		Yes	4. Is not a shareholder of the Company, and does not receive salary from the company.	√		Yes	5. Deloitte & Touche is not an affiliate of the Company.	√		Yes	6. The CPA does not provide non-audit services that may affect his/her independence.	√		Yes	
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6. The CPA does not provide non-audit services that may affect his/her independence.	√		Yes																						
			According to the evaluation, both Yen, Hsiao-Fang and Chiang, Shu-Ching, CPAs at Deloitte & Touche, have met the above-mentioned independence criteria and are qualified to serve as the CPAs for the Company. Thus, on January 28, 2021, the appointment of the CPAs was approved at the 7 th meeting of the 2 nd Audit Committee, and was submitted to the 10 th meeting of the 9 th Board of Directors on January 29, 2021.																						
IV. Has the Company appointed a appropriate number of suitable corporate governance personnel, and designated a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information to directors and supervisors to perform their functions, handling matters related to Board meetings and shareholders' meetings according to the law, and producing minutes of the Board meetings	✓		In 2020, the Company designated the Administration Department and its personnel to be in charge of corporate governance. In addition, Manager Lin, Kun-Chieh in the Administration Department was approved at the 11 th meeting of the 9 th Board of Directors on February 23, 2021 to serve as the Company's corporate governance officer concurrently to protect shareholders' rights and interest, and to strengthen the functions of the Board of Directors. Manager Lin, Kun-Chieh has the qualifications of a CPA and has been in charge of the Company's affairs related to finance, stock affairs, and corporate governance for at least three years. The corporate governance officer's main responsibilities are: (1) handling company registration		No difference.																				

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
and shareholders' meetings)?			<p>and change registration; (2) handling matters related to the Board meetings and shareholders' meetings in accordance with the law, and assisting the Company in complying with relevant laws and regulations on the Board meetings and shareholders' meetings; (3) producing minutes of the Board meetings and shareholders' meetings; (4) providing information required for directors to perform their duties, and the latest developments in laws and regulations related to the Company to assist directors in complying with laws and regulations; (5) handling matters related to investor relations. The business execution in 2020 is as follows:</p> <ol style="list-style-type: none"> 1. Assisted independent directors and directors in performing their duties, provided them with necessary information, and arranged continuing education for directors: <ol style="list-style-type: none"> (1). Provided necessary company information to directors, and maintained smooth communication and exchange with directors and business executives. (2). Assisted independent directors in arranging relevant meetings when they needed to have a meeting with chief internal auditor or CPAs to understand the Company's financial business in accordance with the Corporate Governance Best Practice Principles. (3). Please refer to "2020 Directors' Continuing Education" on page 52 of this annual report for information on at least 6 credits of continuing education courses taken by Board members every year. 	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>(4). Evaluated the purchase of appropriate directors' liability insurance.</p> <p>2. Assisted with the procedures of the Board meetings and shareholders' meetings and legal compliance related to resolutions.</p> <p>3. Set the agenda of the Board meetings and notified the directors seven days in advance, convened such meetings and provide directors with meeting materials, and reminded them in advance if any motions require recusal, and completed the meeting minutes within 20 days after such meetings.</p> <p>4. Handled the pre-registration of the date of the shareholders' meeting in accordance with the law, prepared the meeting notice, the meeting handbook, and meeting procedure prior to the legal deadline, and handled change registration for any amendments to the Articles of Incorporation or the re-election of directors.</p>	
V. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has set up sections dedicated to "Stakeholders" and "Corporate Social Responsibility" on the official website with a detailed description of our efforts in governance, environment, and society. In addition, we have engaged a spokesperson and disclosed contact information of various business-related units on the Company's official website, allowing stakeholders to contact corresponding contact points based on different business activities while we can respond to various issues, including corporate social responsibility, appropriately. The relevant information is as follows:	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																																																						
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			<div>to the following:</div> <table><tr><th>Category \ Item</th><th>Issue of concern</th><th>Contact point</th><th>Communication channel</th><th>Communication frequency</th></tr><tr><td rowspan="4">Shareholders</td><td rowspan="4">Business overview and operational performance</td><td rowspan="4">Administration Department Manager Lin #200</td><td>Spokesperson and deputy spokesperson system</td><td>Ongoing</td></tr><tr><td>"Shareholder Services" on the Company's official website</td><td>Ongoing</td></tr><tr><td>Shareholders' meetings</td><td>Once a year</td></tr><tr><td>Investor conference</td><td>Once a year</td></tr><tr><td rowspan="4">Customers</td><td rowspan="4">Customers' ideas and opinions</td><td rowspan="4">Manager Fu at the Sales Department No. 1 (zinc oxide) #800 Sales Department No. 2 (contaminated soils) Manager Chen #880</td><td>Customer satisfaction survey</td><td>Once a year</td></tr><tr><td>Telephone calls from time to time</td><td>Ongoing</td></tr><tr><td>Emails from time to time</td><td>Ongoing</td></tr><tr><td>Dedicated contact points</td><td>Ongoing</td></tr><tr><td rowspan="5">Employees</td><td rowspan="5">Employees' opinions and satisfaction</td><td rowspan="5">Manager Lin at the Administration Department #200</td><td>Remuneration Committee meetings</td><td>Twice a year</td></tr><tr><td>Employees' Welfare Committee meetings</td><td>Once a quarter</td></tr><tr><td>Labor-management meetings</td><td>Once a quarter</td></tr><tr><td>Employee feedback mailbox</td><td>Ongoing</td></tr><tr><td>Grievance mailbox</td><td>Ongoing</td></tr><tr><td rowspan="3">Suppliers</td><td rowspan="3">Supplier availability</td><td rowspan="3">Manager Chang at the Procurement Department #300</td><td>Training & education</td><td>Ongoing</td></tr><tr><td>Supplier survey</td><td>Ongoing</td></tr><tr><td>Assessment of suppliers</td><td>Once a year</td></tr><tr><td></td><td></td><td></td><td>Supplier meetings</td><td>Once a year</td></tr></table>	Category \ Item	Issue of concern	Contact point	Communication channel	Communication frequency	Shareholders	Business overview and operational performance	Administration Department Manager Lin #200	Spokesperson and deputy spokesperson system	Ongoing	"Shareholder Services" on the Company's official website	Ongoing	Shareholders' meetings	Once a year	Investor conference	Once a year	Customers	Customers' ideas and opinions	Manager Fu at the Sales Department No. 1 (zinc oxide) #800 Sales Department No. 2 (contaminated soils) Manager Chen #880	Customer satisfaction survey	Once a year	Telephone calls from time to time	Ongoing	Emails from time to time	Ongoing	Dedicated contact points	Ongoing	Employees	Employees' opinions and satisfaction	Manager Lin at the Administration Department #200	Remuneration Committee meetings	Twice a year	Employees' Welfare Committee meetings	Once a quarter	Labor-management meetings	Once a quarter	Employee feedback mailbox	Ongoing	Grievance mailbox	Ongoing	Suppliers	Supplier availability	Manager Chang at the Procurement Department #300	Training & education	Ongoing	Supplier survey	Ongoing	Assessment of suppliers	Once a year				Supplier meetings	Once a year	
Category \ Item	Issue of concern	Contact point	Communication channel	Communication frequency																																																						
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VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the Transfer Agency of CTBC Bank Co., Ltd. to handle the affairs of our shareholders' meetings.	No difference.																																																						
VII. Information disclosure (I) Does the Company have a website to disclose both the Company's financial standing and corporate	✓		The Company has set up a website to disclose the scope of our business and business-related information, and has set up a section dedicated to stakeholders.	No difference.																																																						

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
governance status?				
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	✓		The Company has designated dedicated personnel responsible for the collection and disclosure of the Company's information, and has engaged a spokespersons and a deputy spokesperson. We also disclose the information on our financial business to shareholders and investors on MOPS while implementing the spokesperson system.	No difference.
(III) Has the Company announced and filed its annual financial report within two months after the end of a fiscal year, and announced and filed the financial reports for the first, second, and third quarters and a report on the operational situation of each month prior to a specified deadline?	✓		We have uploaded the Company's 2020 financial report to MOPS on February 23, 2021. We have also announced and filed our financial reports for the first, second, and third quarters and report on the operational situation of each month in advance before the specified deadline.	No difference.
VIII. Is there any other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk	✓		(1) Employee rights and employee wellness The Company has set up sound and complete systems, including a pension system and an Employees' Welfare Committee system; our employees are entitled to labor and health insurance, group insurance for accidents, medical insurance, and bonuses for three major holidays in Taiwan; irregular employee gatherings, hospitalization allowances, parking spaces, and regular employee health examination and on-the-job training from time	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
management policies and risk evaluation measures, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?			<p>to time every year. In addition, we manage to learn about employees' opinions through labor-management meetings and employee suggestion mailboxes to ensure a harmonious labor-management relationship.</p> <p>(2) Investor relations: The Company discloses information on MOPS honestly according to laws and regulations to protect our investors' rights and interest. Email for investors and the contact information of the spokesperson are available on the Company's website to maintain a healthy and harmonious relationship between the Company and shareholders.</p> <p>(3) Supplier relations We have maintained a positive collaborative relationship with our suppliers, and worked with at least two suppliers for the same material; as such, we can respond quickly to maintain the stability of the delivery in the case of abnormal quality. The Company's material procurement is conducted through bidding, and the principle of winning the bid is the lowest price. The change in suppliers is because of changes in market supply and demand that influence the increase or decrease of the purchase amount.</p> <p>(4) Directors' continuing education In accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, we invite relevant units to</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>offer courses on corporate governance, finance, and law occasionally for directors to continue their education, and assist them to sign up for relevant courses as appropriate.</p> <p>(5) Implementation of the risk management policy and the risk measurement standards We have identified our risk factors based on the operational goals, and formulated corresponding internal control procedures, and implements them to alleviate the risk impact. Please refer to “Risk Analysis” on pages 188 to 191 of this annual report for other details.</p> <p>(6) Implementation of the customer policy To ensure that customer complaints are responded to, and to prevent the recurrence of customer complaints while understanding customers’ satisfaction with our services, the Company conducts a satisfaction survey at the end of each year, and discusses improvement suggestions internally to make improvements accordingly.</p> <p>(7) Purchase of liability insurance for directors The Company has purchased liability insurance for our directors, and submitted a report on the important contents, such as the insured amount, coverage, and contribution rates, to the Board of Directors.</p>	
<p>IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange’s Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved: The Company’s improvements in response to the Corporate Governance Evaluation results include strengthening the disclosure of</p>				

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
information in English, such as release of material information in English and uploading of an English version of our annual financial reports, and engaging a corporate governance officer to be in charge of affairs related to corporate governance.				

4. Composition and Operation of the Remuneration Committee

To improve the salary and remuneration system for directors and managers, the Board of Directors resolved a decision to formulate the Remuneration Committee Charter and to establish the Remuneration Committee in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange on August 4, 2016. The number of members of this committee is three, and should include at least one independent director, all of whom are appointed by a resolution of the Board of Directors.

(1) Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Qualifications	Meets one of the following professional qualification requirements, together with at least five years of work experience			Independence criteria (Note 3)										Number of other public companies where the individual concurrently serves as a remuneration committee member	Remark
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the business of the company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lin, Hung-Tuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Wu, Chuan-Chuan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Chang, Tien-Chin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 3: Please place a "✓" in the corresponding boxes if the members meet the following conditions during the two years prior to the nomination and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by nominees, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked among top 10 in shareholdings.
- (4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship of the person listed in (2) and (3).
- (5) Not a Director, Supervisor or employee of the institutional shareholder who directly holds more than 5% of the outstanding shares issued by the Company, among the top 5 shareholders, or appointed representatives to assume positions as Directors or Supervisors of the Company under Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

- (8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.
- (10) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.

(2) Operation of the Remuneration Committee

- A. There are three members of the Company's Remuneration Committee.
 B. The term of office of the current term is from May 29, 2019 through May 28, 2022. In the most recent year (2020), the Remuneration Committee had held three meetings(A), and the qualifications and the attendance of the members are as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Remark
Convener	Chang, Tien-Chin	3	0	100	-
Member	Wu, Chuan-Chuan	3	0	100	-
Member	Lin, Hung-Tuan	3	0	100	-

Other matters:

- I. If the Board of Directors refuses to adopt or amend a suggestion of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the suggestion of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- II. If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.
- III. The function of the Company's Remuneration Committee is to evaluate the salary and remuneration policy and system of our directors and managers from a professional and objective perspective, and to make suggestions to the Board of Directors as a reference for decision-making. The powers and responsibilities of the Company's Remuneration Committee include:
- (1). Review the Company's remuneration policy and propose amendments regularly.
 - (2). Formulate and review the Company's performance evaluation standards for directors and managers, annual and long-term performance targets, as well as policy, system, standards, and structure of remuneration regularly.
 - (3). Evaluate the achieving of the performance targets of the Company's directors and managers regularly, and determine the content and amount of their individual remuneration based on the evaluation results on the basis of the performance evaluation standards.
- IV. The Remuneration Committee's motions, resolution results, and the Company's handling of such opinions in the most recent year:

Date of the Remuneration Committee meeting	Content of motion	Resolution results	The Company's handling of the Remuneration Committee's opinions
3 th meeting of 3 rd term on 2020.01.15	Discussion on the distribution of remuneration to directors for 2019	Passed by all members of the committee	Submitted to the Board of Directors and approved by all the directors present
	Review of the employee compensation for managers for 2019		
4 th meeting of 3 rd term on 2020.04.20	Amendment to the Company's Remuneration Committee Charter		
5 th meeting of 3 rd term on 2020.10.27	Adjustment to the salary of Manager Hsieh at the Environmental Safety Department		
	Amendment to the Company's Remuneration Committee Charter		

5. Corporate Social Responsibility Implementation Status and Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof															
	Yes	No	Description																
I. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations based on the principle of materiality, and has the Company formulated relevant risk management policies or strategies?	✓		<div><div>The Company has conducted risk assessments of important issues based on the principle of the materiality, and has formulated relevant risk management policies or strategies based on the risks assessed as follows:</div><table><tr><th>Material issue</th><th>Risk assessment item</th><th>Risk management policy or strategy</th></tr><tr><td rowspan="2">Environmental</td><td rowspan="2">Climate strategy</td><td>1. Formulating greenhouse gas management policies, conducting climate change risk assessment, and implementing action plans under the TCFD framework. 2. Disclosing key performance indicators in the corporate social responsibility report, and tracking and reviewing the progress of each target regularly to ensure that the target is achieved. 3. Implementing energy conservation and carbon reduction measures, and improving the efficiency of process equipment. 4. Promoting renewable energy and evaluating plans to install solar power panels on the rooftop.</td></tr><tr><td>1. In 2019, we converted our occupational health and safety management system into ISO 45001. We strive to create a healthy and safe organizational culture. We continue to improve and offer a healthy and safe work environment so that our employees and their families can rest assured. 2. Health checks: General health checks for employees and health checks for special operators are provided each year. Tiered health management is administered according to regulations. 3. A deficiency improvement system has been established for environmental health and safety issues. Any problems identified are immediately registered, notified and followed up for improvement.</td></tr><tr><td rowspan="2">Social</td><td>Occupational Health and Safety</td><td>1. In 2019, we converted our occupational health and safety management system into ISO 45001. We strive to create a healthy and safe organizational culture. We continue to improve and offer a healthy and safe work environment so that our employees and their families can rest assured. 2. Health checks: General health checks for employees and health checks for special operators are provided each year. Tiered health management is administered according to regulations. 3. A deficiency improvement system has been established for environmental health and safety issues. Any problems identified are immediately registered, notified and followed up for improvement.</td></tr><tr><td>Community care</td><td>1. We have sponsored the buses and event activities of the keliao community. This provides safe transportation for young students and senior citizens and promotes community events. 2. We open our plants for school visits to promote education in circular economy. In 2020, there were a total of 253 visitors, the highest number on record. 3. We provide a fund to the township office for overall planning every month to maintain the relationship with the local community.</td></tr><tr><td>Corporate governance</td><td>Company's code of conduct</td><td>1. We have formulated the Code of Conduct to regulate our directors and managers (including the CEO and the General Manager, and any person who has the right to manage and sign on the behalf of the Company) and to prevent conflict of interest and opportunity of seeking personal gains. We also require the Code of Conduct to be fully disclosed. 2. We have formulated the Principles of Ethical Business to regulate and prohibit unethical conduct, and formulated specific approaches to ethical management and unethical conduct prevention programs. 3. The Audit Department has been established under the Board of Directors. The Audit Department drafts, proposes, and executes internal audits and the annual audit plan, covering the risk control and management elements defined by management in corporate governance, operating activities and legal compliance. The audits and inspections serve as the basis for the assessment of the functioning and effectiveness of the internal control system in corporate governance, operating activities and legal compliance.</td></tr></table></div>	Material issue	Risk assessment item	Risk management policy or strategy	Environmental	Climate strategy	1. Formulating greenhouse gas management policies, conducting climate change risk assessment, and implementing action plans under the TCFD framework. 2. Disclosing key performance indicators in the corporate social responsibility report, and tracking and reviewing the progress of each target regularly to ensure that the target is achieved. 3. Implementing energy conservation and carbon reduction measures, and improving the efficiency of process equipment. 4. Promoting renewable energy and evaluating plans to install solar power panels on the rooftop.	1. In 2019, we converted our occupational health and safety management system into ISO 45001. We strive to create a healthy and safe organizational culture. We continue to improve and offer a healthy and safe work environment so that our employees and their families can rest assured. 2. Health checks: General health checks for employees and health checks for special operators are provided each year. Tiered health management is administered according to regulations. 3. A deficiency improvement system has been established for environmental health and safety issues. 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Material issue	Risk assessment item	Risk management policy or strategy																	
Environmental	Climate strategy	1. Formulating greenhouse gas management policies, conducting climate change risk assessment, and implementing action plans under the TCFD framework. 2. Disclosing key performance indicators in the corporate social responsibility report, and tracking and reviewing the progress of each target regularly to ensure that the target is achieved. 3. Implementing energy conservation and carbon reduction measures, and improving the efficiency of process equipment. 4. Promoting renewable energy and evaluating plans to install solar power panels on the rooftop.																	
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Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
II. Has the Company established exclusively (or concurrently) dedicated units to implement CSR, and has the Board of Directors authorized the senior management to be in charge of CSR and to report the status of the handling to the Board of Directors?		✓	The Company has set up a Corporate Social Responsibility Task Force, composed of the General Manager and the heads of various units, with the General Manager as the convener, mainly responsible for policy formulation, business planning and implementation in all aspects of sustainability, to implement corporate governance and to maintain public welfare actively. We pay attention to the fulfillment of our corporate social responsibility in daily operational activities.	The Company will make adjustments based on actual operational situation and legal requirements in the future.
III. Environmental issues				
(I) (I) Has the Company established environmental management systems proper to its industry's characteristics?	✓		The Company has the Environmental Safety Department in place, which monitors and provides employees with a healthy and safe work environment at any time. We have also established an ISO14001 environmental management system.	No difference.
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials with low impact on the environment?	✓		The Taiwan Steel Union was established through joint investment in the steel industry for the purpose of recycling the EAF dust waste from steelmaking to achieve the goal of zero waste.	No difference.
(III) Has the Company assessed the potential risks and opportunities arising from climate change to the Company now and in the future, and taken measures to respond to climate-related issues?	✓		Please refer to Chapter 2 Sustainability Corporate Governance from pages 31 to 32 in Taiwan Steel Union's 2019 CSR report.	No difference.
(IV) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?	✓		Please refer to Chapter 5 Green Manufacturing Process from pages 55 to 65 in Taiwan Steel Union's 2019 CSR report.	No difference.
IV. Social issues				
(I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		To fulfill our corporate social responsibility and protect the basic human rights of our employees, customers, and stakeholders, we support and follow the principles of the United Nations Universal Declaration of Human Rights and other international human rights conventions, respect internationally recognized basic human rights policies, and implement our responsibilities for respecting and protecting human rights. Meanwhile, we treat and respect our employees in a dignified manner, and abide by the labor laws and regulations where the Company is located. The Company's human rights policy applies to the Company and our subsidiaries. Please refer to the Company's official website for the human rights issues and policies about which we are concerned.	No difference.
(II) Has the Company formulated and implemented reasonable employee benefit measures (including salary, leave, and other benefits), and reflect operational performance or results in employee compensation appropriately?	✓		The Company has set up a fair, reasonable, and competitive remuneration system, and established a complete employee benefits in alignment with the requirements of laws and regulations. According to the Articles of Incorporation, if the Company has a profit at the end of a fiscal year, it shall allocate no less than 1% for employee compensation.	No difference.

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(III) Does the Company provide a healthy and safe work environment, and does it offer health and safety training for its employees on a regular basis?	✓		The Company inspects and repairs fire safety and sanitary equipment regularly, and has formulated various safety and health management regulations, and duly implemented them; meanwhile, our employees need to receive education and training on safety and health every year.	No difference.
(IV) Has the Company established effective career development and training plans for its employees?	✓		The Company has formulated the Education and Training Implementation Regulations, and our employees may apply for external education and training courses based on their career needs.	No difference.
(V) Does the Company follow relevant laws and regulations and international standards regarding customer health and safety, customer privacy, as well as marketing and labeling of products and services, and has the Company formulated relevant consumer protection policies and complaint procedures?	✓		Upholding the concept of honesty and integrity, we always keep our promises. We provide customers with the technology, rigorous production, as well as excellent quality and services in line with their requirements.	No difference.
(VI) Has the Company formulated a supplier management policy to require suppliers to comply with relevant regulations on issues, such as environmental protection, occupational safety and health, and labor human rights, and how is the implementation?	✓		The contents of the contracts between the Company and our suppliers include that the suppliers must meet the Company's environmental safety requirements. Any violators shall be punished as required in the contract, and the violation will be included in the Company's annual supplier evaluation.	No difference.
V. Does the Company refer to the internationally accepted standards or guidelines for preparing reports to prepare CSR reports and other reports that disclose the Company's non-financial information? Has the Company obtained the assurance or an assurance opinion from a third-party certification unit about said reports?	✓		We have prepared our CSR reports in accordance with the latest GRI standards and obtained the assurance from a third-party certification unit about such reports.	No difference.
VI. If the Company has the Corporate Social Responsibility Best Practice Principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, describe the implementation and any deviations from the principles: The Company has established the Corporate Social Responsibility Best Practice Principles, and duly implements the principles without any difference.				
VII. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: 1. The Company has passed the ISO14001, ISO14064, and ISO 45001 environmental safety and health management system certification, and our management systems are complete. 2. To respond to the policy of energy conservation, environmental protection, and waste heat recovery, the Company installed slag and waste heat recovery facilities in the rotary kiln to collect, recycle, and reuse waste heat from the process to reduce the use of coke and greenhouse gases from oil fuels, to achieve the purpose of carbon reduction. 3. To ensure the environmental quality of the area where the Company's plants are located, the Company allocates a certain amount of a fund to the Shengang Township and the Xianxi Township, Changhua County, every month based on the actual volume of EAF dust, to enhance the harmony and prosperity of the local community.				

6. Ethical Corporate Management Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company formulate an ethical corporate management policy approved by the Board of Directors, and declare its ethical corporate management policies and procedures in its guidelines and external documents? Do the Board of Directors and the management work proactively to implement their commitment to those management policies?	✓		The Company's Board of Directors has approved the formulation of the Principles of Ethical Business and placed it on the MOPS, demonstrating the Company's Board of Directors' and management's commitment to ethical management to the society.	No difference.
(II) Has the Company established policies to prevent unethical conduct, analyzed and evaluated business activities with a high risk of unethical conduct within the business scope regularly, and established an appropriate prevention program against unethical conduct, which contains the preventive measures for activities stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company shall not provide or promise any bribery, and requires our personnel to avoid engaging in business dealings with distributors, suppliers, customers, or other business partners with unethical conduct. Upon discovery of unethical conduct in business transactions or partners, we stop business dealings with them immediately and blacklist them accordingly. In addition, with a whistleblowing system and internal audits for irregular monitoring, we ensure that our employees are not engaged in business activities with a risk of unethical conduct.	No difference.
(III) Has the Company clearly specified relevant procedures, conduct guidelines, punishments for violation, and rules for appeal in said prevention program, and does the Company implement it accordingly and review and revise it regularly?	✓		The Company's Board of Directors has adopted the Procedures for Ethical Management and Guidelines for Conduct to clearly regulate the procedures for avoidance of personal interest and improper interest, and to duly implement them in accordance with the measures while reviewing and revising such measures regularly based on actual operations or amendments to laws and regulations.	No difference.
II. Fulfillment of Ethical Corporate Management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		When the Company signs a contract with a supplier, the contract contains the clauses of ethical conduct. In addition, we conduct investigations into customers' credit to avoid unethical conduct that harm the Company's interests.	No difference.
(II) Has the Company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board regularly (at least once a year) on its ethical management policy, the unethical conduct prevention program, and the supervision and implementation status?	✓		The Company designated the Administration Department as a dedicated unit to be responsible for assisting the Board of Directors and the management in formulating and supervising the implementation of the ethical management policy and the prevention program to ensure the implementation of the Principles of Ethical Business. The dedicated unit reported on the implementation of the 2020 ethical management operations at the 9 th meeting and 10 th Board of Directors on January 29, 2021: 1. Training & education To strengthen ethical management and ethical concepts, we hold awareness-raising events and tests regarding the Principles of Ethical Business, material information processing procedures, and insider trading-related regulations every year, and offered the online learning class "Ethical Management Regulations Compliance, Internal Material Information Processing Procedures, and Insider Trading Prevention Policy" and required our employees to take an online test after the class in 2020. The completion rate was 100%, and the class and the test lasted for around one hour. 2. Whistleblower system We have established a specific whistleblower system in the Corporate Governance Best Practice	No difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			Principles, the Principles of Ethical Business, and the Procedures for Ethical Management and Guidelines for Conduct, to prevent unethical conduct actively and encourage internal and external personnel to report unethical conduct or improper behavior. We have designated the Administration Department to be responsible for accepting reports of employees engaging in unethical conduct. In "Contact Us" on the official website, we have set up "Illegal or Unethical Conduct Reporting System" and we ensure the confidentiality of the informant's identity and the content of the report and promises that the informant will not be treated improperly for such reporting. In 2020, we received zero report.	
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		In addition to formulating the Principles of Ethical Business and operating guidelines for all employees to follow, the Company raises employees' awareness from time to time to prevent conflicts of interest.	No difference.
(IV) Has the Company established effective systems for both accounting and internal control to implement ethical corporate management, and the internal audit unit devised relevant audit plans based on the assessment results of unethical conduct risks, and audited the compliance with the unethical conduct prevention program accordingly, or appointed a CPA to perform the audit?	✓		The Company has an accounting system in place, which is revised in a timely manner in response to the laws and regulations of the competent authority, the International Financial Reporting Standards and International Accounting Standards endorsed by the Financial Supervisory Commission (FSC), or actual business needs. The Company's internal control system is revised in response to the operational situation, and changes in the environment and relevant laws and regulations to ensure that our system continues to be effective. This year's internal audit was based on the risk assessment results and therefore was not included in the annual audit plan.	No difference.
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		The Company duly implements the ethical management policy. To strengthen ethical management and ethical concepts, we hold awareness-raising events and tests regarding the Principles of Ethical Business, material information processing procedures, and insider trading-related regulations every year, and offered the online learning class "Ethical Management Regulations Compliance, Internal Material Information Processing Procedures, and Insider Trading Prevention Policy" and required our employees to take an online test after the class in 2020. The completion rate was 100%, and the class and the test lasted for around one hour.	No difference.
III. Operation of the Whistleblowing System (I) Has the Company established both a whistleblowing/reward system and convenient whistleblowing channels? Are appropriate personnel assigned to investigate the accused party?	✓		The Company has established a specific whistleblower system in the Corporate Governance Best Practice Principles, the Principles of Ethical Business, and the Procedures for Ethical Management and Guidelines for Conduct, to prevent unethical conduct actively and encourage internal and external personnel to report unethical conduct or improper behavior. We have designated the Administration Department to be responsible for accepting reports of employees engaging in unethical conduct. In "Contact Us" on the official website, we have set up "Illegal or Unethical Conduct Reporting System" and we ensure the confidentiality of the informant's identity and the content of the report and promises that the informant will not be treated improperly for such reporting. In 2020, we received zero report.	No difference.
(II) Has the Company established standard operating procedures for the investigation into reported matters, subsequent measures to be taken after the investigation is completed, and relevant confidentiality mechanism?	✓		The Company has established the Procedures for Ethical Management and Guidelines for Conduct, which specifies the whistleblowing investigation procedures and the confidentiality mechanisms.	No difference.
(III) Does the Company provide protection to whistleblowers against receiving improper treatment?	✓		The Company keeps whistleblowers' personal information confidential, and promises to protect whistleblowers from improper treatment due to whistleblowing.	No difference.
IV. Enhanced disclosure of corporate social responsibility information (I) Does the Company disclose its ethical corporate management policies and the	✓		The Company discloses the content of the Company's Principles of Ethical Business and the	No difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
results of its implementation on the Company's website and MOPS?			implementation thereof during the year under the Corporate Governance of the MOPS and the Company's official website.	
V. V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles: The Company has established the Principles of Ethical Business, and duly implements the principles without any difference.				
VI. VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies) None.				

7. If the Company has adopted corporate governance best practice principles or relevant bylaws, the inquiry method shall be disclosed:

The Company has formulated the Corporate Governance Best Practice Principles, the Code of Conduct, the Principles of Ethical Business, and the Procedures for Ethical Management and Guidelines for Conduct, and disclosed them in Establishing Relevant Corporate Governance Regulations and Rules under the Corporate Governance section on the MOPS.

8. Other important information to facilitate better understanding of the operation of the Company's corporate governance

(1) The Company's internal material information processing operating procedures:

The Company has established the Procedures for Processing Internal Material Information, which clearly regulates the handling and disclosure mechanism of internal material information as the guidelines for our directors, managers, and employees to follow. Relevant regulations have been submitted to and approved by the Board of Directors, and have been announced inside the Company while relevant education and training have been offered to all employees.

(2) The licenses designated by the competent authority obtained by the Company's personnel related to financial information:

License	Financial accounting
Certified Public Accountant of the Republic of China	2 people

(3) Directors' continuing education in 2020

Title	Name	Date	Organizer	Class title	Training hours
Chairman	Mark Lin	2020/04/29	Securities and Futures Institute	Enterprise Sustainability Accelerator: CSR, ESG, and SDGs	3
		2020/10/30	Taiwan Corporate Governance Association	The Key to Success or Failure of Family Business Inheritance	3
Director	Lin, Chih-Kang	2020/04/22		The Response to and Application of the Corporate Governance Evaluation by the Board of Directors	3
	Chen, Fu-Chin				
	Liu, Ming-Tsung				
	Huang, Huang-Chang				
	Chen, Mei-Hui				
Independent Director	Yeh, Shih-Cheng	2020/07/23		Corporate Governance and Corporate Social Responsibility Development Trends and Examples	3
	Wu, Chuan-Chuan				
	Lin, Hung-Tuan				
Director	Chang, Tien-Chin	2020/05/04		Strategies for Business Management and News Crisis Management	3
	Lin, Chih-Kang				
	Chen, Fu-Chin				
	Liu, Ming-Tsung				
	Huang, Huang-Chang				
Independent Director	Chen, Mei-Hui	2020/08/11		Necessary Knowledge of Taxation Laws and Legal Responsibilities for Directors	3
	Yeh, Shih-Cheng				
	Wu, Chuan-Chuan				
Director	Lin, Hung-Tuan	2020/05/04		Strategies for Business Management and News Crisis Management	3
	Chang, Tien-Chin				
	Huang, Wei-Han				

9. Implementation of Internal Control System

(1) Statement on Internal Control System

Taiwan Semiconductor Manufacturing Company Limited Statement of Internal Control System

February 23, 2021

Based on the findings of a self-assessment, Taiwan Semiconductor Manufacturing Company Limited (TSMC) states the following with regard to its internal control system during the year 2020:

- I. TSMC's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and TSMC takes immediate remedial actions in response to any identified deficiencies.
- III. TSMC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control:
 1. control environment,
 2. risk assessment,
 3. control activities,
 4. information and communication, and
 5. monitoring activities.Each component also includes several items which can be found in the "Regulations".
- IV. TSMC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, TSMC believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement is an integral part of TSMC's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. This Statement was passed by the Board of Directors in their meeting held on February 23, 2021, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Taiwan Semiconductor Manufacturing Company Limited
Mark Lin,
Chairman
C.C. Wei,
Chief Executive Officer

- (2) If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: The Company did not appoint a CPA to review the internal control system.
10. Penalties imposed upon the Company and its employees in accordance with the law or penalties imposed by the Company upon its employees for the violation of the internal control system policy with a significant impact on shareholders' equity or the prices of securities, principal deficiencies, and improvement during the most recent fiscal year up to the date of publication of the Annual Report: None.
11. Major resolutions of shareholders' meeting and the Board meetings during the most recent fiscal year up to the date of publication of the Annual Report

(1) Major Resolutions of Shareholders' Meeting and Implementation

Date/Meeting	Major resolutions	Implementation
May 28, 2020 2020 Annual Shareholders' Meetings	Ratification the 2019 business report and financial statements.	N/A
	Ratification of the 2019 earnings distribution proposal	The ex-dividend record date is June 21, 2020, and cash dividends were be paid out on July 15, 2020.
	Amendment to the Company's Operating Procedures for Loans to Others.	Proceeded in accordance with the amended procedures.
	Amendment to the Company's Endorsements and Guarantees Regulations.	Proceeded in accordance with the amended procedures.
	Amendment to the Company's Procedures for Acquisition or Disposal of Assets.	Proceeded in accordance with the amended procedures.

(2) Important resolutions of the Board of Directors

Meeting Date	Major resolutions
January 15, 2020	<ol style="list-style-type: none"> 1. Discussion on the distribution of remuneration to directors for 2019 2. Discussion on the distribution of employee compensation for 2019 3. Review of the employee compensation for managers for 2019 4. Proposal for adjustment to the reason for the endorsement/guarantee provided to the short-term loan taken out by the subsidiary Taiwan Steel Resources from the CTBC Bank Co., Ltd. 5. Proposal for the Company's personnel change
February 21, 2020	<ol style="list-style-type: none"> 1. Discussions on the Company's 2019 financial statements and business report 2. Proposal for the Company's 2019 earnings distribution 3. Proposal for payout of the Company's 2019 cash dividends 4. Submitted a proposal for issue of the Company's 2019 statement on the internal control system 5. Proposal for holding of the Company's 2020 annual shareholders' meeting, acceptance of shareholders' proposals, and other relevant matters 6. Proposal for the 2020 operating budget

Meeting Date	Major resolutions
	<ol style="list-style-type: none"> 7. Proposal for appointment of Yen, Hsiao-Fang and Chiang, Shu-Ching, CPAs at Deloitte & Touche, to audit the 2020 financial statements and tax reports and their professional audit fees 8. Amendment to the Company's Financial Statement Preparation Process Management Regulations
March 20, 2020	<ol style="list-style-type: none"> 1. Proposal for modification of the authorization of payout of the Company's 2019 cash dividends 2. Proposal for modification of affairs related to the holding of the Company's 2020 annual shareholders' meeting, and other relevant matters
April 22, 2020	<ol style="list-style-type: none"> 1. Report on preparation of consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the first quarter of 2020 2. Amendment to the Company's Related Party Transactions Management Regulations 3. Amendment to the Company's Remuneration Committee Charter 4. Amendment to the Company's Procedures for Ethical Management and Guidelines for Conduct 5. Amendment to the Company's Corporate Social Responsibility Best Practice Principles 6. Amendment to the Company's Corporate Governance Best Practice Principles 7. Proposal for modification of the 2020 operating budget
July 23, 2020	<ol style="list-style-type: none"> 1. Report on preparation of consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the second quarter of 2020 2. Amendment to the Company's Internal Control System-R&D Cycle 3. Abolition of the Company's BO-002 Approval Authority List and setting of BO-003 Appraisal Authority List 4. Amendment to the Company's accounting system 5. Proposal for modification of the 2020 operating budget 6. Application for extension of general loans for working capital
October 29, 2020	<ol style="list-style-type: none"> 1. Report on preparation of consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the third quarter of 2020 2. Submission of the Company's 2021 annual audit plan 3. Amendment to the Company's Rules of the Scope of Powers of Independent Directors 4. Amendment to the Company's Risk Management Policy 5. Amendment to the Company's Remuneration Committee Charter 6. Amendment to the Company's Regulations on Relevant Financial Operations between Affiliated Enterprises 7. Amendment to the Company's Rules of the Performance Evaluation of the Board of Directors 8. Amendment to the Company's Rules of Elections of Directors 9. Application for extension of general loans for working capital 10. Adjustment to the salary of Manager Hsieh at the Environmental Safety Department

Meeting Date	Major resolutions
	11. Proposal for maintenance of the endorsement/ guarantee provided by the Company to Taiwan Steel Resources
January 29, 2021	1. Discussion on the distribution of remuneration to directors for 2020 2. Discussion on the distribution of employee compensation for 2020 3. Review of the employee compensation for managers for 2020 4. Proposal for appointment of Yen, Hsiao-Fang and Chiang, Shu-Ching, CPAs at Deloitte & Touche, to audit the 2021 financial statements and tax reports and their professional audit fees 5. Adjustment to the Company's Rules of Procedures for Shareholders' Meetings 6. Amendment to the Company's Financial Statement Preparation Process Management Regulations 7. Amendment to the Company's Information System Processing System 8. Proposal for capital increase for the subsidiary Taiwan Steel Resources 9. Proposal for the 2021 operating budget 10. Application for extension of general loans for working capital
February 23, 2021	1. Discussions on the Company's 2020 financial statements and business report 2. Proposal for the Company's 2020 earnings distribution 3. Proposal for payout of the Company's 2020 cash dividends 4. Submitted a proposal for issue of the Company's 2020 statement on the internal control system 5. Proposal for holding of the Company's 2021 annual shareholders' meeting, acceptance of shareholders' proposals, and other relevant matters 6. Proposal for appointment of the Company's corporate governance officer 7. Proposal for the corporate governance officer's salary 8. Adjustment to the Company's Rules of Procedures for Shareholders' Meetings 9. Application for extension of general loans for working capital

12. Any dissenting opinion expressed by a director with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the date of publication of the Annual Report, where said dissenting opinion has been recorded or prepared as a written declaration: None.
13. A summary of resignations and dismissals of the Company's Chairman, president, accounting manager, financial manager, chief internal auditor, or R&D officer during the most recent fiscal year and up to the date of publication of the Annual Report: None.

V. Information on CPA Professional Fees:

CPA firm	Name of CPAs		Audit period	Remarks
Deloitte & Touche	Yen, Hsiao-Fang	Chiang, Shu-Ching	January 1, 2020 through December 31, 2020	—

Unit: NT\$1,000

Range of fees		Category of fees	Audit fee	Non-audit fee	Total
1	Less than NT\$2,000,000		✓	-	✓
2	NT\$2,000,000 (inclusive)–NT\$4,000,000		-	-	-
3	NT\$4,000,000 (inclusive)–NT\$6,000,000		-	-	-
4	NT\$6,000,000 (inclusive)–NT\$8,000,000		-	-	-
5	NT\$8,000,000 (inclusive)–NT\$10,000,000		-	-	-
6	NT\$10,000,000 or more		-	-	-

1. When non-audit fees paid to a CPA, to the accounting firm of the CPA, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed:

Unit: NT\$1,000

CPA firm	Name of CPAs	Audit fee	Non-audit fee					Audit period	Remarks
			System design	Business registration	Human resources	Others	Subtotal		
Deloitte & Touche	Yen, Hsiao-Fang	1,902	-	-	-	-	-	January 1, 2020 through December 31, 2020	-
	Chiang, Shu-Ching		-	-	-	-	-		

2. When the company has replaced its accounting firm and the audit fees paid for the fiscal year in which such replacement took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the replacement and the reasons shall be disclosed: None.
 3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.
- VI. Information on Replacement of CPAs: None.
- VII. Where Company Chairman, President, or Any Manager in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Firm or at an Affiliated Enterprise of Such CPA Firm, Name, Title, and Period of Employment in Such Firms Shall be Disclosed: None.
- VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Manager, or Shareholder with a Stake of More than 10 Percent:

1. Share changes by directors, managers, and major shareholders

Unit: Shares

Title	Name	2020 (Note 1)		2021 (as of March 29, 2021)	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Director, CEO, and major shareholder	Feng Hsin Steel Co., Ltd.	753,000	—	464,000	—
Legal representative of director Chairman	Mark Lin	—	—	—	—
Legal representative of director	Lin, Chih-Kang	—	—	—	—
Director and major shareholder	Tung Ho Steel Enterprise Corp.	—	—	—	—
Legal representative of director	Liu, Ming-Tsung	—	—	—	—
Legal representative of director	Chen, Fu-Chin	—	—	—	—
Director	Hai Kwang Enterprise Corporation	—	(9,691,512)	—	—
Legal representative of director	Huang, Wei-Han	—	—	—	—
Director	Shyeh Sheng Fuat Steel & Iron Works Co., Ltd.	—	—	—	—
Legal representative of director	Huang, Huang-Chang	—	—	—	—
Director	Chien Shun Steel Co., Ltd.	—	—	—	—
Legal representative of director	Chen, Mei-Hui	—	—	—	—
Director	United Steel Corporation	—	—	—	—
Legal representative of director	Yeh, Shih-Cheng	—	—	—	—
Independent Director	Lin, Hung-Tuan	—	—	—	—
Independent Director	Wu, Chuan-Chuan	—	—	—	—
Independent Director	Chang, Tien-Chin	—	—	—	—
General Manager	Fang, Yen-Bin	—	—	—	—
Vice General Manager	Lin, Tsai-Hsiang	50,000	—	—	—
Factory Manager of Production Department	Yang, Ming-Chu	—	—	—	—
Manager of Sales Department No. 1	Fu, Fang-Li	—	—	—	—
Manager of Sales Department No. 2	Chang, Pi-Yu (Note 2)	—	—	—	—
Head of Maintenance Department	Yu, Ching-Nan	—	—	—	—
Manager of Procurement Department	Chang, Chih-Yang	7,000 (11,000)	—	—	—
Manager of Environmental Safety Department	Su, Wen-Hung (Note 3)	—	—	—	—
Head of Audit Department	Chao, Yu-Chiao	5,000 (15,000)	—	—	—
Manager of Administration Department	Lin, Kun-Chieh	—	—	—	—
Section Chief of Warehousing Department	Li, Yang-Sheng (Note 4)	—	—	—	—
Section Chief of Information Management Department	Chang, Che-Chia	—	—	—	—

Note 1: The changes in the shareholdings of retired directors and managers were counted as of the last day of work.

Note 2: Dismissed on January 31, 2020.

Note 3: Dismissed on February 1, 2020.

Note 4: Dismissed on February 27, 2021.

2. Information on the counterparty of the share transfer: None.

3. Information on the counterparty of the share pledged: None.

IX. Relationship among the Company's 10 Largest Shareholders, Who Are Related Parties, Spouses, or Relatives within Second Degree of Kinship to Each Other:

Record date: March 29, 2021; unit: share/%

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Among the ten largest shareholders, name and relationship if they are related parties, spouses, or relatives within the second degree of kinship to each other.		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Tung Ho Steel Enterprise Corp. Representative: Hou, Chieh-Teng	24,829,009	22.31	—	—	—	—	None	None	
	—	—	—	—	—	—	None	None	
Feng Hsin Steel Co., Ltd. Representative: Mark Lin	23,743,587	21.34%	—	—	—	—	None	None	
	2,000	0.00	239,000	0.21	—	—	None	None	
Hai Kwang Enterprise Corporation Representative: Huang, Wei-Han	9,691,512	8.71	—	—	—	—	None	None	
	—	—	—	—	—	—	None	None	
Shyeh Sheng Fuat Steel & Iron Works Co., Ltd. Representative: Huang, Huang-Chang	9,677,573	8.70	—	—	—	—	None	None	
	—	—	60,000	0.05	—	—	None	None	
Chien Shun Steel Co., Ltd. Representative: Wang, Pi-Chang	6,116,469	5.50	—	—	—	—	None	None	
	—	—	—	—	—	—	None	None	
Fubon Life Insurance Co., Ltd. Representative: Tsai, Ming-Hsing	4,300,000	3.86	—	—	—	—	None	None	
	—	—	—	—	—	—	None	None	
Lung Ching Steel Enterprise Co., Ltd. Representative: Hsieh, Chin-Nan	4,062,637	3.65	—	—	—	—	None	None	
	—	—	—	—	—	—	None	None	
United Steel Corporation Representative: Yeh, Shih-Cheng	3,767,671	3.39	—	—	—	—	None	None	
	—	—	—	—	—	—	None	None	
Wei Chih Steel Industrial Co., Ltd. Representative: Kuo, Jui-Hsi	3,351,449	3.01	—	—	—	—	None	None	
	—	—	—	—	—	—	None	None	
World Best Co., Ltd. Representative: Wu, Pei-Hsuan	2,305,000	2.07	—	—	—	—	None	None	
	—	—	—	—	—	—	None	None	

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company:

Unit: Shares/%

Investee (Note)	Investment by the Company		Investment by directors/managers and by companies directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Taiwan Steel Resources	149,000,000	100	—	—	149,000,000	100

Note: Long-term investment made by the Company using the equity method.

Four. Capital Overview

I. Capital and Shares

1. Sources of capital

(1) Capital formation process

Unit: NT\$1,000/1,000 shares

Month / year	Issue price (NTD)	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital increase by assets other than cash	Others
5/1995	10	5,000	50,000	1,500	15,000	Capital for incorporation	None	Note 1
12/1996	10	50,000	500,000	30,000	300,000	Capital increase in cash by issue of 28,500,000 shares	None	Note 2
9/1998	10	50,000	500,000	40,000	400,000	Capital increase in cash by issue of 10,000,000 shares	None	Note 3
8/2005	10	100,000	1,000,000	91,560	915,600	Capital increase in cash by issue of 50,000,000 shares and capitalization of earnings by issue of 1,560,000 shares	None	Note 4
7/2007	10	120,000	1,200,000	112,436	1,124,357	Capitalization of earnings by issue of 20,876,000 shares	None	Note 5
7/2008	10	130,000	1,300,000	128,402	1,284,015	Capitalization of earnings by issue of 15,966,000 shares	None	Note 6
8/2013	10	160,000	1,600,000	135,592	1,355,920	Capitalization of earnings by issue of 7,190,000 shares	None	Note 7
7/2014	10	160,000	1,600,000	142,778	1,427,784	Capitalization of earnings by issue of 7,186,000 shares	None	Note 8
12/2015	10	160,000	1,600,000	99,945	999,449	Capital reduction in cash by cancellation of 42,833,000 shares	None	Note 9
2/2018	86	160,000	1,600,000	111,271	1,112,709	Capital increase in cash by issue of 11,326,000 shares	None	Note 10

Note 1: Incorporation was approved by the Letter Jian-San-Yi-(84) No. 342715 dated May 24, 1995

Note 2: Approved by Letter Jing-(85)-Shang No. 121465 dated December 20, 1996.

Note 3: Approved by Letter Jing-(087)-Shang No. 087124918 dated September 1, 1998.

Note 4: Approved by Letter Jing-Shou-Shang No. 09401153940 dated August 12, 2005.

Note 5: Approved by Letter Jing-Shou-Shang No. 09601156390 dated July 6, 2007.

Note 6: Approved by Letter Jing-Shou-Shang No. 09701160200 dated July 4, 2008.

Note 7: Approved by Letter Jing-Shou-Shang No. 10201175800 dated August 27, 2013.

Note 8: Approved by Letter Jing-Shou-Shang No. 10301148930 dated July 28, 2014.

Note 9: Approved by Letter Jing-Shou-Shang No. 10401266360 dated December 14, 2015.

Note 10: Approved by Letter Jing-Shou-Shang No. 10701016820 dated February 13, 2018.

(2) Types of shares

Unit: Shares

Types of shares	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Ordinary shares	111,270,887	48,729,113	160,000,000	Listed stock

(3) Information related to the shelf registration system: None.

2. Shareholder structure

March 29, 2021

Structure Volume	Government agencies	Financial institutions	Other institutional shareholders	Domestic natural persons	Foreign institutions and natural persons	Total
Number of shareholders (person)	0	3	38	3,017	24	3,082
Shareholding (shares)	0	5,412,000	90,908,071	14,083,566	867,250	111,270,887
Percentage (%)	0.00	4.86	81.70	12.66	0.78	100

Note: The Company does not have shareholders from China.

3. Shareholding distribution status

(1) Ordinary shares

March 29, 2021

Range of shareholding	Number of shareholders	Shares	Percentage (%)
1-999	347	27,979	0.03%
1,000-5,000	2,203	4,251,934	3.82%
5,001-10,000	241	1,878,043	1.69%
10,001-15,000	87	1,128,000	1.01%
15,001-20,000	52	959,000	0.86%
20,001-30,000	53	1,345,000	1.21%
30,001-40,000	24	868,000	0.78%
40,001-50,000	12	555,000	0.50%
50,001-100,000	32	2,252,000	2.02%
100,001-200,000	13	1,582,000	1.42%
200,001-400,000	6	1,712,000	1.54%
400,001-600,000	0	0	0.00%
600,001-800,000	0	0	0.00%
800,001-1,000,000	1	862,000	0.77%
Over 1,000,001	11	93,849,931	84.35%
Total	3,082	111,270,887	100.00%

(2) Preference shares: None.

4. List of major shareholders

March 29, 2021

Shareholding Name of shareholder	Shares	%
Tung Ho Steel Enterprise Corp.	24,829,009	22.31%
Feng Hsin Steel Co., Ltd.	23,743,587	21.34%
Hai Kwang Enterprise Corporation	9,691,512	8.71%
Shyeh Sheng Fuat Steel & Iron Works Co., Ltd.	9,677,573	8.70%
Chien Shun Steel Co., Ltd.	6,116,469	5.50%
Fubon Life Insurance Co., Ltd.	4,300,000	3.86%
Lung Ching Steel Enterprise Co., Ltd.	4,062,637	3.65%
United Steel Corporation	3,767,671	3.39%
Wei Chih Steel Industrial Co., Ltd.	3,351,449	3.01%
World Best Co., Ltd.	2,305,000	2.07%

5. Share prices for the past two fiscal years, with market price per share, company net worth per share, earnings per share, dividends per share, and relevant information

Unit: 1,000 shares/NT\$1,000

Item	Year	2019	2020	2021 (as of April 29, 2021) (Note 5)
Market price per share (Note 1)	Highest	104.5	84.3	83.00
	Lowest	82.90	44.0	68.40
	Average	92.66	66.87	73.60
Net worth per share	Before distribution	30.90	31.97	29.56
	After distribution	28.30	28.97	Not yet distributed
Earnings per share	Weighted average shares	111,271	111,271	111,271
	Earnings per share	3.58	3.66	0.59
Dividends per share	Cash dividends	2.60	3	Not yet distributed
	Stock dividends	Not yet distributed	—	Not yet distributed
	Not yet distributed	—	—	Not yet distributed
	Cumulative undistributed dividends	—	—	—
Return on investment	Price/earnings ratio (Note 2)	25.88	18.27	—
	Price/dividend ratio (Note 3)	35.64	22.29	Not yet distributed
	Cash dividend yield rate (Note 4)	2.81%	4.49%	Not yet distributed

Note 1: The highest and lowest market prices of ordinary shares in each year are listed, and the average market prices for each year are calculated based on the trading value and volume of each year.

Note 2: Price/earnings ratio = Average closing price per share for the year/Earnings per share

Note 3: Price/dividend ratio = Average closing price per share for the year/Cash dividend per share.

Note 4: Cash dividend yield = Cash dividends per share/Average closing price per share for the current fiscal year.

Note 5: The net worth per share and earnings per share are based on the information reviewed by the CPAs in the most recent quarter as of the publication date of the Annual Report; data of the current year as of the publication date of the Annual Report shall be entered in the remaining fields.

6. Dividend policy and implementation

(1) Dividend policy:

If there is a surplus at the end of a fiscal year, the Company shall first pay taxes to compensate the cumulative deficit; then, allocate 10 percent for the legal reserve unless the legal reserve has reached the amount of Company's paid-in capital. Then, the Company shall allocate an amount for or reverse the special reserves in accordance with relevant laws and regulations or the regulations of the competent authority. Any remaining balance and the undistributed earnings accumulated from the past shall be the earnings that can be distributed to shareholders. If the Company has no major capital expenditures, it shall appropriate at least 70% of the net income after tax for the year as dividends for shareholders.

The Company's dividend can be distributed in the form of cash dividends and stock dividends. However, considering the company's current and future investment environment, capital needs, domestic and overseas competition conditions, and capital budgets, as well as shareholders' interest, and balance of dividends and the Company's long-term financial planning, the ratio of cash dividend for distribution shall not be less than 10% of the total dividends to be distributed, but the actual distribution ratio shall still be subject to the resolution adopted by the shareholders' meeting.

(2) Proposed dividend distribution for this year's shareholders' meeting:

The Company's Board of Directors, on February 23, 2021, proposed to distribute a dividend of NT\$333,812,661 with NT\$3.0 per share to shareholders, all of which is distributed in cash. If subsequent repurchases of the Company's shares or the transfer, conversion, or cancellation of treasury shares affects the number of outstanding shares, and changes the shareholder's payout ratio as a result, the Company will propose to request the shareholders' meeting to authorize the Chairman to handle it with full authority.

The Company will propose to request the shareholders' meeting to ratify the earnings distribution proposal, and to authorize the Chairman to determine the record date and the payout date of cash dividends.

(3) In the case of an expected major change in the dividend policy, the distribution shall be further explained: N/A.

7. Effect upon business performance and earnings per share of any stock dividend

distribution proposed or adopted at the most recent shareholders' meeting: N/A.

8. Compensation of employees and directors

- (1) The percentages or ranges with respect to employee and director compensation, as set forth in the Company's Articles of Incorporation.

The Company shall allocate not less than 1% of annual net income before tax before employee, director, and supervisor compensation is deducted as employee compensation. The Board of Directors resolves a decision to distribute it in stock or cash, and the recipients include employees of controlling or affiliated companies who meet the criteria set by the Board of Directors. The Company's Board of Directors may resolve a decision to allocate no more than 3% of said net income before tax as director and supervisor compensation. If the Company still has a cumulative deficit (including adjustments to the amount of undistributed earnings), it shall reserve an amount for compensation in advance, and then allocate an amount for employee, director, and supervisor compensation based on the percentages in the preceding paragraph.

- (2) The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The compensation payable by the Company to employees and directors is estimated based on the provisions set forth in the Company's Articles of Incorporation, with the past experience and the amount that may be paid in the future considered, and is recognized as the current year's expenses. The discrepancy is treated by being recognized as the changes in accounting estimates in the profit or loss of the year in which the resolution of the Board of Directors took place when the Board of Directors passed the resolution. If there is a significant discrepancy between the amount as resolved by the Board of Directors and the estimated amount, the original annual expenses will be adjusted. If there is still a change in the amount after the financial report has been passed, it will be treated as a change in accounting estimates and adjusted and recognized in the following year.

- (3) Information on any approval by the Board of Directors of distribution of compensation

- I. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

As per the resolution adopted by the Board of Directors on January 29, 2021, the Company will distribute NT\$22,230,200 for employee compensation and NT\$7,200,000 for director compensation for 2020 in accordance with the Company's Articles of Incorporation, both of which will be paid in cash.

There is no discrepancy between the employee and director compensation approved by the Board of Directors and the amount recognized for 2020.

- II. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company-only financial reports or individual financial reports for the current period and total employee compensation:

The amount of employee compensation distributed in stocks is NT\$0, accounting for 0 percent of the sum of the after-tax net income stated in the parent company-only financial reports for the current period and total employee compensation.

- (4) The actual distribution of employee and director compensation for the previous fiscal year (2019) (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, the discrepancy, cause, and how it is treated shall be specified:

The Company's Board of Directors resolved a decision on January 15, 2020 to distribute 2019 employee and director compensation, and the discrepancy between the actual amounts and the estimated one is as follows:

Unit: NT\$1,000

Item	Amount as resolved by the Board of Directors	Estimated amount for 2019	Discrepancy	Reason and treatment method
Employee compensation in cash	20,326.2	20,326.2	-	Reason for discrepancy: None. Treatment: None.
Director compensation	7,200	7,200	-	Reason for discrepancy: None. Treatment: None.

9. Share repurchases: None.
- II. Corporate Bonds: None.
- III. Preference Shares: None.
- IV. Global Depository Shares: None.
- V. Employee Stock Options: None.
- VI. New Restricted Employee Shares: None.
- VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.
- VIII. Implementation of the fund utilization plan: As of the quarter prior to the publication date of the Annual Report, the Company did not have any unfinished issue or any issue completed within the last three years with the benefits not yet happening, hence not applicable.

Five. Operational Highlights

I. Business Activities

1. Scope of Business

(1) Principal business activities

J101030	Waste Disposing
J101040	Waste Treatment
CA01990	Other Non-ferrous Metal Basic Industries
C901030	Cement Manufacturing
C901040	Manufacture of Ready-mix Concrete
C901050	Cement and Concrete Products Manufacturing
C901990	Other Non-Metallic Mineral Products Manufacturing
J101080	Resource Recycling
J101090	Waste Disposal
I199990	Other Consulting Service
ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Proportion of main products

Unit: NT\$1,000

Product \ Year	2020		2019	
	Amount	%	Amount	%
Sales of zinc oxide	1,090,167	67.20	1,381,744	83.71
Removal and reuse	531,940	32.79	268,952	16.29
Others	122	0.01	5	0.00
Total	1,622,229	100.00	1,650,701	100.00

(3) The Company's current products (services)

- A. Clearance and reuse of EAF dust, reducing slags, and oxidizing slag.
- B. Reuse of off-site contaminated soil (contaminated soils, such as heavy metals and TPH, treated off-site).
- C. Sale of crude zinc oxide.
- D. Sale of concrete aggregate; base materials or aggregates for the base of pavement engineering (roads, pedestrian walks, container yards or parking spaces); asphalt concrete aggregate; controlled low-strength backfill material aggregates; concrete products aggregates.
- E. Sale of controlled low-strength materials (CLSMs) and non-structured ready-mixed concrete

(4) New products (services) planned to be developed

- A. Reuse of dust from other steel mill plants.
- B. Reuse of dust from dumpsites.
- C. Reuse of other zinc-contained wastes.
- D. Reuse of washed fly ashes and medical incinerators ashes.
- E. Reuse of waste alkaline zinc-manganese batteries.
- F. Reuse of electroplating sludge.
- G. Reuse of solids with high calorific value, (industrial) waste, SRF/RDF, and waste bag filters for electric arc furnaces.
- H. Reuse of other waste sources as approved by government agencies.

2. Industry Overview

(1) Current situation and development in the industry

After decades of overdevelopment and overuse, global resources are increasingly depleted. Countries around the world are gradually coming to terms with the limitedness of metal resources. Therefore, the pursuit of sustainable utilization and development of resources has become a key determinant of economic activities going forward. Among the various greenhouse gas reduction measures, resource regeneration is regarded as a low-cost and more effective way of reduction. Therefore, all countries in the world have adopted "effective use of resources" as the new direction and the focus of their environmental policies.

The amount of waste generated is highly correlated with the effective use of resources. Considering the variety and complex composition of business waste, the resource regeneration industry plays a critical role in how to transform such waste into a new resource for various industries as an alternative raw material to allow resources to be recycled between industries, thereby moving towards a recycling-oriented society with sustainable development of resources.

With the global environmental protection trend, waste recycling has become one of the important emerging industries in this century. The term "waste recycling" refers to the recycling of various business waste sources to produce raw materials or products.

In accordance with the Permit Management Regulations for Public or Private Waste Clearance and Disposal Organizations, industrial waste institutions can be divided into clearance, treatment, cleaning, and reuse ones. Clearance institutions refer to institutions that are appointed to move waste to overseas or to waste treatment plants designated by clients. The treatment institutions are appointed to treat waste. The cleaning institutions can clear and treat waste at the same time while the reuse institutions can recycle recyclable products. The Company is an all-round institution that can perform the functions of clearance, treatment, and reuse at the same time.

A. Current situation of the EAF steel mill waste treatment industry

In recent years, our country's industrial and business development has been rapid, and the amount of business waste has also surged. In the face of several pollution incidents caused by hazardous waste in our country

and other industrially advanced countries, people have come to realize the seriousness of improper disposal of hazardous waste. In addition, from the viewpoint of effective use of resources, with high population density in Taiwan, it is very difficult to obtain sites for landfill. Faced with the dilemma of shortage of land for landfill, waste reduction and recycling are the only feasible methods. Moreover, there is a thin line between "waste" and "resources". Effective use of resources can not only reduce the burden on the environment but also reduce the cost of raw materials and create business opportunities. As such, the resources on Earth can be fully utilized. At present, domestic EAF steel mill plants produce around 130,000 to 160,000 metric tons of EAF dust a year. However, in the early days, there was not adequate treatment equipment to recycle EAF dust and domestically, resulting in a storage of over 500,000 tons of EAF dust. If there are no proper treatment facilities, there will be more frequent illegal dumping by unscrupulous businesses.

The EAF steel mill plants generate smoke and dust during the steelmaking process. After the smoke and dust are collected by dust collectors, they are called EAF dust. The EAF dust is classified as hazardous business waste in the Standards for Defining Hazardous Industrial Waste, so it must be treated properly to prevent impact on the environment. As the EAF dust produced by the EAF steel mill plants is small in the particle size and contains hazardous substances, if it is discarded at will or disposed of improperly, it will cause a significant impact on the environment. Therefore, Article 20 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste stipulates that the dust from the steel industry shall first undergo intermediate treatment, and shall be treated through recycling, stabilization, or solidification to avoid secondary pollution caused by the hazardous waste. However, the final disposal sites for solidification and stabilization are insufficient, and the facilities of the disposal sites will also cause subsequent environmental problems, so the treatment method is generally based on recycling. To cooperate with the government's environmental protection policy, the Company disposes of hazardous business waste dust and ash generated from the EAF steel mills industry actively. Under the joint guidance of the EPA and the Industrial Development Bureau, the EAF dust recycle plant of the Taiwan Electric Arc Furnace Steel Mill Industry Waste Joint Treatment System was

established in May 1995, and is an environmental protection business to treat such dust. In addition to solving the problem of disposing of domestic EAF dust, it can recycle valuable heavy metals, such as zinc and lead, in the dust. The slag produced from the process, as determined by Toxicity Characteristic Leaching Procedure (TCLP), belongs to general business waste as No. 37 rotary kiln slag in line with the type and management method listed in the table under Article 3 of the Reuse of Business Waste Management Regulations of the Ministry of Economic Affairs, which is a good material and resource for the sand and gravel or concrete industry.

At present, only a very small portion of EAF dust around the world is treated by solidification and landfill, and most of the dust is recycled for the regeneration of valuable resources. The EAF dust is rich in 18%-24% of valuable metal—zinc, which is much higher than the 5%-6% of zinc contained in zinc minerals, so the value of recycling is high. At present, China ranks first in the world's demand for zinc ingots. Therefore, with the limited resources of zinc mines in the world, the recycling of EAF dust for zinc has become more important, and the trend is gaining traction around the world.

The product after treatment of dust by the Company is crude zinc oxide, which is a recycled material. We mainly supply it to foreign zinc smelters to replace part of zinc ore as raw material for zinc smelting. The product is in short supply, and the prices are linked to the price of zinc on the London Metal Exchange (LME), hence they are greatly influenced by the international business and zinc prices.

B. Overview of Domestic Waste And Contaminated Soil Remediation

Domestic business waste mainly comes from industry, construction, agriculture, medical care, schools, and national defense. Among them, the land pollution caused by the petrochemical and the chemical industries and the waste earthwork from the construction industry all fall within the scope of waste and contaminated soils as stipulated in the environmental protection regulations. Therefore, the market for remediating major domestic companies' contaminated factory sites has emerged.

In recent years, due to improper landfill or discarding, the soil and groundwater at illegal dumpsites in various regions have been polluted indirectly, all of which has been caused by improper disposal of business

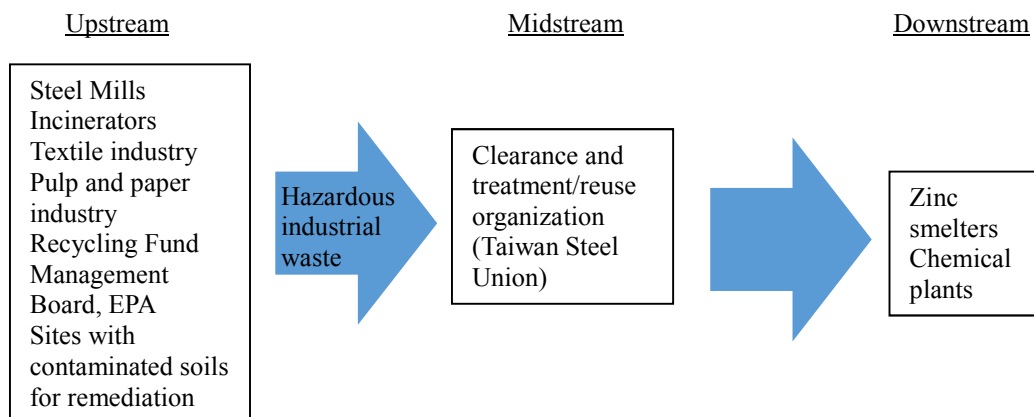
waste. After the Soil and Groundwater Pollution Remediation Act has been adopted in Taiwan, in the investigations into the impact of long-term storage of waste at low-hazard sites on nearby soils and groundwater have been conducted, and sites with the soils and groundwater polluted have been found. According to the latest announcement by the EPA on March 19, 2021, there are 1,210 sites controlled, 102 sites for remediation, and 37 areas with restricted access to groundwater among the sites with soil and groundwater under watch. It shows that there are still many dumpsites with contaminated soils that need to be remediated in the future.

The following problems exist with the disposal of contaminated soils in domestic landfills:

- (A) The capacity of the existing domestic final disposal facilities will be insufficient gradually: The landfills in operation will limit the volume of waste or shorten its useful years due to the insufficient remaining useful years and insufficient landfill capacity.
- (B) The problem of the sales of products after the intermediate treatment and reuse of contaminated soil: Domestic heavy metal-contaminated soil treatment professional technology is inadequate, and the wastewater from wet treatment will lead to secondary pollution. The cement kiln fire is at high temperatures but the requirements on the quality and quantity of waste to be treated are strict, and the public has a poor perception of the existing treatment companies and doubts about their quality. All of this has made it difficult to sell the products, so the reuse channels are limited.

The Company's production is conducted at a high temperature in the rotary kiln, so the quality is relatively stable compared to traditional wet technology. The Company also leads the industry because of our professional technical talents and excellent treatment capabilities, and our excellent corporate image is recognized by all parties in society.

- (2) The relations between the up-, mid-, and downstream sections of the industry



The Company's business is still mainly focused on the removal and reuse of hazardous business waste, including EAF dust, reducing slag, and oxidizing slags from domestic EAF steel mill plants. Therefore, the upstream businesses are the domestic EAF steel mill plants, which mainly engage in the pyrometallurgical process to make scrap steel (iron) as main raw materials into billet steel for sales.

In the EAF smelting process, the recycled scrap iron and steel are smelted at a high temperature in the EAF to make steel materials. The residue is slag. The particulate particles and gases emitted during the steelmaking process are collected and called "EAF dust". As the raw materials for steelmaking come from imported scrap iron and metals, the EAF dust from steelmaking usually contains heavy metals, including zinc, lead, chromium, and cadmium. The heavy metals in the dust are mainly valuable metals, such as iron and zinc. If the metal oxides with economic values therein can be recovered and the remaining oxides can be used as materials for building materials, it will not only reduce the burden on the environment but also create business opportunities for recycling and regeneration.

The Company's 100%-owned subsidiary, Taiwan Steel Resources, mainly engages in stabilizing the reducing slag from EAF steelmaking as the world's first fully automated stabilization chemical plant that has adopted 21kgf/cm² high-pressure steam (saturated steam at 215°C). The core technology of stabilization is to make f-CaO and f-MgO react with water in a high-temperature autoclave for three to six hours to decompose into stabilized calcium hydroxide and magnesium hydroxide. After stabilization, the volume of the slag will not expand when it meets water. The stabilization time is shortened significantly compared to natural storage in the open air in

foreign countries (it takes 6 to 12 months for stabilization). Thus, the production of stabilized aggregates can be achieved in a short time, and the sales can also be accelerated.

The Company's downstream businesses are mainly international zinc smelters and chemical plants at home and abroad mainly because of the fact that crude zinc oxide products can be sold to zinc smelters to produce zinc ingots, or sold to chemical plants to refine ZnO and ZnCO₃. We also supply our products to rubber, footwear, industrial products and ceramic products as additives to achieve the purpose of recycling.

The Company's main customers are the largest zinc smelters in Japan, Belgium, and Poland, which together accounts for 89% of the Company's sales of crude zinc oxide products. We also have several domestic and foreign chemical plants, accounting for 11% of our sales.

The final product of the Company's process—slag—is general business waste with stable properties and reusable properties as No. 37 rotary kiln slag in line with the type and management method listed in the table under Article 3 of the Reuse of Business Waste Management Regulations of the Ministry of Economic Affairs. The slag is rich in ferric oxide, lime, and silica sand. Therefore, our slag is made by legal recycling companies appointed by us as raw materials for cement, cement product concrete aggregates, asphalt concrete aggregates, asphalt concrete aggregates, raw material for asphalt concrete aggregates, raw material for non-structural concrete aggregates, or raw material for base-level aggregates.

(3) Development Trends of Products

Zinc oxide produced by the Company is an oxide of zinc, which is hardly soluble in water, but soluble in acids and strong bases. Zinc oxide is a commonly used chemical additive, and mainly applied in rubber, ceramics, chemicals, pharmaceuticals, cosmetics, personal care, and agriculture. It is widely used in tires, rubber, electronic products, chemicals, coatings, agriculture, and ceramics.

With the stable supply of materials, our zinc oxide is stable in the composition, and our delivery time is stable compared with mining companies. As the demand for zinc increases and the number of zinc concentrates mines decreases, recycling is very crucial when zinc resources are running short in the future, and resource regeneration equipment and

technology are also the key to success. In recent years, the Company has continuously improved equipment to reduce costs. The zinc oxide produced by us is less expensive than the zinc ore purchased from international zinc smelters. The Company's products are high in purity, and price is lower than recycled zinc oxide powder imported from overseas or chemical zinc oxide made directly using pure zinc ingots. Therefore, our supply cannot barely meet the demand of the two domestic zinc oxide chemical plants.

(4) Competition

Our country is paying more attention to environmental protection, such as promoting energy conservation and carbon reduction, and resource recycling. As EAF dust is rich in heavy metals, including zinc, iron, lead, and cadmium, the treatment method at home and abroad is mainly recycling and reuse. The main technology is pyrometallurgical process, which is applied in 90% of the cases in the world. The process is the technology adopted by the domestic treatment/reuse institutions. The domestic dust treatment/reuse organizations are detailed in the table below:

Domestic dust pyrometallurgical process treatment/reuse organizations

Company	Taiwan Steel Union	Katec Creative Resources Corp.	Shin Hwa Silup Co., Ltd.	China Steel Corporation
Waste	Dust from carbon steel	Dust from stainless steel	Dust from stainless steel	Dust from on-stop operation of steelmaking
Treatment technology	Waelz process (rotary kiln)	JRCM process (appliances melting)	Inmetco process (Rotary kiln and open hearth furnace and RHF)	DRyIron Process (Rotary kiln and open hearth furnace and RHF)
Product and zinc content	55-62% of zinc oxide and slag	40-55% of zinc oxide, reducing iron, and slag	Reduceing iron, slag, and zinc	40-55% of zinc oxide, reduced iron, and slag

Source: Compiled by Taiwan Steel Union.

The Company is currently Asia's largest EAF dust and zinc recycling plant. In 2020, we removed and reused 147,249 metric tons of EAF dust. At present, more than 95% of the total output of EAF dust in Taiwan is treated by the Company. Thus, we occupy a leading position in the recycling market for domestic EAF dust from steel mill plants, which brings many business opportunities to the Company.

3. Technology and R&D Overview

(1) Technological level, and R&D of the Company's business

The Company is engaged in the removal of hazardous business waste and the recycling and reuse of resources. The Waelz kiln process adopted by the Company is well-developed, and has been developed for more than 50 years;

90% of the world adopts this technology to recycle EAF dust in the steelmaking industry. The Company is the only one in the country that has introduced this critical technology, and our technological level has reached the top level internationally, so technological factors have little impact on our development in this industry.

(2) R&D personnel and their education and experience

Unit: Person

Year		2020	2019	April 29, 2021
Item	Ph.D	1	1	2
	Master's	2	2	2
	University	3	3	3
	Total	6	6	7

(3) R&D Expenses Invested Each Year in the Last Five Years

Unit: NT\$1,000

Year	Item	Amount
2015-2016	Trial burn test of used batteries	520
2017	Expansion test method	90
2017-2018	Concrete products research	2,000
2017-2018	Research on the subbase layer of pavement engineering	1,429
2017-2018	Preparation of metallurgical slag C40 for concrete research	1,479
2018	The impact of wastewater containing high concentration of halide ion on wastewater treatment system	240
	Wastewater treatment R&D project	177
2018-2019	Discussion on the cause for filter bag clogging	800
2020	Research project on reducing slag as a raw material	500
2020	Backfill material ratio design	600

(4) Successfully Developed Technologies or Products

Except for the used batteries and reducing slag as a raw material in the brick kilns in the preceding paragraph, other technologies have been developed successfully and introduced into two rotary kilns or our subsidiary's processes for control and application. Among them, the R&D of waste heat recovery equipment has not only improved the overall efficiency but also saved energy and reduced carbon emissions, thereby cutting costs by more than 50%. The effect is excellent.

(5) Future R&D Plans

As environmental protection laws and regulations become more stringent, and the government's enforcement stricter, the demand for waste treatment in the future is expected to increase year by year in the future. The Company will enhance R&D of the reuse of other waste sources that are difficult to be treated through industry-academia collaboration, to move towards the goal of diversification of the business.

4. Long-term and Short-term Business Development Plans

(1) Short-term Business Development Plan

With the rising awareness of environmental protection at home and abroad in recent years, environmental protection issues have attracted the attention of the public, and businesses have all been under pressure. Having adhered to the business philosophy of environmental protection since the incorporation, the Company has spared no effort to continue to invest in improvements to our environmental protection equipment, thereby fulfilling our corporate social responsibility. The Company's plan for the improvement to environmental protection technologies in the future is as follows:

- A. With reference to the evolution of relevant processes in Europe, the Company has adopted the alkaline operating process model on a trial basis and developed new process equipment in March 2011. At present, our alkaline process technology has been significantly improved, not only increasing the treatment volume of dust but reducing the consumption of coke and other indirect materials, which is positively beneficial to environmental sustainability.
- B. The Company plans to continue to strengthen technical exchanges with relevant industries at home and abroad, and will arrange relevant operators to visit businesses abroad as appropriate to learn from other factories' experience and to improve our professional techniques. In addition, we have been committed to the improvement to the pyrometallurgical process of the rotary kilns and the improvement of the treatment technology of dust in recent years. We have hired German professional technicians to guide our personnel at our plants for years. We have improved our process equipment, and offered education and training on operation of relevant processes to improve our process operators' skills. The Company has not only improved the dust reuse capabilities of the rotary kiln facilities greatly but also reduced coke consumption and operating costs. At present, with the

improvement of our dust reuse technologies, we can attract foreign businesses with the same new process to collaborate with us in the future, which will increase the chance of technology export.

- C. In the short term, we will apply for additional waste treatment projects.
- D. Expand the market for recycling the waste slag from our plant's process through our subsidiary, and study the feasibility of recovering valuable substances (such as ferric oxide) from the slag.

(2) Long-term Business Development Plan

- A. Considering the cost-effectiveness of investment, we continue to evaluate the feasibility of setting up a washing plant to increase the added value of our products.
- B. Promote the reuse of other waste resources that are difficult to be treated.
- C. We do not rule out the feasibility of seeking technical cooperation with businesses abroad or joint ventures to build plants overseas.

II. Analysis of the Market as Well as Production and Marketing Situation

1. Market analysis

(1) Sales (provision) regions of major products (services)

Unit: NT\$1,000

Sales region		Year		2020		2019	
				Sales	Percentage (%)	Sales	Percentage (%)
Zinc oxide (export)	Japan			560,231	34.53	450,907	27.32
	Europe			410,465	25.30	627,895	38.03
	China			-	-	86,592	5.25
	Thailand			39,212	2.42	97,553	5.91
	Africa			-	-	-	-
	Others			487	0.03	6,237	0.38
Zinc oxide (domestic sales)				79,772	4.92	112,560	6.82
Clearance and reuse				531,940	32.79	268,952	16.29
Others				122	0.01	5	0.00
Total				1,622,229	100.00	1,650,701	100.00

(2) Market share

A. Domestic clearance and recycle of dust

Unit: Ton

Year	Total domestic dust disposal volume (Note 2)	Taiwan Steel Union	Domestic competitors	Market share of Taiwan Steel Union	Market share of domestic competitors
2014	220,178	204,526	15,652	92.89%	7.11%
2015	204,113	193,429	10,684	94.77%	5.23%
2016	173,466	163,683	9,783	94.36%	5.64%
2017	132,430	125,999	6,431	95.14%	4.86%
2018	152,649	146,152	6,497	95.74%	4.26%
2019	152,642	145,125	7,517	95.08%	4.92%
2020	145,673	142,022	3,651	97.49%	2.51%

Note 1: Source of data: EPA and compiled by Taiwan Steel Union.

Note 2: After December 28, 2017, the Company has switched to file a report on "R02 use of waste as reused raw materials". Before December 27, 2017, we filed a report on the sum of "Z04 heat treatment", and after December 28, 2017, the sum of "R02 use of waste as reused raw materials" applies.

B. Zinc oxide

At present, the domestic zinc oxide manufacturers are very few on a relatively small scale. Their downstream customers are mainly scattered in the global market. Therefore, it is not easy to collect information on the market share of the industry. If it is estimated based on recycling of zinc resource from dust, the domestic market share of the zinc oxide recycled by the Company exceeds 85%.

(3) Future Supply and Demand and Growth of the Market

A. Treatment and reuse of dust

Domestic forward-looking infrastructure construction business opportunities are influenced by changes in politics. At present, the forward-looking infrastructure projects, and the areas of construction licenses under application continue to increase, plus Taiwan Semiconductor Manufacturing Co., Ltd. is expanding its plants and overseas Taiwanese businesspeople continue to return to and invest in Taiwan. Thus, the impact of COVID-19 on the domestic construction industry and the needs for steel have been relatively small. In the future, we will continue to increase customers and sources of materials in terms of other waste resources that are difficult to be treated, and to increase the volume of treatment/reuse. This will not only give us an excellent advantage in the domestic competition but also diversify our

operational risks.

B. Sales of zinc oxide

Affected by COVID-19 in the first half of 2020, and the uncertainties over the global economy due to the pandemic, the international zinc price dropped. In the second half of 2020, due to a decline in the US dollar index and the gradual restart of economic activities in European countries and the US, the prices of many precious metals, including gold, zinc, and copper, were rising, bringing the price of zinc upward. In 2020, as the average international zinc price decreased by US\$284 year on year; the processing fee increased by US\$54.75, and the US dollar depreciated, the unit price of zinc oxide in 2020 decreased by NT\$4,620, or a drop of 18%, year on year, which affected the Company's sales prices of crude zinc oxide. To respond to the decline in zinc prices, the Company has a competitive advantage in raising the treatment fees, to minimize the impact on our operations.

The Company's product after treating the dust is crude zinc oxide, which is a recycled material. It can mainly supply foreign zinc smelters to replace part of zinc ore as a raw material for zinc smelting, so the product is in short supply.

(4) Competitive niche

Taiwan Steel Union adopts Waelz kiln process, which has been in use in the US, Europe, and Japan for dust treatment for over five decades, so it is a commercially mature technology. Furthermore, the Company is an EAF dust removal and recycling organization for the steelmaking industry under the guidance of the Ministry of Economic Affairs, which is equivalent to the Grade A waste clearance and disposal organization certified by the EPA. The Company is currently the largest EAF dust recycling plant in Asia, and is also the largest and the only domestic company that has introduced the Waelz kiln process technology. Due to its low cost, we have a leading position in Taiwan without comparable competitors.

(5) Favorable and Unfavorable Factors of Development Prospects and Countermeasures

A. Favorable factors:

- (A) Due to the rising public awareness of environmental protection, the government's policy has become stricter for enterprises, which is beneficial for the Company to expand the waste treatment business.
- (B) We adopt the highest standards and have introduced the most advanced German Waelz rotary kiln process for heat recovery. After years of

investment in and R&D of new equipment and operating technology, our cost is low and technology in the lead without comparable domestic competitors.

- (C) The crude zinc oxide recycled and reused by the Company is excellent and stable in quality and high in purity, and is preferred by domestic and foreign customers. We are the seller of first choice, so the crude zinc oxide is in short supply.
- (D) The 1300°C of the pyrometallurgical process of the rotary kilns can simultaneously treat/recycle domestic waste sources that are difficult to be treated/disposed, such as incineration fly ashes, used dry cells, organic sludge, and highly toxic contaminated soils, and our treatment cost is lower than our domestic competitors.
- (E) We have complete management mechanisms and implemented ISO-9000, ISO-14000, ISO-14064, and ISO-45000.
- (F) We fully recycle waste with zero waste, invest in factory facilities, and conduct excellent management, has become a model plant selected by the Industrial Development Bureau and the EPA.

B. Unfavorable Factors and Countermeasures

- (A) The source of raw materials is affected by the business of the iron and steel industry:

The Company mainly treats EAF dust produced during the steelmaking process. Generally, as the volume of smoke and dust generated is roughly 1.2%–1.8% of the steel output, the source of raw materials is affected by the business of the iron and steel industry and the volume of EAF dust.

Countermeasures

As our treatment technology is mature, we are actively seeking other dust sources (stainless steel plants, dumpsites, etc.) and other hazardous business waste sources (containing zinc or with high calorific value), which can be used as alternative materials for natural silica sand, slaked lime, or lime, to reduce the consumption of natural resources and to increase our revenue. At present, we have obtained 13 contaminated soil reuse permits and passed the review of the environmental impact comparative analysis at the environmental impact assessment conference by the EPA on November 25, 2020 successfully. In the future, we will

include another 12 types of waste sources to make full use of our remaining production capacity while in alignment with the government's Resource Sustainable Recycling Implementation Program.

- (B) Local residents' lack of knowledge of the green environmental protection industry:

As the general public has stricter requirements for the quality of living, they cannot accept that factories treating hazardous business waste are located around their living environment as they are concerned about the negative impact on their health. Therefore, they call on groups to stage protests, prompting such factories to engage in continuous communication and explanation.

Countermeasures

The Company has always attached great importance to environmental protection. In the principles of openness and transparency, we opened our plants to local environmentalists and local residents, and they also praised our efforts in environmental protection. We also allowed the inspection and testing companies designated by the Shengang and the Xianxi Township Offices to measure the exhaust volume from our smokestacks to assure the public. In addition, we took the initiative to place the monitoring information on our official website for free access by the public, to demonstrate the Company's determination to protect the environment.

- (C) The price of zinc oxide is affected by the fluctuation of the LME zinc price

The price of zinc oxide from the dust collected by the Company is positively correlated with the LME international zinc price. When the LME zinc price rises or falls, the price of zinc oxide sold to customers also rises or falls with the LME zinc price, which will further affect the Company's overall revenue and gross profit.

Countermeasures

As the LME zinc price depends on the supply and demand of the global zinc market and the flow of capital in the capital market, it is difficult to predict the price trend. Therefore, we tend to focus on our core business, continue our existing technological advantages, continue to strive to develop diverse products and services and customer groups, and expand and increase the waste sources that can be reused. The Company also has a competitive advantage in raising the treatment fees with the aim of

reducing the impact of zinc oxide on the overall profitability.

2. Important Functions and Production Process of Main Products

(1) Important Functions of Main Products

The main and by-products produced from the pyrometallurgical process of EAF dust are zinc oxide and slag. After the zinc oxide produced from the rotary kilns was collected by dust collection equipment (cyclone and bag filter dust collectors), around 89% of it is exported and sold to metal refining companies in Japan, Europe, and other countries in 2020 to extract zinc ingots for recycling and reuse. Reuse (refined into zinc ingots with 99.995% of purity), and the remaining 11% was sold to Taiwan and Thailand to be made into zinc white as an additive for the footwear and tire industries.

The slag produced in the production process is a non-hazardous recyclable resource as defined in the Ministry of Economic Affairs Announcement No. 37. After crushing, magnetic separation, and recycling of iron, the remaining tailings are used as alternative materials for CLSM concrete and general concrete aggregates and road and subgrade filling-graded materials.

(2) Production process

EAF dust recycling and treatment process is mainly conducted through the pyrometallurgical process of the rotary kiln facility to process the EAF dust, and to recycle the crude zinc oxide from the dust. The treatment method adopted is based on the nature and characteristics of the dust collected and the international general technology trends, so we invested in the introduction of the pyrometallurgical process from Germany at a high price 20 years ago to treat the EAF dust in the steelmaking industry, the total annual processing capacity of the two kilns approved is 198,900 metric tons. The Company adopts Waelz kiln process, which has been in use in the US, Europe, and Japan for dust treatment for decades, so it is a commercially mature and stable technology.

3. Supply of main raw materials

The Company's current supply of main raw materials is as follows:

Main raw materials	Supplier	Supply
Coke	Diafriend Corporation, China Steel Chemical Corporation, Ever Low International Co., Ltd., and Ta Ease Industrial Co., Ltd.	Good and stable
Slaked lime	Lime-Crown Industrial Co., Ltd., Kun Yan Trading Co., Ltd., Hope Song International Enterprise Co., Ltd., and Kung Jung Lime Works Co., Ltd.	Good and stable
Quick lime	Lime-Crown Industrial Co., Ltd., Kun Yan Trading Co., Ltd., Shin Foo Sheng Co., Ltd., and Broad Plenty Enterprises Co., Ltd.	Good and stable

4. Names of Customers Who Have Accounted For at Least 10% of Total Purchases (Sales) in Any of the Last Two Years, the Purchase (Sales) Amount and Proportion, and the Reasons for the Increase or Decrease

(1) Information on major suppliers in the last two years

Unit: NT\$1,000

Item	2019				2020				Quarter 1 of 2021			
	Name	Amount	Proportion to annual net purchases (%)	Relation with the issuer	Name	Amount	Proportion to annual net purchases (%)	Relation with the issuer	Name	Amount	Proportion to net purchases as of the previous quarter in the current year (%)	Relation with the issuer
1	Diafriend Corporation	98,381	26.19	None	Diafriend Corporation	83,176	25.41	None	Diafriend Corporation	17,936	27.41	None
2	Ta Ease Industrial Co., Ltd.	44,203	11.77	None	—	—	—	—	—	—	—	—
3	Broad Plenty Enterprises Co., Ltd.	42,128	11.22	None	—	—	—	—	—	—	—	—
4	Ever Low International Co., Ltd.	38,993	10.38	None	—	—	—	—	—	—	—	—
5	Others	151,867	40.44		Others	244,174	74.59		Others	47,502	72.59	
	Net purchase	375,572	100.00		Net purchase	327,350	100.00		Net purchase	65,438	100.00	

We have maintained a positive collaborative relationship with our suppliers, and worked with at least two suppliers for the same material; as such, we can respond quickly to maintain the stability of the delivery in the case of abnormal quality. The Company's material procurement is conducted through bidding, and the principle of winning the bid is the lowest price. The change in suppliers is because of changes in market supply and demand that influence the increase or decrease of the purchase amount.

(2) Information on major customers in the last two years

Unit: NT\$1,000

Item	2019				2020				Quarter 1 of 2021			
	Name	Amount	Proportion to annual net sales (%)	Relation with the issuer	Name	Amount	Proportion to annual net sales (%)	Relation with the issuer	Name	Amount	Proportion to net sales as of the previous quarter in the current year (%)	Relation with the issuer
1	NYS	437,282	26.49	None	MMS	463,066	28.55	None	MMS	119,882	39.23	None
2	MMS	395,911	23.98	None	TFG	200,830	12.38	None	—	—	—	—
3	SDM	190,613	11.55	None	—	—	—	—	—	—	—	—
	Others	626,895	37.98		Others	958,333	59.07		Others	185,684	60.77	
	Net purchase	1,650,701	100.00		Net purchase	1,622,229	100.00		Net purchase	305,566	100.00	

The changes in the Company's zinc oxide customers were mainly attributed to the customers' adjustment to the Company's zinc oxide shipments to respond to the changes in market supply and demand, and the impact of international zinc prices.

5. Production Volume and Value in the Last Two Years

Unit: Ton / NT\$1,000

Year		2020			2019		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Major product (or department)	Production volume and value						
	Clearance and recycle of domestic EAF dust and zinc oxide	198,900	147,249	864,805	198,900	144,247	879,989
	Clearance and recycle of contaminated soils	69,615	12,776	78,594	69,615	21,515	109,503
	Recycle of reducing slag	170,000	41,120	106,805	28,333	726	1,677
	Total	438,515	201,145	1,050,204	296,848	166,488	991,169

Note: The production capacity for EAF dust is 198,900 tons, the production capacity of contaminated soils is 69,615 tons, and the production capacity of reducing slag is 170,000 tons, which are based on the maximum processing capacity approved by the law.

6. Sales Volume and Value in the Last Two Years

Unit: Ton / NT\$1,000

Sales volume and value Major product (or department)	Year	2020				2019			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Clearance and reuse of domestic dust and zinc oxide		147,249	421,656	-	1,010,395	144,247	270,193	-	1,269,184
Clearance and reuse of contaminated soils		12,776	78,594	-	-	21,515	109,503	-	-
Reused of reduced/oxidized slags		75,383	111,462	-	-	872	1,816	-	-
Others		-	122	-	-	-	5	-	-
Total		235,408	611,835	-	1,010,395	166,634	381,517	-	1,269,184

III. Number of Employees for the Two Most Recent Fiscal Years, and During the Current Fiscal Year Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels (Including Percentage of Employees at Each Level)

Year		2019	2020	April 29, 2021
No. of employees	Managerial Officer	19	19	22
	General employee	24	26	24
	Operator	89	95	2017
	Total	132	140	152
Average age		41.01	38.40	38.71
Average years of service		8.44	7.44	7.02
Distribution of educational level	Ph.D	2	2	3
	Master's	16	17	19
	University	70	74	77
	Senior high school	28	36	39
	Below senior high school	16	11	14

IV. Disbursements for Environmental Protection

In the most recent year and up to the publication date of the Annual Report, any losses suffered due to environmental pollution (including damages and violation of environmental protection laws and regulations in the environmental protection inspection results, the date of penalty, the document number, the laws and regulations violated, the content of violations, and the content of the penalty shall be specified), and the estimated amount and countermeasures that may occur now and in the future shall be disclosed. If it cannot be estimated reasonably, the fact that it cannot be estimated reasonably shall be specified:

Date of penalty	Document No.	Laws and regulations violated	Content of violations	Content of the penalty	Responses
2020.4.24	20-109-040004	Article 20, Paragraph 1 of the Air Pollution Control Act	According to the operating permit for Taiwan Steel Union's rotary kilns (E001) for M01 manufacturing process as a fixed source of pollutions, inspections should be conducted once every three months. Heavy metals were examined on December 18, 2019, as required. According to the regular inspection report submitted, the tested value for mercury was 0.409 mg/Nm ³ , breaching the limit of 0.232 mg/Nm ³ (committed value for environmental impact assessments) according to the operating permit for the fixed source of pollutions.	An administrative fine of NT\$300,000 and two-hour environmental training	Replaced the adsorption filter bag, bracket frame, and spring leaf of the equipment and re-tested the fit to confirm that there was no leakage and that it operated normally. We subsequently appointed a third-party testing unit to retest the heavy metals, and the test results all met the Company's permit for emission.
2020.8.12	40-109-080016	Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act	Many assignments from July, 2019 to April, 2020, including order number N09A458210800160, were not competed for reuse prior to the deadline approved.	An administrative fine of NT\$6,000 and one-hour environmental training	Strengthened employee education and training.
2020.8.12	40-109-080017	Article 31, Paragraph 1, Subparagraph 3 of the Waste Disposal Act	The Company's vehicles for clearance and disposal failed to have an instant tracking system installed in accordance with the regulations.	An administrative fine of NT\$6,000 and one-hour environmental training	Strengthened employee education and training.

V. Labor Relations

1. The Company's employee benefit measures, continuing education, training, pension system, and the implementation thereof, as well as the agreements between labor and management and protection measures for employees' rights and interest:
 - (1) Implementation of employee benefit measures, and continuing education and training
 - A. Group accident insurance.
 - B. Year-end party.
 - C. Bonuses upon three major holidays.
 - D. Regular employee health examination.
 - E. Education and training subsidies.
 - F. The Employees' Welfare Committee has been established in accordance with the law, and the benefit measures are as follows:
 - (A) Employee travel subsidy.
 - (B) Marriage cash gift, birthday cash gift, and funeral condolence money.
 - (C) Scholarships for employees and their children.
 - (2) Pension system and implementation
 - A. The Company's pension system belongs to the government-managed defined benefit pension plan in accordance with our country's Labor Standards Act. The Company contributes 8% of each employee's total monthly salary to the Supervisory Committee of Labor Retirement Reserve as pension to deposit it into a special account with the Bank of Taiwan in the name of the committee.
 - B. We have implemented the new pension system since July 1, 2005. The Company contributes no less than 6% of each employee's monthly salary to his/her labor pension account in accordance with the Labor Pension Act.
 - C. We handle pension-related matters in accordance with the relevant provisions of the Labor Pension Act and the Company's Appointment and Dismissal Regulations.
 - (3) Agreements between labor and management and protection measures for employees' rights and interest
 - A. Hold regular labor-management meetings.
 - B. Set up employee suggestion mailboxes to motivate employees to make suggestions at any time.
 - C. Established the Work Rules.
2. In the most recent year and up to the publication date of the Annual Report, any losses suffered due to labor disputes (including violation of the Labor Standards Act in the

labor inspection results, the date of penalty, the document number, the laws and regulations violated, the content of violations, and the content of the penalty shall be specified), and the estimated amount and countermeasures that may occur now and in the future shall be disclosed. If it cannot be estimated reasonably, the fact that it cannot be estimated reasonably shall be specified: None.

3. Protection measures for work environment and employees' personal safety:

- (1) Monitoring of work environment: The Company's main processes are to treat hazardous industrial waste, and the work environment is at a high temperature with dust. We conduct risk assessments of hazardous operational environments with noise, dusts and ionizing radiation. Relevant health and safety operational standards are set up accordingly. Operational environmental monitoring plans are drawn in line with regulations. The sampling items and frequencies for operational environmental monitoring are listed in the table below. Environmental monitoring and inspection and personnel health checks are conducted regularly by commissioned external parties. Specialty doctors are hired to visit the sites and observe the operational environment, in order to provide health and safety assessments and suggestions for improvement.

No.	Item		Monitoring frequency
1	Total dust amount		Once every six months
2	Respirable dust		Once every six months
3	Heavy metals	Lead	Once every six months
4		Manganese	Once every six months
5		Cadmium	Once every six months
6		Zinc	Once every six months
7	CO ₂		Once every six months
8	Oxygen		Once every six months
9	Noise		Once every six months
10	Wet Bulb Globe Temperature (WBGT)		Once a quarter
11	Sulfuric acid		Once every six months
12	Wind velocity		Once every six months
13	Health examination for employees in special operations		Once a year

- (2) Employees' personal safety protection: The Company provides periodical health checks and personal protective equipment to employees. This is to protect the health of employees and avoid injury to physical health due to work process or damage to laborers' right to life. The jobs with high risks or high incidence of specific diseases include slag removal from rotary kilns, process air pipe (PAP) replacement, corrugated roof sheet replacement, replacement of fire-retardant materials and filter bags for rotary kilns during annual maintenance. Strict management is exercised on occupational health and safety.

- (3) To enhance the caliber, technical and core competences of our personnel, to establish awareness in health and safety and the ability to prevent hazards, the Company organizes periodical and ad-hoc training and education in health and safety while holding fire drills every six months. All the internal training, external training and license acquisitions are in compliance with laws and regulations.
- (4) Taiwan Steel Union's annual statistics on occupational disasters are based on the disability indicators published by the Ministry of Labor. A comprehensive reporting procedure and an event investigation mechanism are in place, to report the investigation findings to relevant departments. Corrective and preventive measures are initiated, to reduce the likelihood of the same events and continue to improve workplace safety.

VI. Important Contracts

Nature of contract	Party involved	Contract period	Main content	Restrictive clause
Harmonious Neighborhood Environmental Protection Agreement	Shengang and the Xianxi Township Offices	2006.11.03 until the end of the operation	Providing a fund money to the Shengang and the Xianxi Township Offices based on the monthly tons of treatment	None
Important equipment purchase contract	Shanghai Ma Iron & Steel Electromechanical Technology Co., Ltd.	2017.04.12 until the end of the warranty	New construction of electromechanical equipment for a slag stabilization project	None
Important equipment purchase contract	Shanghai Ma Iron & Steel Electromechanical Technology Co., Ltd.	2020.02.10 until completion and acceptance	Autoclaves on the fourth and fifth lines	None
Factory establishment contract	Liming Construction Co., Ltd.	2018.03.07 until the end of the warranty	Civil engineering project for a reduced slag treatment plant of Taiwan Steel Resources	None
Factory establishment contract	Tungkang Engineering & Construction Corp.	2018.03.08 until the end of the warranty	Steel engineering project for a reduced slag treatment plant of Taiwan Steel Resources	None
Factory establishment contract	Chyi-xiang Enterprise Co., Ltd.	2018.04.26 until the end of the warranty	Electrical, fire safety, and air-conditioning projects for the plants of Taiwan Steel Resources	None

Six. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years with Names of CPAs and Their Audit opinions Indicated

1. Condensed Balance Sheets and Statements of Comprehensive Income

(1) Condensed Balance Sheets - International Financial Reporting Standards

Unit: NT\$1,000

Year Item		Financial Data for the Past Five Fiscal Years					2021 (as of March 31, 2021) Financial Data
		2016	2017	2018	2019	2020	
Current assets		531,678	812,478	1,707,395	1,190,877	1,630,542	849,954
Property, plant and equipment		1,604,796	2,134,701	2,501,463	2,917,927	3,271,974	3,318,567
Intangible assets		2,417	4,653	6,939	5,613	4,646	3,912
Other assets		165,231	243,163	372,500	423,466	135,871	117,699
Total assets		2,304,122	3,194,995	4,588,297	4,537,883	5,043,033	4,290,132
Current liabilities	Before distribution	272,882	753,694	343,542	367,967	569,411	990,339
	After distribution	612,695	1,348,993	897,671	657,271	903,224 (Note 1)	N/A
Non-current liabilities		160,731	146,579	651,922	731,530	916,247	10,677
Total liabilities	Before distribution	433,613	900,273	995,464	1,099,497	1,485,658	1,001,016
	After distribution	773,426	1,495,572	1,549,593	1,388,801	1,819,471 (Note 1)	N/A
Equity attributable to owners of parent		1,870,509	2,294,722	3,592,833	3,438,386	3,557,375	3,289,116
Share capital		999,449	999,449	1,112,709	1,112,709	1,112,709	1,112,709
Capital surplus		—	—	998,985	998,985	998,985	998,985
Retained earnings	Before distribution	871,060	1,295,273	1,481,139	1,326,692	1,445,681	1,177,422
	After distribution	531,247	699,974	927,010	1,037,388	1,111,868 (Note 1)	N/A
Other equity		—	—	—	—	—	—
Treasury shares		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total equity	Before distribution	1,870,509	2,294,722	3,592,833	3,438,386	3,557,375	3,289,116
	After distribution	1,530,696	1,699,423	3,038,704	3,149,082	3,223,562 (Note 1)	N/A

Note 1: Amount approved by the Board of Directors on February 23, 2021.

(2) Consolidated Statements of Comprehensive Income - International Financial Reporting Standards

Unit: NT\$1,000 except for earnings per share, which is in NT\$1

Item \ Year	Financial Data for the Past Five Fiscal Years					2021 (as of March 31, 2021) Financial Data
	2016	2017	2018	2019	2020	
Operating revenue	1,523,822	1,906,571	2,147,371	1,650,701	1,622,229	305,566
Gross profit	828,042	1,138,989	1,166,758	734,032	738,786	149,878
Operating profit (loss)	659,848	979,516	970,825	521,572	531,497	86,587
Non-operating income and expenses	(21,688)	(23,581)	10,929	2,333	(7,890)	629
Net income before tax	638,160	955,935	981,754	523,905	523,607	87,216
Net income/loss of continuing operations for the current period	515,060	763,925	785,481	398,825	407,534	65,554
Loss from discontinued operations	—	—	—	—	—	—
Net income (loss) for the current period	515,060	763,925	785,481	398,825	407,534	65,554
Other comprehensive income for the current period (net of tax)	(1,286)	101	(4,316)	857	759	—
Total comprehensive income for the current period	513,774	764,026	781,165	399,682	408,293	65,554
Net income (loss) attributable to owners of parent	515,060	763,925	785,481	398,825	407,534	65,554
Net income attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to owners of parent	513,774	764,026	781,165	399,682	407,534	65,554
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	—
Earnings (loss) per share	5.15	7.64	7.11	3.58	3.66	0.59

(3) Condensed Parent Company-Only Balance Sheets - International Financial
Reporting Standards

Unit: NT\$1,000

Item \ Year		Financial Data for the Past Five Fiscal Years				
		2016	2017	2018	2019	2020
Current assets		463,629	647,477	1,338,706	1,085,703	1,408,972
Property, plant and equipment		1,604,034	1,470,714	1,308,813	1,221,997	1,118,183
Intangible assets		2,417	3,123	3,049	2,557	2,354
Other assets		233,175	620,586	1,417,805	1,350,351	1,284,323
Total assets		2,303,255	2,741,900	4,068,373	3,660,608	3,813,832
Current liabilities	Before distribution	272,015	300,599	337,098	206,831	246,445
	After distribution	611,828	895,898	891,227	496,135	580,258 (Note 1)
Non-current liabilities		160,731	146,579	138,442	15,391	10,012
Total liabilities	Before distribution	432,746	447,178	475,540	222,222	256,457
	After distribution	772,559	1,042,477	1,029,669	511,526	590,270 (Note 1)
Equity attributable to owners of parent		1,870,509	2,294,722	3,592,833	3,438,386	3,557,375
Share capital		999,449	999,449	1,112,709	1,112,709	1,112,709
Capital surplus		—	—	998,985	998,985	998,985
Retained earnings	Before distribution	871,060	1,295,273	1,481,139	1,326,692	1,445,681
	After distribution	531,247	699,974	927,010	1,037,388	1,111,868 (Note 1)
Other equity		—	—	—	—	—
Treasury shares		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	1,870,509	2,294,722	3,592,833	3,438,386	3,557,375
	After distribution	1,530,696	1,699,423	3,038,704	3,149,082	3,223,562

Note 1: Amount approved by the Board of Directors on February 23, 2021.

Note 2: The Company had not had the latest financial information audited or reviewed by a CPA as of the publication date of the Annual Report, so did not disclose relevant information.

(4) Parent Company-Only Statements of Comprehensive Income - International
Financial Reporting Standards

Unit: NT\$1,000 except for earnings per share, which is in NT\$1

Item \ Year	Financial Data for the Past Five Fiscal Years				
	2016	2017	2018	2019	2020
Operating revenue	1,523,822	1,906,571	2,147,371	1,648,885	1,510,772
Gross profit	828,042	1,138,989	1,166,756	741,335	739,928
Operating profit (loss)	661,944	993,192	992,592	581,405	582,093
Non-operating income and expenses	(23,784)	(37,257)	(10,838)	(57,500)	(58,486)
Net income before tax	638,160	955,935	981,754	523,905	523,607
Net income of continuing operations for the current period	515,060	763,925	785,481	398,825	407,534
Loss from discontinued operations	—	—	—	—	—
Net income (loss) for the current period	515,060	763,925	785,481	398,825	407,534
Other comprehensive income for the current period (net of tax)	(1,286)	101	(4,316)	857	759
Total comprehensive income for the current period	513,774	764,026	781,165	399,682	408,293
Net income attributable to owners of parent	515,060	763,925	785,481	398,825	407,534
Net income attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to owners of parent	513,774	764,026	781,165	399,682	408,293
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share	5.15	7.64	7.11	3.58	3.66

Note: The Company had not had the latest financial information audited or reviewed by a CPA as of the publication date of the Annual Report, so did not disclose relevant information.

2. Name of CPAs and Audit Opinions for the Last Five Years

Year	CPA firm	Name of CPAs	Audit opinion
2016	Deloitte & Touche	Tseng, Tung-Yun and Chiang, Shu-Ching	Unqualified opinions
2017	Deloitte & Touche	Tseng, Tung-Yun and Chiang, Shu-Ching	Unqualified opinions
2018	Deloitte & Touche	Yen, Hsiao-Fang and Chiang, Shu-Ching	Unqualified opinions
2019	Deloitte & Touche	Yen, Hsiao-Fang and Chiang, Shu-Ching	Unqualified opinions
2020	Deloitte & Touche	Yen, Hsiao-Fang and Chiang, Shu-Ching	Unqualified opinions

II. Financial Analyses for the Past Five Fiscal Years

1. International Financial Reporting Standards - Consolidated

Item (Note 3) \ Year		Financial Analyses for the Past Five Fiscal Years					2021 (as of March 31, 2021)
		2016	2017	2018	2019	2020	
Financial structure (%)	Ratio of liabilities to assets	18.82	28.18	21.70	24.23	29.46	23.33
	Ratio of long-term capital to property, plant and equipment	126.57	114.36	169.69	142.91	136.73	99.43
Debt service ability (%)	Current ratio	194.84	107.80	497.00	323.64	286.36	85.82
	Quick ratio	131.66	84.15	460.58	287.31	266.71	69.36
	Times interest earned ratio	13,907.01	15,254.33	19,181.71	27,659.44	6,320.83	3,604.06
Operating ability	Accounts receivable turnover rate (times)	20.56	16.48	12.00	9.84	11.57	9.19
	Average days for cash receipts	17.75	22.15	30.42	37.09	31.55	39.72
	Inventory turnover rate (times)	4.93	4.47	6.67	8.04	8.70	5.12
	Payables turnover rate (times)	18.21	20.41	29.06	27.67	27.17	19.82
	Average days for sale of goods	74.04	81.66	54.72	45.40	41.95	71.29
	Turnover rate for property, plant and equipment (times)	0.91	1.02	0.93	0.61	0.52	0.37
	Total asset turnover rate (times)	0.70	0.69	0.55	0.36	0.34	0.26

Profitability	Asset return ratio (%)	23.96	27.97	20.29	8.77	8.65	5.79
	Equity return ratio (%)	30.50	36.68	26.68	11.34	11.65	7.66
	Ratio of income before tax to paid-in capital (%)	63.85	95.65	88.23	47.08	47.06	31.35
	Net profit ratio (%)	33.80	40.07	36.58	24.16	25.12	21.45
	Earnings per share (NTD)	5.15	7.64	7.11	3.58	3.66	0.59
Cash flow	Cash flow ratio (%)	255.88	131.77	283.19	176.75	117.16	88.38
	Cash flow sufficiency ratio (%)	170.85	126.19	105.27	77.65	76.86	71.54
	Cash reinvestment ratio (%)	14.89	15.37	6.04	1.50	5.48	3.80
Leverage	Operating leverage	1.49	1.34	1.38	1.76	1.71	2.01
	Financial leverage	1.01	1.01	1.01	1.00	1.02	1.03
<p>Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)</p> <p>Financial structure: The ratio of liabilities to assets increased in 2020 from that in 2019, mainly due to an increase in bank loans taken out by our subsidiary.</p> <p>Debt service ability: The times interest earned ratio decreased in 2020 compared with that in 2019, mainly due to an increase in interest expenses on bank loans taken out by our subsidiary.</p> <p>Cash flow: The cash flow ratio in 2020 decreased compared with that in 2019, mainly due to an increase in short-term bank borrowings by our subsidiary and an increase in the current portion of the long-term borrowings, leading to an increase in current liabilities. The increase in the cash reinvestment ratio was mainly due to the successive acceptance of the plants and equipment in our subsidiary's plant establishment project, leading to an increase in property, plant and equipment.</p>							

Note 1: Formulas for IFRS financial ratios are as follows:

1. Financial structure
 - (1) Ratio of liabilities to assets = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment.
2. Debt service ability
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
 - (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses.
3. Operating ability
 - (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities).
 - (2) Average days for cash receipts = 365/Accounts receivable turnover.
 - (3) Inventory turnover rate = Cost of sales/Average inventory.
 - (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities).
 - (5) Average days for sale of goods = 365/Inventory turnover.
 - (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant and equipment.

- (7) Total asset turnover rate = Net sales/Average total assets.
4. Profitability
- (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
 - (2) Equity return ratio = Profit or loss after tax/Average total equity.
 - (3) Net profit ratio = Profit or loss after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued.
5. Cash flow
- (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
 - (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).
6. Leverage:
- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

2. International Financial Reporting Standards - Parent Company-Only

Item \ Year		Financial Analyses for the Past Five Fiscal Years				
		2016	2017	2018	2019	2020
Financial structure (%)	Ratio of liabilities to assets	18.79	16.31	11.69	6.07	6.72
	Ratio of long-term capital to property, plant and equipment	126.63	165.99	285.09	282.63	319.03
Debt service ability (%)	Current ratio	170.44	215.40	397.13	524.92	571.72
	Quick ratio	107.08	156.20	360.11	462.50	528.26
	Times interest earned ratio	13,907.01	24,022.30	31,830.90	27,659.44	—
Operating ability	Accounts receivable turnover rate (times)	20.56	16.48	12.00	10.00	12.10
	Average days for cash receipts	17.75	22.15	30.42	36.50	30.17
	Inventory turnover rate (times)	4.93	4.47	6.67	7.96	7.63
	Payables turnover rate (times)	18.21	20.41	29.06	27.40	24.08
	Average days for sale of goods	74.04	81.66	54.72	45.85	47.84
	Turnover rate for property, plant and equipment (times)	0.91	1.24	1.55	1.30	1.29
	Total asset turnover rate (times)	0.70	0.76	0.63	0.43	0.40
Profitability	Asset return ratio (%)	23.97	30.41	23.14	10.36	10.90
	Equity return ratio (%)	30.50	36.68	26.68	11.34	11.65
	Ratio of income before tax to paid-in capital (%)	63.85	95.65	88.23	47.08	47.06
	Net profit ratio (%)	33.80	40.07	36.58	24.19	26.98
	Earnings per share (NTD)	5.15	7.64	7.11	3.58	3.66
Cash flow	Cash flow ratio (%)	257.48	335.44	303.66	350.90	257.67
	Cash flow sufficiency ratio (%)	163.49	142.06	110.55	93.59	95.67
	Cash reinvestment ratio (%)	14.95	15.72	7.53	3.02	5.83
Leverage	Operating leverage	1.48	1.33	1.36	1.61	1.47
	Financial leverage	1.01	1.00	1.00	1.00	1.00
<p>Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)</p> <p>Debt service ability: The decrease in the times interest earned ratio was mainly due to the fact that there was no interest expense in 2020.</p> <p>Operating ability: The increase in the accounts receivable turnover rate was mainly due to a decrease in the average accounts receivable in 2020 compared with 2019.</p> <p>Cash flow: The cash flow ratio decreased and the cash reinvestment ratio increased in 2020, which was mainly due to a decrease in revenue because of the decline in the international zinc prices in 2020, thereby leading to a decrease in payments received from customers, and thus a decrease in the net cash flow from operating activities.</p>						

III. Audit Committee's Audit Report for the Most Recent Fiscal Year's Financial Statements

Audit Committee's Audit Report

The Company's Board of Directors prepared the 2020 consolidated financial statements, parent company-only financial statements, a business report, and an earnings distribution proposal, of which the Company's 2020 financial statements have been audited by CPAs of Deloitte & Touche, by whom an audit report with an unqualified opinion has been issued. We have reviewed said business report, parent company-only financial statements, consolidated financial statements, and earnings distribution proposal, and found that there are no discrepancies therein. Therefore, we have hereby stated that the content above is true and correct in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please proceed to review it.

To

2020 Annual Shareholders' Meeting of Taiwan Steel Union Co., Ltd.

Taiwan Steel Union Co., Ltd.

Wu, Chuan-Chuan, Convener of the Audit Committee

February 23, 2021

IV. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation: None.

Seven. Review and Analysis of the Company's Financial Position and Financial Performance, and Risks

I. Financial Position:

Unit: NT\$1,000

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	1,630,542	1,190,877	439,665	36.92
Non-current assets	3,412,491	3,347,006	65,485	1.96
Total assets	5,043,033	4,537,883	505,150	11.13
Current liabilities	569,411	367,967	201,444	54.75
Non-current liabilities	916,247	731,530	184,717	25.25
Total liabilities	1,485,658	1,099,497	386,161	35.12
Share capital	1,112,709	1,112,709	0	0.00
Capital surplus	998,985	998,985	0	0.00
Retained earnings	1,445,681	1,326,692	118,989	8.97
Total equity	3,557,375	3,438,386	118,989	3.46
<p>The analysis of any change in the financial ratios by 20% or more, and the changes in the amount by at least NT\$10 million are as follows:</p> <p>1.Current assets: The payout of dividends, land payments, and the payment for 2018 income tax were the main reason for a low balance of deposits in the account. There were no significant capital expenditures in 2020.</p> <p>2.Current liabilities: It is mainly because of an increase in short-term bank borrowings and the current portion of long-term borrowings by our subsidiary.</p> <p>3.Non-current liabilities: It is mainly because of an increase in long-term borrowings by our subsidiary.</p> <p>4.Total liabilities: It is mainly because of an increase in short- and long-term borrowings by our subsidiary.</p>				

II. Financial Performance:

1. The main reasons for the major changes in operating revenue, net operating income, and net income before tax in the last two years:

Unit: NT\$1,000

Item \ Year	2020	2019	Difference	
			Amount	%
Operating revenue	1,622,229	1,650,701	(28,472)	(1.72)
Operating cost	883,443	916,669	(33,226)	(3.62)
Gross profit	738,786	734,032	4,754	0.65
Operating expenses	207,289	212,460	(5,171)	(2.43)
Net operating income	531,497	521,572	9,925	1.90
Non-operating income and expenses	(7,890)	2,333	(10,223)	(438.19)
Net income before tax	523,607	523,905	(298)	(0.06)
Income tax	116,073	125,080	(9,007)	(7.20)
Net income for the year	407,534	398,825	8,709	2.18
The analysis of any change in the financial ratios by 20% or more, and the changes in the amount by at least NT\$10 million are as follows:				
1. The increase in non-operating expenses was mainly due to an increase in exchange losses caused by the appreciation of the New Taiwan dollar in 2020 and an increase in interest expenses on borrowings by our subsidiary.				

2. The expected sales volume and the basis therefor, the potential impact on the Company's future financial business and our response plan:

The Company has not prepared and announced financial forecasts, so the estimated sales volume and the basis therefor do not apply, and the Company as a whole did not encounter any major unusual circumstances, so there should be no need to draw up a response plan.

III. Cash Flow:

1. Cash flow analysis for the recent years:

Unit: NT\$1,000

Item \ Year	2020	2019	Difference	
			Amount	%
Net cash inflows from operating activities	667,115	650,373	16,742	2.57
Net cash outflows from investing activities	(569,642)	(836,886)	267,244	31.93
Net cash inflows (outflows) from financing activities	33,819	(226,504)	260,323	114.93
Analysis of changes in cash flow:				
1. Decrease in net cash outflows from investing activities: The main property of the subsidiary's plant construction project had been successively inspected and accepted in 2019, so the amount of property, plant and equipment acquired in 2020 decreased compared with 2019.				
2. Decrease in net cash outflows from financing activities: The amount of cash dividends paid out decreased in 2020 compared with 2019.				

- Improvement plan for insufficient liquidity: The Company's current borrowing facilities are still around NT\$700 million, which should be sufficient to cope with the risk of short-term insufficient liquidity.
- Analysis of Cash Liquidity in the Coming Year (2021):

Unit: NT\$1,000

Opening balance of cash (1)	Estimated annual net cash flow from operating activities (2)	Estimated annual cash flows from investing and financing activities (3)	Estimated cash surplus (deficit) (1)+(2)+(3)	Remedial measures for estimated cash shortage	
				Investment plan	Financing plan
1,022,902	680,794	(1,451,024)	252,672	-	-
Analysis and explanation:					
1. Estimated annual net cash inflow from operating activities: Continuous profitability is estimated in 2021.					
2. Estimated net cash outflows from investing activities and financing activities throughout the year: It is mainly related to the purchase of property, plant and equipment, repayment of bank borrowings, and payout of cash dividends.					
3. Remedial measures for estimated inadequate cash flow and liquidity risk: None.					

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year: None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year:

1. Reinvestment policy for the most recent year: The Company's reinvestment in Taiwan Steel Resources is conducted in accordance with the Procedures for Acquisition or Disposal of Assets, and we evaluated and the benefits and implemented the policy after it was approved by the Board of Directors.
2. The main reason for profit or loss: The investee subsidiary Taiwan Steel Resources only began its trial operation in November 2019. There are still many items that need to be adjusted in the early stage of the operation, and its profit is still unstable.
3. Investment plan for the coming year: As of March 2021, the Company's estimated budget for the investment in the subsidiary Taiwan Steel Resources was NT\$2.3 billion.

VI. Risk Analysis:

1. The impact of changes in interest rate and exchange rate, and inflation on the Company's profit or loss and future countermeasures:

(1) Interest rate changes:

The Company's net interest expenses in 2020 and 2019 were NT\$8,417,000 and NT\$1,901,000, respectively, which accounted for 0.52% and 0.12% of the net operating revenue of 2020 and 2019, respectively; thus, interest expenses had little impact on the Company's profit or loss.

Building on a stable and conservative financial foundation, the Company has maintained close contact with our correspondent banks, and monitored changes in market interest rates, to dispatch funds and adjust borrowing rates at any time appropriately, thereby reducing the impact of changes in interest rates on the Company's profit or loss.

(2) Exchange rate:

The Company is mainly export-oriented, and our operating revenue is denominated in USD, so exchange rate changes have a certain impact on the Company's profit or loss. The Company's exchange losses for 2020 and 2019 were NT\$8,073,000 and NT\$656,000, respectively, which accounted for 0.50% and 0.04% of the net operating revenue of 2020 and 2019, respectively. The Company's personnel in charge of the financial affairs keep abreast of the

information on foreign exchange markets to take advantage of situations that are more beneficial to the Company.

(3) Inflation:

The Company's profit or loss was not significantly impacted by inflation.

2. Policy for engaging in high-risk and high-leverage investments, loans to others, endorsements/guarantees, and derivatives trading, the main reasons for profit or loss, and future countermeasures:

(1) High-risk and high-leverage investments:

The Company is focused on running our core business without engaging in high-risk and high-leverage investments.

(2) Loans to others:

The Company has formulated the Operating Procedures for Loans to Others as a basis for loans to others by the Company. The Company did not provide loans to others in the most recent year and up to the publication date of the Annual Report.

(3) Endorsements/Guarantees:

The Company has formulated the Regulations on Endorsements and Guarantees as the basis for endorsements/guarantees by the Company. The Company only provided to endorsements/guarantees to our wholly-owned subsidiary Taiwan Steel Resources Co., Ltd. (hereinafter referred to as "Taiwan Steel Resources") for bank loans in the most recent year and up to the publication date of the Annual Report, and the risk assessment procedures were conducted in accordance with the Regulations on Endorsements and Guarantees.

(4) Derivatives trading:

The Company's financial hedging strategy aims to avoid the risk of exchange rate fluctuations for our net assets and liabilities denominated in foreign currencies, and the relevant operations are conducted in accordance with the Company's Procedures for Engaging in Derivatives Trading. The Company did not engage in derivatives trading in the most recent year and upto the publication date of the Annual Report.

3. Future R&D plan and estimated R&D expenses:

(1) Future R&D plan:

A. Increase waste to partially replace auxiliary raw materials to reduce the consumption of natural resources.

B. Improve processes to reduce material consumption and operating costs

(2) Estimated R&D expenses:

The amount of investment in R&D expenses will be budgeted gradually based on the research progress. In the future, funds will be allocated for R&D based on operating conditions to support future R&D plans and to increase the Company's competitiveness in the industry and the market.

4. The impact of important domestic and foreign policies and legal changes on the Company's financial business and countermeasures:

The Company's operations are in compliance with relevant domestic and foreign laws and regulations. We always pay attention to domestic and foreign policy development trends and changes in laws and regulations, consult relevant professionals, and collect relevant information and provide it to the management as a reference for decision-making, to fully keep abreast of and respond to changes in the market environment, and to adjust our relevant operating strategies in due course. There was no major changes in the domestic and foreign policies and legal changes with a material impact on the Company's financial business in the most recent year and up to the publication date of the Annual Report.

5. The impact of technological and industrial changes on the Company's financial business and countermeasures:

The Company has been working in the industry for many years, adopted the highest standards, and introduced the most advanced German Waelz rotary kiln heat recovery process technology, so we have occupied a place in the industry. We always pay attention to the development and evolution of industrial technologies, and evaluate the impact of such development on the Company's operations to make adjustments accordingly. We currently adopt a stable financial management strategy and business model to respond to the impact of technological changes on the Company. Technological and industrial changes did not have material impact on the Company's financial business and operations in the most recent year and up to the publication date of the Annual Report.

6. The impact of changes in corporate image on corporate crisis management and countermeasures:

The establishment of the Company aims to recycle EAF dust in the steelmaking industry, to achieve the goal of zero waste. We have been sticking with the goal along the way, and fulfilling our social responsibilities for environmental protection, to contribute our share for the sustainable "blue sky, green land, green mountains, and clean water" in Taiwan. The Company did not have any changes in

corporate image that caused any crisis in the most recent year and up to the publication date of the Annual Report.

7. Estimated benefits and potential risks of mergers and acquisitions, and countermeasures:

The Company had no plan for merging/acquiring other companies in the most recent year and up to the publication date of the Annual Report.

8. Estimated benefits and potential risks of factory expansion, and countermeasures:

The Company's Board of Directors approved the establishment of a wholly-owned Taiwan Steel Resources on July 7, 2016, which is mainly engaged in the stabilization and reuse of slag generated in the production process of the EAF steel plants. The original total amount was NT\$1,200,000,000. After the approved by the Board of Directors on October 29, 2018, the amount was adjusted to NT\$2,400,000,000, of which NT\$1,000,000,000 was financed by the bank. As of the publication date of the Annual Report, our cumulative investment in the subsidiary was NT\$2,300,000,000.

The Company's estimated benefits were mainly based on the revenue from treatment of reduced slag and rotary kiln slag and from sales of finished goods. The revenue of reduced slag and rotary kiln slag was estimated mainly based on EAF steelmakers' current outsourced reduced slag treatment cost per ton and our slag treatment cost per ton. The sales revenue of aggregates was estimated based on the current market price per ton. The subsidiary Taiwan Steel Resources will promote sales of aggregates at very competitive prices. If the sales of the finished aggregates from stabilized slag are not as good as expected in the future, we will adjust product prices flexibly based on market demand while increasing the treatment fees for slag from steelmaking and rotary kilns to balance costs appropriately. As such, the short-term operation of the subsidiary will not be affected by the issue of product sales.

9. Risks associated with any supplier or customer concentration, and countermeasures:

The Company's sources of suppliers are evenly distributed, with multiple material supply channels, without concentrated on single supplier. To achieve the purpose of diversified sources of suppliers, we also maintain certain opportunities for collaboration with other suppliers. With long-term and stable partnership, there is no risk associated with shortage of supply sources.

The Company's major customers are large zinc smelters in Japan. Our orders and quality are relatively stable, and our largest customer does not exceed half of

our total operating revenue, and our customers that account for more than half of our revenue have established a long-term cooperative partnership with the Company, so the risk of customer concentration is relatively low. However, the Company will continue to pay attention to and evaluate the market conditions in each region to develop potential customers.

10. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and countermeasures:

The Company did not experience substantial transfer or change of hands by any director or a major shareholder holding at least 10% of our shares in the most recent year and up to the publication date of the Annual Report.

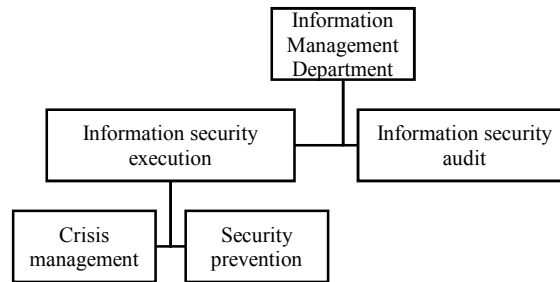
11. Effect upon and risk to the Company associated with any change in governance personnel or the top management, and countermeasures:

The Company did not any change in governance personnel or the top management in the most recent year and up to the publication date of the Annual Report.

12. Regarding litigation or non-litigation events, major litigation, non-litigation, or administrative dispute cases that have been closed or are still on trial in which the Company and the Company's directors, General Manager, de facto persons in charge, major shareholders with at least 10% of the shareholding, or any affiliated companies are involved shall be listed. If the result may have a material impact on shareholders' equity or securities prices, the facts in dispute, the amount of the case, the date of the commencement of the litigation, the main parties involved in such cases, and the handling of the situation as of the publication date of the Annual Report shall be disclosed: None.

13. Information Security Risk Management Structure, Policy, and Management Program:

(1). Information Security Risk Management Framework



- A. Section Chief: Formulating information security policies and supervising the approval and implementation of information security management systems.
- B. Staff in the section: All staff in the Information Management Section. The responsibilities include:
 - i. Responsible for information security regulations review or decision-making and implementation; information collection and raising of awareness of information security; formulating system security measures; devising information security measures.
 - ii. Responsible for crisis management procedures, identifying the causes of crisis events, confirming the scope of impact and conducting assessments of losses, executing emergency response plans, implementing solutions, and conducting crisis notifications.

(2). Information Security Policy

To strengthen information security management, ensure the confidentiality, integrity, and availability of information, the reliability of information equipment (including computer hardware, software, and peripherals) and network systems, as well as employees' awareness of information security, and make sure that the above resources will not be disrupted, destructed, intruded, or subject to any detrimental acts and attempts, this policy has been particularly formulated:

- A. Establish an electronic data protection system to avoid unauthorized reading, modification, or export for taken out of the Company, to ensure the integrity and security.
- B. Establish a maintenance and control mechanism for the software and hardware in the computer category to protect the reliability and stability of the operation of the equipment.
- C. Promote information security regularly, enhance employees' awareness of information security, and strengthen their awareness of relevant responsibilities.

- D. Establish an information security protection system to block unknown external attacks and intrusions.
- E. Implement an internal computer software audit system for information security to ensure the implementation of information security management as planned.
- F. Comply with relevant laws and regulations, such as the Personal Data Protection Act and the Copyright Act.
- G. All files and electronic materials shall be kept properly and filed in order, and shall not be carried outside the Company without the Company's authorization.

(3). Specific management plan

The Company's current management methods have been able to protect information security effectively. Our specific management measures are detailed in the table below:

Information Security Management		
Item	Explanation	Major Contents
Access permission management	Management and records of the history of AD accounts, ERP accounts, and access permission	Account application, change, and deletion management Tiered control and management of access permission and audit
Data management	Personnel access system and data management and control measures	Data and system access permission control Access to records of users' history Establishment of file encryption system
External threat management	Inspection and blocking of all potential loopholes for intrusion, and development of relevant preventive measures	Establishment of a new-generation firewall to strengthen the mechanism against hackers Server/computer terminal anti-virus system establishment and update of vulnerabilities Establishment of an email filtering system to prevent intrusion through legitimate channels
System stability management	Establishment of relevant preventive measures to reduce losses caused by system disruption	Response to system disruption Data backup and restoration management measures System restoration management measures during disasters

Information security incident notification procedure

Please refer to the Company's Information Security Policy under Corporate Governance in the CSR section on the official website for more information on our information security notification procedure. Our notification of and response to information security incidents are conducted in compliance with the procedure.

14. Other important risks and countermeasures: None.

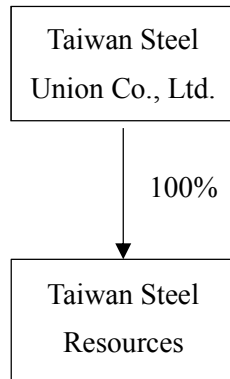
VII. Other Important Matters: None.

Eight. Special Disclosure

I. Information on the Company's Affiliated Company:

1. Consolidated business report:

(1) Organizational structure of affiliated company (2020.12.31):



(2) Basic information on affiliated company:

April 29, 2021; Unit: NT\$1,000

Name of company	Date of incorporation	Address	Paid-in capital	Principal business
Taiwan Steel Resources	July 15, 2016	No. 18, Zhangbin W. 5th Rd., Shengang Township, Changhua County	1,490,000	Waste reuse

(3) Where there is considered to be a controlled and subordinate relation, the information of the same shareholders: None.

(4) The industries in the affiliated company's scope business:

The Company's scope of business is detailed in Chapter V. Operational

Highlights. Taiwan Steel Resources's principle business is as follows:

- C901030 Cement Manufacturing
- C901040 Manufacture of Ready-mix Concrete
- C901050 Cement and Concrete Products Manufacturing
- Other Non-Metallic Mineral Products
- C901990 Manufacturing
- J101030 Waste Disposing
- J101040 Waste Treatment
- J101080 Resource Recycling
- J101090 Waste Disposal
- All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- ZZ99999

(5) Information on directors, supervisors, and presidents of affiliates

April 29, 2021

Name of company	Title	Name or representative	Shareholding	
			Shares	%
Taiwan Steel Resources	Chairman	Legal Representative of Taiwan Steel Union Co., Ltd.: Fang, Yen-Bin	149,000,000 shares	100%
	Director	Legal Representative of Taiwan Steel Union Co., Ltd.: Lin, Chih-Kang		
	Director	Legal Representative of Taiwan Steel Union Co., Ltd.: Liu, Ming-Tsung		
	Supervisor	Legal Representative of Taiwan Steel Union Co., Ltd.: Yeh, Shih-Cheng,		
	General Manager	Tsai, Wen-Po		

(6) Operational Highlights of Affiliated Company:

Unit: NT\$1,000; December 31, 2020

Name of company	Capitalization	Total assets	Total liabilities	Net worth	Operating revenue	Operating margin	Profit or loss (after tax) for the current period	Earnings per share (NTD) (after tax)
Taiwan Steel Resources	1,400,000	2,484,441	1,244,290	1,240,151	178,057	(50,629)	(58,780)	(0.42)

2. Combined Financial Statements of Affiliated Companies:

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

3. Affiliation Report: None.

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Other Supplementary Information: None.

Nine. Other Matters

Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

Taiwan Steel Union Co., Ltd.

Chairman: Mark Lin