



Mechema international Group
2023 Sustainability Report

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Information on the Report

This report is the tenth sustainability report of Mechema International, Inc. (hereinafter referred to as Mechema and the Company), which provides detailed information on the performance of Mechema International, Inc. in the areas of economic, environmental, and social corporate social responsibility for the year 2023 (2023/01/01 to 2023/12/31). In the near future, the Company will publish sustainability reports on an annual basis.

Report Issue

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

Previous release: June 2023

Current release: August 2024

Next release: **August 2025**

Distribution Channel

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

Principles of Editing

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

Scope and Sources of Information

The information contained in this report is based on Mechema's and does not include subsidiaries with sources of financial data that have been verified by the accountants. In addition, some statistical data are cited from publicly available information from government agencies and related websites in the form of textual and numerical descriptions that are commonly used, with exceptions to be specified in the report. Moreover, the quotations and reporting boundaries of the data do not differ from those in the 2022 sustainability Report.

Outline of the Report

This report reveals the Company's specific efforts and achievements in 2023 in the areas of business performance, corporate governance, product responsibility, sustainable environment, employee care, and community involvement for sustainable development, and will be compiled under the main themes of "Introduction of Mechema", "Supplier Management and Product Service", "Corporate Governance", "Sustainable Environment", "Corporate Commitment", and "Local Community".

External Assurance

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

Contact Information

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

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Words from the Chairman

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

Aiming at the goal of sustainable management, the Company has been continuously refining its internal management, control and corporate governance system. Meanwhile, in line with the corporate governance requirements of listed companies, Machmea publishes annually a sustainability report for the previous year to reveal the company's economic, environmental, social and organizational governance performance. It is also intended to reward shareholders, employees, the general public and other stakeholders, demonstrating its commitment to corporate sustainability. The Company has been certified to the "ISO 9001" Quality Management System, "ISO14001:2015" Environmental Management System, and ISO 14067-1 carbon footprint verification. Certification to the ISO 14064-1:2018 Greenhouse Gas Inventory, IATF 16949:2016 Automotive Quality Management System, and "ISO 45001:2018" Occupational Health And Safety Management Systems is still in progress. We expect to receive the certifications in the future.

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



Chairman, Lung-Tsai Yen

1. Stakeholder Identification and Management of Critical Issues

1.1 CSR Policy and Implementation Organization

1.1.1 Policy

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

1.2 Stakeholder Identification and Engagement

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

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

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

1.2.1 Stakeholder Identification and Engagement

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

1.2.2 Stakeholder Map



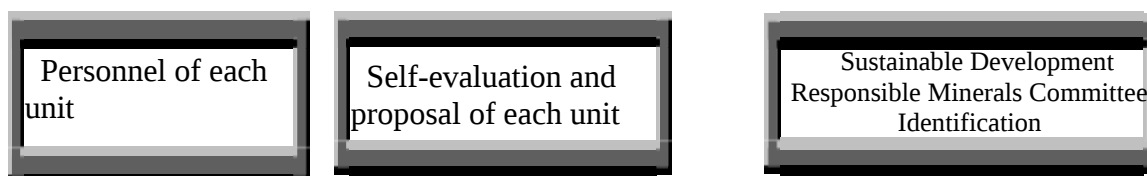
1.3 Stakeholder Communication and Issues of Concern

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

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

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

1.3.1 Flow chart of concern identification



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

Table 1. Methods of Communication with Stakeholders on Issues of Material Concern and Their Significance to Mechema

Stakeholder	Issues of Material Concern	Code	Communication Method	Significance to Mechema
Customers	Products and services	A1	△ Customer service hotline of the Business Department △ Customer satisfaction survey △ Meetings and communication seminars △ Technical personnel project exchange △ Supply chain management	Customers liking our products and services is the sustainable value of Mechema.
	Legal compliance	A2	△ Company website	
Shareholders / investors	Sustainable operations	C1	△ Annual shareholders' meeting △ Company website	Shareholders/investors have given Mechema their utmost trust and support, so we must be responsible for them.
	Management performance	C3	△ Financial statements △ Annual report △ Sustainability report	
	Integrity Operation	C2	△ Market Observation Post System (MOPS)	
	Legal compliance	A2	△ Suggestion box	
Employees	Occupational safety and health	B1	△ Labor-management meeting △ Welfare Committee meeting △ Monthly meeting	Employees are the key to the sustainable operation of Mechema, and they are also the impetus for Mechema's continuous growth.
	Talent cultivation	B3	△ Company website	
	Employee remuneration	B4	△ Occupational Safety and Health Committee	
	Legal compliance	A2	△ Suggestion box	
Government agencies	Occupational safety and health	B1	△ Report review and on-site audit	Appropriate legal requirements are the driving force for Mechema's continuous improvement.
	Environmental protection	D1	△ Pollution control △ Greenhouse gas management △ Carbon reduction and climate change	
	Legal compliance	A2	△ Official forums or public hearings	

Local community	Environmental protection	D1	△ Communication with designated personnel △ Community conference	The local community provides an environment for creating a prosperous future with the residents.
	Legal compliance	A2	△ Company website	
Suppliers	Products and services	A1	△ Supplier evaluation △ Satisfaction survey △ Modern slavery statement △ Industrial safety education and training for suppliers and contractors	Suppliers providing raw materials of stable quality is the key for Mechema in ensuring quality products.
	Legal compliance	A2	△ Company website	

1.4 Materiality Analysis

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

The matrix is drawn as shown in the following.

Rejection chart for ranking the importance of issues

Stakeholder interest in the issue											B3	D1	B1	C3	
										C1	B4				
										A2	A1				
	High									C2					
										F1			B5		
										B6					
	Medium														
	Low														
		Low					Medium				High				

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

1.5 Material Issues Response

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

1.5.1 List of material issues and aspect boundaries

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

1.5.2 Management policy and execution results of material issues

Order	Category	Material Issues	Management Policy	2023 Execution
1	Economically	Operating Performance	Execution and analysis of operations on the budget basis.	The sharp drop in the price of cobalt metal as a raw material has led to a significant decrease in revenue compared to last year.
2	Environmentally	Environmental Protection	To obtain reasonable energy consumption data, the organizers regularly check and detect abnormalities; and to detect abnormalities through regular comparison of payment amounts and operating results.	Not violated.
			Irregular audits by the competent authorities and the regulatory compliance of the emission methods planned by the organizers.	Not violated.
			The wastewater is treated in the plant to meet the water quality standards of the Guan Yin Industrial Park Sewage Treatment Plant before being discharged to the Guan Yin Industrial Park Sewage Treatment Plant for further treatment; therefore, it will not directly affect the relevant water bodies and related habitats. The waste generated is classified according to the Environmental Protection Administration and is properly disposed of by a licensed domestic removal and treatment company, in order to recycle and reuse the waste.	Not violated.
3	Socially	Occupational Safety and Health	The company complies with relevant laws and regulations, utilizes planning, implementation, inspection and improvement management practices to achieve occupational safety and health management goals, identifies problems through continuous audits so as to take immediate corrective and preventive measures to improve occupational safety and health management performance, effectively prevent occupational hazards and promote labor safety and health. The system conducts internal audits and hires external auditors for certification.	Not violated.
4	Socially	Staff Cultivation	Openings are offered by employees or by department heads who assign appropriate personnel to participate in internal and external training and are disclosed in the annual report and sustainability report.	2023 Training courses have been arranged
5	Economically	Sincere Management	We strive to achieve the goal of integrity operation by following the "Code of Integrity Operation" and fulfilling the spirit of "Honesty, Harmony, Loyalty, and Progress".	No abnormalities.
			Follow the Code of Practice for Responsible Sustainable Development.	No abnormalities.
			Employees are required to follow the Code of Ethics to prevent corruption from occurring. Each unit enhances awareness of ethics in the annual self-assessment of the internal control system.	No abnormalities.
			Our senior management is appointed based on the professional requirements of the position and not based on whether or not they are local residents. The salary policy is based on the legal basic salary and the industry salary level, and the performance appraisal is conducted regularly, with a clear and effective reward as well as punishment system in place.	No labor disputes.
6	Socially	Employee Compensation	The Company has established work rules and regulations in accordance with labor laws and regulations to protect the legal rights and interests of employees without regard to race, class, language, ideology, religion, party affiliation, place of birth, gender, sexual orientation, disability, age, or previous union membership. All benefits are equally provided to employees. Disagreement can be put forward through labor-management meetings, internal meetings, or private complaints to supervisors.	No labor disputes.

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

1.5.3 Stakeholder Communication

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

Stakeholder Communication

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

2. About Mechema

2.1 Company Profile

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

2.2 Corporate Culture and Business Philosophy

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

Names of key industry organizations that the Company has joined

- Taoyuan City Industrial Association
- General Chamber of Commerce of the Republic of China
- Taiwan Industrial & Commercial Safety and Health Association

Chronicle of the Milestone

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

Best Award (2 stars) [Waste Resource Recycling Economy Evaluation)	Protection Administration	
Chairman received donation award from Ministry of Education	National Taipei University of Science and Technology	2020

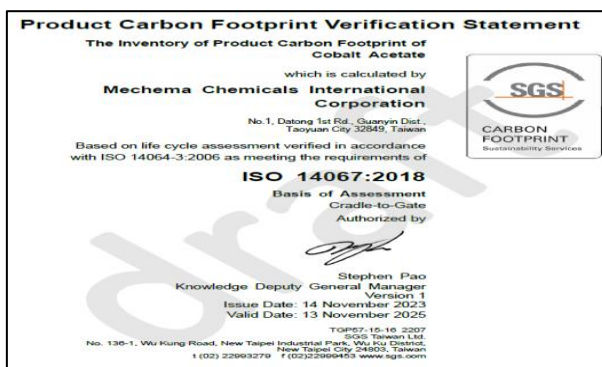
2.2.1 Company Certification

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

Sustainability Management System and Verification

Scope	Standard	Mechema Headquarters
Quality	ISO 9001:2015 Quality Management System	●
Environment	ISO 14001:2015 Environmental Management System	●
Environment	ISO 14067-1 Carbon Footprint Verification	●
Environment	ISO 14064-1:2018 Greenhouse gas inventory	Verification in progress
Occupational health and safety management	ISO 45001:2018 Occupational Safety and Health Management System	Passed verification
Quality	IATF 16949:2016 Automotive Quality Management System	Verification in progress





2.3 Products and Services

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

Our products and services:

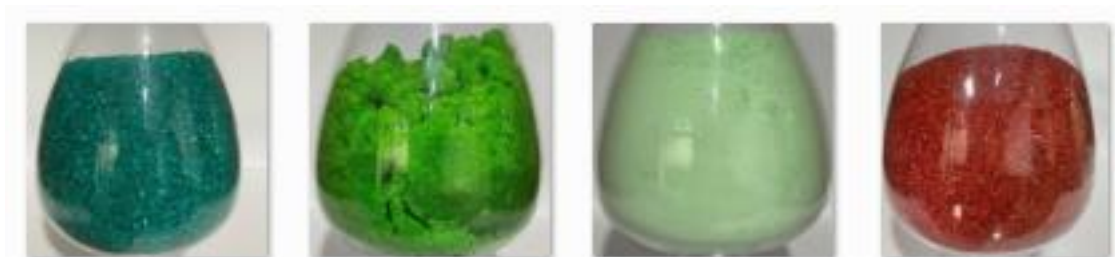
- Manufacturing, trading, import and export of cobalt acetate and manganese acetate.
- Production, manufacturing, trading, import and export of cobalt compounds and manganese compounds.
- Trading, import and export of cobalt and manganese metals.
- Production, manufacturing, trading, import and export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



Main Products

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

Product Photos



Operating Ratio

Unit: NTD Thousand

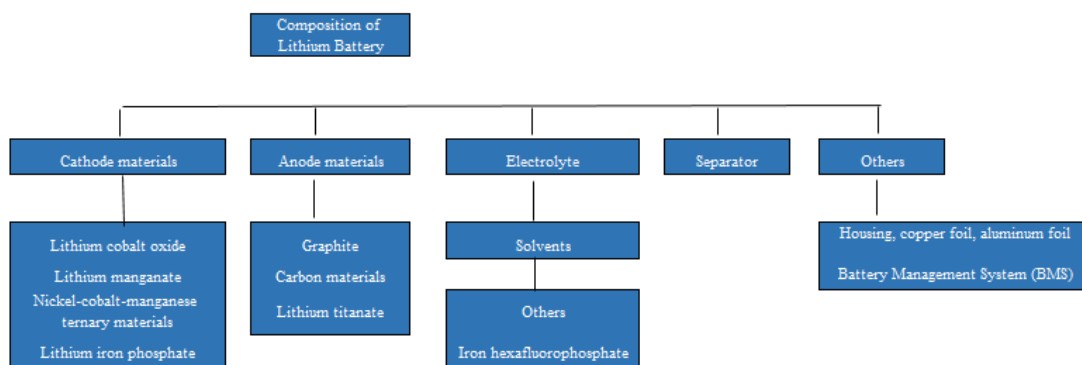
Products	Year 2022		Year 2021	
	Amount (in thousands)	Operating ratio(%)	Amount (in thousands)	Operating ratio(%)
Battery material related raw materials	695,099	30%	2,488,963	47%
Oxidation catalyst	1,621,265	70%	2,782,535	53%
Total	2,316,364	100%	5,271,498	100%

A. Oxidation Catalyst Products:

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

B. Battery Material (lithium battery - anode material)

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



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

C. Major Products and Applications



重要用途	Critical Purpose
PTA 氧化觸媒	PTA catalyst
電池材料	Battery materials
PTA 製程中氧化反應的催化劑	Catalyst for the oxidation reaction in the PTA process
工業上的磁性材料與鋰電池	Industrial magnetic materials and lithium batteries
終端產品	End products
服飾、寶特瓶、輪胎、簾布	Garment, PET bottles, tires, cord fabric

電動車、工具機、3C 產品等	EV, tools, electronic products, etc.
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2.4 Production and Sales Locations

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



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

Consolidated sales statistics for the last two years:

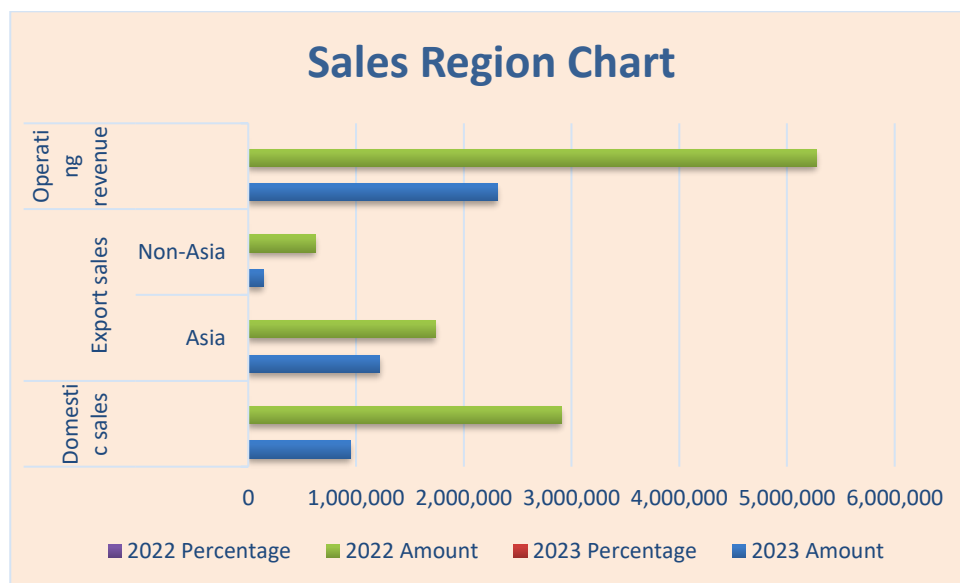
Unit: NTD thousand

Consolidated Sales	Year 2023	Year 2022
Total	2,316,364	5,271,498

Major sales regions for the last two years:

Unit: NTD thousand

Year		2023		2022	
Area		Amount	Ratio (%)	Amount	Ratio (%)
Domestic sales		950,855	41%	2,911,706	55%
Export	Asia	1,221,989	53%	1,734,559	33%
	Non-Asian	143,520	6%	625,233	12%
Operating revenue		2,316,364	100%	5,271,498	100%



3. Supplier Management and Product Service

3.1.1 Supply Chain Management

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

Supply Chain Overview

Type of Supplier	Raw material suppliers	Material suppliers	Equipment/repair suppliers	Waste disposal vendors
Definition	Suppliers of raw materials for product manufacturing	Suppliers of product packaging materials	Suppliers selling and repairing production equipment	Waste treatment and disposal vendors
Potential Risks with Environmental Impact	* Failure to obtain permits and registration documents. * Failure to draft and record in compliance with the permit.	None.	None.	* Illegal waste dumping. * Failure to operate and record in compliance with the permit.
Potential Risks with Labor Impact	* Working overtime without leave. * Violation of the prohibition of child labor. * Pregnant women or minors working at night.	* Working overtime without leave. * Violation of the prohibition of child labor. * Pregnant women or minors working at night.	* Working overtime without leave. * Violation of the prohibition of child labor. * Pregnant women or minors working at night.	* Working overtime without leave. * Violation of the prohibition of child labor. * Pregnant women or minors working at night.
Potential Risks with Human Rights Impact	* Insufficient human rights education and training. * Disciplinary wage deductions.	* Insufficient human rights education and training. * Disciplinary wage deductions.	* Insufficient human rights education and training. * Disciplinary wage deductions.	* Insufficient human rights education and training. * Disciplinary wage deductions.
Potential Risks with Community Impact	* Noise and odor	* Noise and odor	* Noise and odor	* Noise and odor

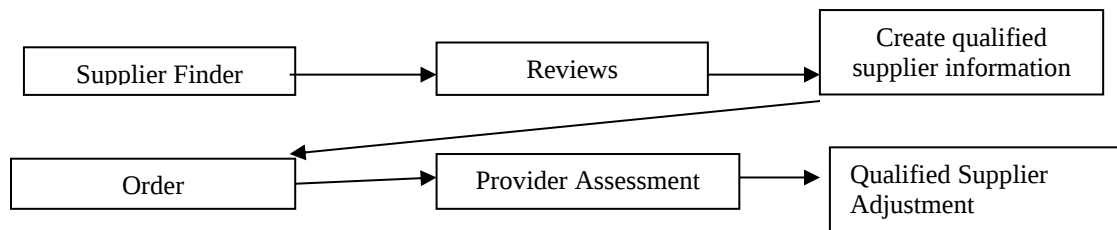
Percentage of Suppliers by Location in 2023

Factory/Location	Taiwan	China	Others in Asia	United States	Total
Percentage of suppliers by location					

3.1.2 Selection of new suppliers

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

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



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

Safety and Health Requirements

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

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



	Warning sign
	Tank truck fixing
	Safety protection for unloading operators

3.1.3 Supplier Evaluation

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

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

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

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

3.1.4 Supplier Behavior Criteria

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

Labor

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

Health and Safety Standards

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

Environment

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

Ethical Standards

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

The Source of Non-conflict Minerals

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

Management System Standards

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

3.1.5 Participation in external associations or organizations

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

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

3.1.6 Stakeholder Communication

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

Stakeholder Communication

CSR-related complaints are divided into four categories: environment, labor conditions, human rights, and society, with no related complaints in the year 2023

Stakeholders	Topics of Concern	Communication Method	Frequency
Investors	Business Performance Corporate Governance Major Disclosure Company Website	Shareholders' Meeting Annual Report Public Information Observation Post Spokesperson Company Website	Annual Annual Irregular Irregular
Clients	Product Quality Product Price Marketing Communication	Occasional Visit Email, Phone Calls Customer Satisfaction Survey	Irregular Irregular Regular

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

3.1.5 Supply and Utilization of Major Raw Materials

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

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

Consumption of main raw materials Unit: metric tons

Main raw materials	2023	2022	Remark
Co	281	461	Recyclable and reusable

Mn	63	120	
HBr	1,841	1,380	
HAc	863	1,136	

Cobalt ash recycling and reuse

Unit: Tonnes

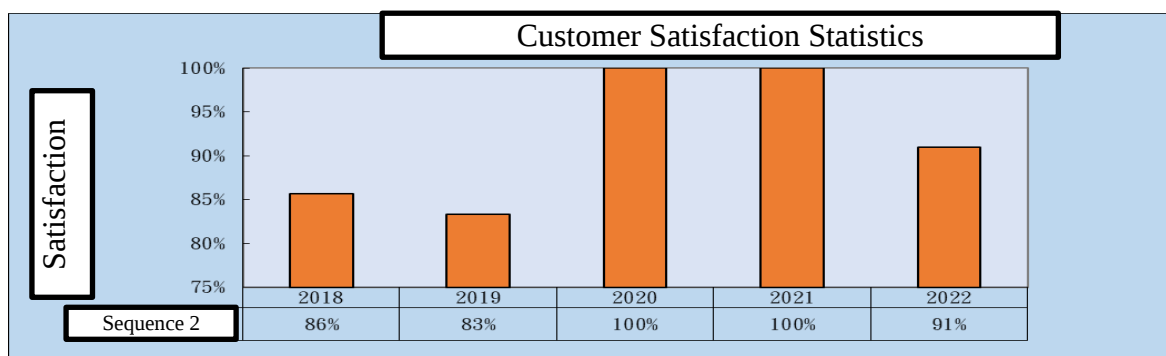
Main raw materials	2023	2022
Cobalt ash consumption	916	484
Recycle Cobalt	158	86
Recovery of Cobalt as a percentage	17.25%	17.77%

3.2 Customer Relationships

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

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

In the past 5 years, our customer satisfaction rate has reached over 93%, which shows our excellent performance in serving the customers.



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

3.2.1 Customer Satisfaction Survey

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

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

Table 4 Overall customer satisfaction survey results of Mechema in 2023

Project Customer	Services	Quality	Delivery Time	Overall Impression	Total	Customer Satisfaction
Average	36.00	27.00	18.00	9.00	91.00	A

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

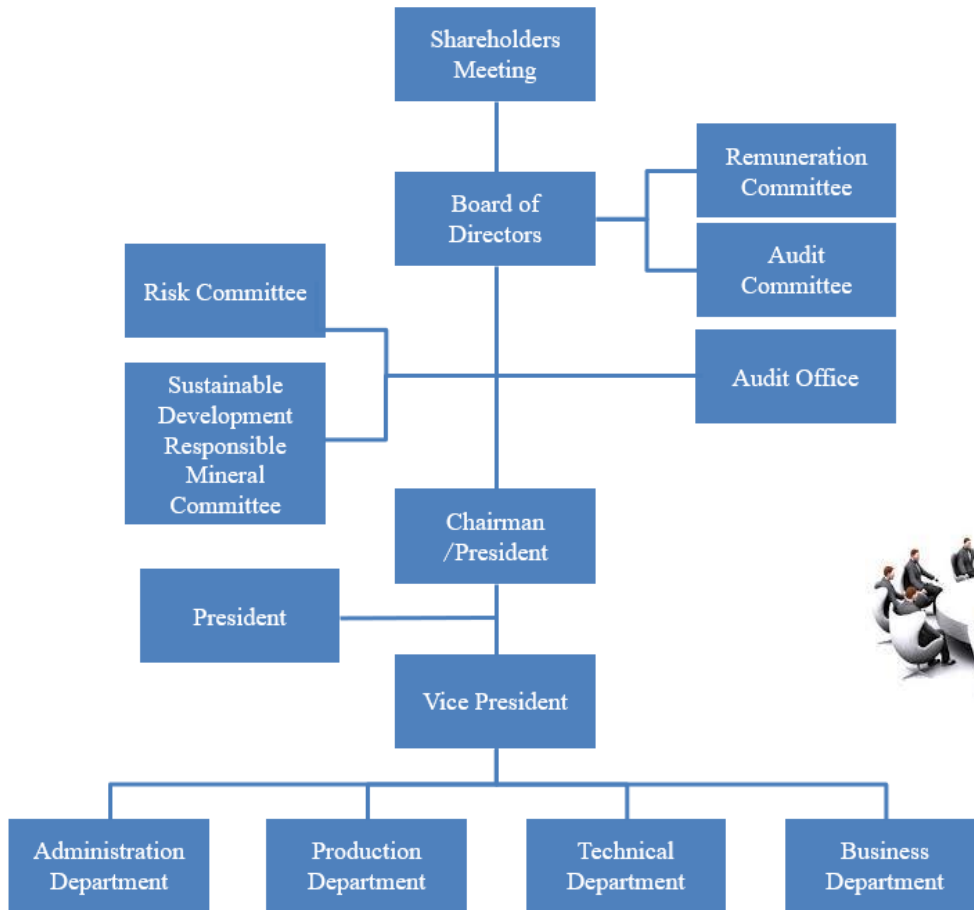
4. Corporate Governance

4.1 Corporate Governance Framework

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

4.2 Shareholders' Meeting

Exercising other powers and functions related to the shareholders' meeting in accordance with the Company Act or other laws and regulations.



4.3 Board of Directors

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

Mechema's Board of Directors has a total of seven directors, including four independent directors that were elected on June 27, 2023 according to law. The Board of Directors exercises its functions and powers in accordance with the law, the Company's Articles of Incorporation, and the resolutions of the shareholders' meeting. The Board of Directors meets at least four times a year to jointly oversee the Company's strategy, operations, and supervision

The term of office of the 11th Board of Directors ended on June 27, 2023, after the conclusion of the 2023 annual shareholders' meeting.

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

The eleventh board of directors met 2 times in 2023 and the directors were present as follows:

Job Title	Name	Attendance	Attendance by Proxy	Actual attendance rate (%)
Chairman	Lung-Tsai Yen	2	0	100
Director	Kuo-Kuang Yeh	2	0	100
Director	Wen-Chi Yen	1	0	100

Director	Hsu Yuan-Dong	0	0	100
Independent Director	Gao-Jin Wang	2	0	100
Independent Director	Meng-Xiu Lee	2	0	100
Independent Director	Shen-Yuan Chen	2	0	100

(Overall attendance rate: 79%)

Members of the 12th Board of Directors and Their Academic Background

Term of office: From June 27, 2023 until June 26, 2026

Title	Name	Date Elected/Appointed	Academic Background
Chairman	Lung-Tsai Yen		Honorary Ph.D., National Taipei University of Technology
Director	Kuo-Kuang Yeh		Department of Law, National Chung Hsing University
Director	Wen-Chi Yen		Master of Business Administration, Long Island University New York
Independent Director	Gao-Jin Wang		Master of Economics, University of North Dakota
Independent Director	Meng-Xiu Lee		Master of Accounting, National Chengchi University
Independent Director	Shen-Yuan Chen		PhD of financial management, Graduate Institute of Business Administration, National Taiwan University
Independent Director	Wei-Chun Chou		Bachelor of Laws, National Taipei University

The 12th Board of Directors convened three times in 2023. The attendance of the directors is as follows:

Title	Name	Actual attendances (as non-voting participants)	Attendances by proxy	Actual attendance rate (as non-voting participants)
Chairman	Lung-Tsai Yen			
Director	Kuo-Kuang Yeh			
Director	Wen-Chi Yen			
Independent Director	Gao-Jin Wang			
Independent Director	Meng-Xiu Lee			
Independent Director	Shen-Yuan Chen			
Independent Director	Wei-Chun Chou			

(Overall attendance rate: 95%)

Continuing Education for the Board of Directors

Our directors also actively participate in continuing education courses to enhance their professional competence and understanding of sustainable development and climate change issues. The total number of continuing education hours for the directors of the Company was 42 this year.

Continuing Education for the Company's Directors and Independent Directors in 2023:

Title	Name	Date of Continuing Education Course	Organizer	Course Name	Continuing Education Hours
Chairman	Lung-Tsai Yen	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Forum	
Director	Wen-Chi Yen	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Forum	
Director	Kuo-Kuang Yeh	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Forum	
Independent Director	Shen-Yuan Chen	2023/3/14	Taiwan Academy of Banking and Finance	Corporate Governance Forum	
Independent Director	Shen-Yuan Chen	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	
Independent Director	Meng-Xiu Lee	2023/4/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	
Independent Director	Meng-Xiu Lee	2023/8/10	Taiwan Corporate Governance Association	New Thoughts on Integrating Strategy Development with ESG for Enterprise Risk Management (I)	
Independent Director	Meng-Xiu Lee	2023/8/10	Taiwan Corporate Governance Association	New Thoughts on Integrating Strategy Development with ESG for Enterprise Risk Management (II)	
Independent Director	Gao-Jin Wang	2023/12/11	Securities and Futures Institute	Legal Responsibilities and Internal Control and Internal Audit Practices for	

				“Employee Frauds”	
Independent Director	Wei-Chun Chou	2023/12/26 2023/12/27	Securities and Futures Institute	Practical Workshop for Directors, Supervisors, and Corporate Governance Officers	

Board of Directors Performance Evaluation

In accordance with the "Board of Directors Performance Evaluation Regulations," Mechemata conducts a self-evaluation of the performance of the Board of Directors, individual members, and functional committees every year and reports the results to the Board of Directors

Evaluation Method	Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Content	Evaluation Result	Remarks
Board self-evaluation	Once a year	January 1, 2023 to December 31, 2023	Overall Board of Directors	The measurement items in the Board of Directors' overall evaluation cover the following five aspects: I. Involvement in the Company's operations II. The quality of Board of Directors' decision-making III. Composition and structure of the Board of Directors IV. Election and continuing education of directors V. Internal control	Board performance evaluation result: 4 points or higher on average. The self-evaluation result was "Excellent"	
Self-evaluation for individual directors	Once a year	January 1, 2023 to December 31, 2023	Individual board members Chairman Lung-Tsai Yen Director Kuo-Kuang Yeh Director Wen-Chi Yen Director Yuan-Tung Hsu Independent Director Gao-Jin Wang Independent Director Meng-Xiu Lee Independent Director Shen-Yuan Chen Independent Director Wei-Chun Chou	The measurement items in the self-performance evaluation of board members cover the following six aspects: I. Understanding of the Company's goals and tasks II. Awareness of directors' duties and responsibilities III. Involvement in the Company's operations IV. Internal relationship management and communication V. Professionalism and continuing education of directors VI. Internal control	Board members' performance evaluation result: 4 points or higher on average. The self-evaluation result was "Excellent" and suggestions were given	

Self-evaluation for functional committees	Once a year	January 1, 2023 to December 31, 2023	Functional committees Independent Director Gao-Jin Wang Independent Director Meng-Xiu Lee Independent Director Shen-Yuan Chen Independent Director Wei-Chun Chou	The measurement items in the self-performance evaluation of functional committees cover the following six aspects: I. Involvement in the Company's operations II. Understanding of the duties and responsibilities of functional committee members III. Improvement of the decision-making quality of functional committees IV. Involvement in the Company's operations V. Composition and selection of functional committee members VI. Internal control VII. Involvement in the Company's operations	Board members' self-performance evaluation result: 4 points or higher. The self-evaluation result was "Excellent," and suggestions were given	
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4.4 Remuneration Committee

Governance of Remuneration Management by the Board of Directors

The Board of Directors is the highest governance body of the Company, and the Remuneration Committee has been established in accordance with the law. To ensure a sound remuneration system for the Company's directors, independent directors, and managers, the committee independently reviews the details of the remuneration system to ensure that the managers' remuneration meets stakeholders' expectations, and submits its recommendations to the Board of Directors for reference. The Company's Remuneration Committee comprise three members and meets at least twice a year.

The process for determining remuneration is based on the following dividend policy specified in the Articles of Incorporation:

The Company's net income in its final account of the year shall be first used to pay taxes in accordance with the law and make up losses from previous years. Of the remaining income, 10% is set aside as legal reserves, and a special reserve is appropriated in accordance with Article 41 of the Securities and Exchange Act. The remainder is distributed as follows according to the resolution of the Board of Directors:

- (1) The remuneration to directors and supervisors shall not exceed 5% of the remainder distributed.
- (2) The remuneration to employees shall not be less than 1% of the remainder distributed.

For a comparison of the amount of director remuneration and employee remuneration

proposed by the Board of Directors for distribution between 2023 and 2022, the difference percentage between the two periods was (79%) for employee remuneration and (83%) for director remuneration. Both the director remuneration and employee remuneration will be distributed in cash. For details, please refer to the following table:

Distribution items	2023	2022	Difference amount between the two periods	Difference percentage between the two periods
Employees' remuneration				
Directors' remuneration				

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

Remuneration Committee Members and Qualifications

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

The 4th Remuneration Committee held 1 meetings in the year 2023 and the attendance of the committee members is as follows:

Job Title	Name	Actual attendance (B)	Attendance by Proxy	Actual attendance rate (B/A)
Convener	Gao-Jin Wang	1	0	100%
Member	Meng-Xiu Lee	1	0	100%
Member	Shen-Yuan Chen	1	0	100%

Term of office of members for the fifth term: August 9, 2023 to June 26, 2026.

Title	Name	Academic Qualifications
Convener	Gao-Jin Wang	Master of Economics, University of North Dakota
Member	Meng-Xiu Lee	Master of Accounting, National Chengchi University
Member	Shen-Yuan Chen	PhD of financial management, Graduate Institute of Business Administration, National Taiwan University

The 5th Remuneration Committee convened one time in 2023. The attendance of the members is as follows:

Title	Name	Actual attendances (B)	Attendances by proxy	Actual attendance rate (B/A)
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Convener	Gao-Jin Wang			
Member	Meng-Xiu Lee			
Member	Shen-Yuan Chen			

4.5 Audit Committee

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

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

Term of office of members for the first term: June 30, 2020 to June 27, 2023..

Audit Committee Members and Qualifications

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

The first Board of Directors meeting was held two times in FY2023, and the attendance of directors and supervisors was as follows

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

Term of office of members for the second term: June 27, 2023 to June 26, 2026.

Audit Committee Members and Their Academic Qualifications

Title	Name	Academic Qualifications
Convener	Meng-Xiu Lee	Master of Economics, University of North Dakota
Member	Gao-Jin Wang	Master of Accounting, National Chengchi University
Member	Shen-Yuan Chen	PhD of financial management, Graduate Institute of Business Administration, National Taiwan University
Member	Wei-Chun Chou	Bachelor of Laws, National Taipei University

The 1st Audit Committees convened two times in 2023. The attendance of directors and supervisors (as non-voting participants) is as follows:

Title	Name	Actual attendances (as non-voting participants)	Attendances by proxy	Actual attendance rate (as non-voting participants)
Convener	Gao-Jin Wang			
Member	Meng-Xiu Lee			
Member	Shen-Yuan Chen			

The 2nd Audit Committee convened two times in 2023. The attendance of directors and supervisors is as follows:

Title	Name	Actual attendances (as non-voting participants)	Attendances by proxy	Actual attendance rate (as non-voting participants)
Convener	Gao-Jin Wang			
Member	Meng-Xiu Lee			
Member	Shen-Yuan Chen			
Member	Wei-Chun Chou			

4.6 Internal Control

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

Apart from the annual audit plan approved by the Board of Directors, the audit operation is carried out according to the annual audit plan, and the auditing of project items is conducted from time to time as necessary, assisting each unit in its internal control self-inspection operation every year. The audit supervisor attends the quarterly board of directors' meeting to give a business report, and submits a monthly audit report to the audit committee and the chairman of the board of directors for review. If a major violation is found or the company is in danger of significant damage, a report will be made immediately to the supervisor and the chairman of the board of directors. The Company's internal audit believes that it is more important to promote profit than to prevent harm. In addition to continuously monitoring the operation mechanism and controlling various management risks, the Company also assists each unit in detecting areas for improvement in each process in order to improve the overall management performance and create more value for the Company.

4.7 Integrity Operation/Insider Trading Prevention

Integrity Operation and Policies and Commitments

In order to deepen the corporate culture of integrity operation and improve the Company's development, Mechema has operated the business with integrity and compliance, and established a decent corporate image. We also comply with domestic and foreign government regulations and international corporate ethics.

The Company has formulated the **"Code of Integrity," "Employee Code of Ethical Conduct," "Code of Ethical Conduct for Directors, Supervisors, and Managers,"** and other ethical conduct regulations. With the philosophy of integrity, transparent, and responsible management, we have developed integrity-based policies and built sound corporate governance and risk control mechanisms to create a business environment for sustainable development. Transactions with related companies are governed by the "Related Party, Specific Company, Regulations Governing Transactions with Affiliated Companies" shall regulate business transactions with affiliated companies based on the principle of fairness and reasonableness, and shall eliminate unconventional transactions.

Actions to prevent conflicts of interest

The Company has established relevant regulations in accordance with the law to cover the highest governance body's process for avoiding and managing conflicts of interest.

Measures for the prevention of insider trading and conflicts of interest

The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading" to protect investors and maintain the Company's rights and interests.

No corruption and anti-competitive behavior

The Company has stipulated integrity operation regulations for anti-corruption and anti-bribery. We also provide regular promotion and education to employees.

Additionally to establish a good internal material information handling and disclosure mechanism with regard to the prevention of insider trading management, to avoid improper

leakage of information, to ensure consistency and correctness of information released to the public, on top of strengthening the prevention of insider trading, we have established the "Internal Material Information Handling and Prevention of Insider Trading Management Procedures" in accordance with the relevant laws, orders and regulations of the Taiwan Stock Exchange or the Securities and Exchange Commission for compliance.

Information Disclosure

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

Operation of the Corporate Prosecution System

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

Grievance Channels

Corporate website: <http://www.mechema.com/32879320972510520497.html>

Email of the General Manager's Office: ceo@mechema.com

Grievance email: communication@mechema.com

Contact email for stakeholders: press@mechema.com

Telephone: +886-3-483-3788 #305

Fax: +886-3-483-3799

Grievance mailbox: Physical mail can be sent to No. 1, Datong 1st Rd., Guanyin Dist., Taoyuan City

4.7.1 Reporting at Board Meetings

Date	Matters to be reported	Communication Result
2023.11.3	It was reported that up to the third quarter of 2023, the Company had not violated the "Code of Integrity."	Passed through voting by directors present

4.8 Risk Management Committee

4.8.1 Risk Management Policy

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

4.8.1.1 Risk management areas

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

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

4.8.1.2 Risk Management Committee Members and Qualifications

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

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

Date	Communication	Communication Results
2023.5.11	Countermeasures for exchange rate and interest rate risks	Natural hedging was adopted

4.8.2 Greenhouse gas inventory and verification schedule plan

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

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

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

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

4.9 Sustainable Development and Responsible Minerals Committee

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

4.9.1 Sustainable Development Commitment and Strategy

We identify our own strengths from the perspective of a business, focus on sustainable development, formulate strategies in line with our corporate philosophy and vision through stakeholder engagement, and launch various sustainability strategies through corporate culture formation and corporate leadership. The Company's departments create sustainable values while fulfilling their duties, moving towards performance targets. If necessary, department transformation is carried out. Finally, we review results from stakeholders' point of view; adjust strategies to ensure the achievement of performance targets, if necessary; disclose relevant actions through multiple channels; and satisfy the expectations and requirements of stakeholders to generate a driving force for the Company to promote sustainability continuously.

4.9.2 Sustainable Development and Responsible Minerals Committee Members and Their Academic Background

Title	Name	Academic Background
Convener	Lung-Tsai Yen	Honorary Ph.D., National Taipei University of Technology
Member	Wen-Hsun Tsai	Drexel University, USA, MS Accounting
Member	Ming-Cheh Hsieh	Department of Chemical Engineering, National Taipei Institute of Technology (Junior College)
Member	Wen-Chi Yen	Master of Business Administration, Long Island University New York
Member	He, Ren-Jie	National Cheng Kung University
Member	Chien-Chih Chen	Department of Chemical Engineering, Tatung University

4.9.3 Reporting of the Sustainable Development and Responsible Minerals Committee at Board Meetings

Date	Communication	Communication Result
2023.5.11	Approved the appointment and discharge of the corporate governance officer	Passed through voting by directors present
2023.11.3	Sustainable management report	Passed through voting by directors present

4.10 Business Performance

Mechema's consolidated revenue in 2023 was NT\$2.32 billion, a decrease of 56% from 2022; net

loss after tax was NT\$20 million, a decrease of 106% from 2022; and the earnings per share in 2023 were NT\$(0.33). Consolidated revenue and profit for the last two years are as follows Unit: NT\$'000

Project	2022	2023
Operating revenue	5,271,498	2,316,364
Net profit (loss) after tax	381,325	(24,543)
Total Assets	2,503,063	1,646,918
Shareholders' Equity	1,501,210	1,121,738
Earnings per share (NT\$)	5.09	(0.33)

4.11 Regulatory Compliance

In compliance with the relevant laws and regulations, the following events have not occurred in 2023:

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

5. Sustainable Environment

5.1 Environmental Management

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

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

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

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

5.2 Energy Resource Management

Mechema's main energy sources are purchased electricity and natural gas. In order to effectively reduce the impact of the greenhouse effect on the environment, we have continued to promote energy conservation-related operations. In addition to implementing the ISO14001:2015 environmental management system, our goal is to reduce energy consumption and carbon dioxide emissions in the hope of achieving a win-win situation in reducing global warming and operating costs and ensuring greening.

5.2.1 Energy use

Policies and Commitments

Recognizing the limited water resources, the Company is committed to increasing the water recycling rate (R2) and continuously improving wastewater treatment performance to reduce environmental burdens.

Electricity Consumption in the Most Recent Three Years

Annual	2023	2022	2021
Annual consumption (degrees)	4,439,380	5,199,787	5,141,626
Oxidation catalyst production (tons) in the individual financial statements	9,403	12,635	13,852
Electricity consumption per ton of product (kWh)	472.12	411.54	371.18
Revenue in the individual financial statements in thousands of dollars	1,833,738	5,110,732	3,835,476
Electricity consumption intensity degree/thousand TWD	2.42095	1.01743	1.34054

Natural Gas Consumption in the Most Recent Year

Year		
Annual consumption (tons)		
Oxidation catalyst production in the individual financial statements (tons)		
Natural gas consumption per ton of product (tons)		

Note: Natural gas started to be used in October 2022

5.2.2 Total energy consumption

The main energy used by the Company is purchased natural gas and purchased electricity in the production process. The total energy consumption in the most recent two years is detailed as follows:Error! Not a valid link.

Project	Unit	As a percentage of total energy consumption	2023	2022	2021
Purchased electricity	GJ	57%	15,982	18,719	18,510
Purchase of heavy oil	GJ	0%	0.00	4,317	3,529
Purchase of natural gas	GJ	43%	12,169	4,300	-
Total energy consumption	GJ		28,150	27,337	22,039
Total revenue in the individual financial statements	thousand_NTD		1,833,738	5,110,732	3,835,476
Energy intensity	GJ/thousand NTD		0.0154	0.0053	0.0057

Purchased electricity as a percentage of the Company's total energy consumption: 57%.

The Company's renewable energy utilization rate and total self-consumption of energy were both 0%

5.2.3 Water Resources

Water usage for the last 2 years is as follows:

Annual	2023	2022	2021
Annual consumption (degrees)	104,175	117,119	104,604
Entity oxidation catalyst production (tons)	9,403	12,635	13,852
Water consumption per ton of product (kWh)	11.08	9.27	7.55

5.2.4 The water withdrawal intensity of the Company is as follows:

Project	2023	2022	2021	Comparison of 2023 and 2022
Water capacity	104,175	117,119	104,604	-11%
Drainage capacity	84,463	93,765	84,220	-10%
Water consumption	19,715	23,354	20,384	-16%
Total revenue in the individual financial statements in thousands of dollars	1,833,738	5,110,732	3,835,476	-64%
Intensity of water capacity (Water consumption/revenue in the individual financial statements)	0.05681	0.02292	0.02727	

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

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

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

Water Withdrawal Management

In 2023, the total water withdrawal was 104,175 metric tons; the total water consumption was 19,715 metric tons. Compared to 2022, the total water withdrawal decreased by 11%; the total water consumption decreased by 16%

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

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

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

Unit: metric tons	2023	2022
Total annual water intake	104,175	117,119
Boiler steam condensate recovery usage	9,897	11,126

Water recycling usage as % of water consumption	9.5%	9.50%
Increase or decrease in annual water consumption	(12,944)	12.515
Annual water conservation as % of water consumption	(12.42)%	10.69%

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

Quantitative management of energy saving and carbon reduction in the future

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

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

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

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

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

Package Statistics	2023	2022
Amount of package materials(yuan)	1,653,458	2,749,054
Production weight (ton)	46,890	79,586
Average amount (yuan)/metric ton	35	35

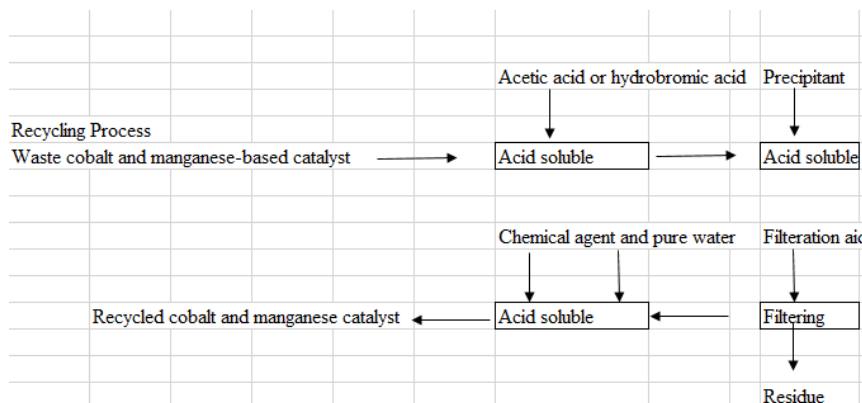
5.3 Green Products

Trigger recycling process

Waste Cobalt Manganese Catalyst Reporting - Recycling (Unit: Tonnes)

The slurry (cobalt ash) of crude paraben dicarboxylic acid (CTA) residue of cobalt and manganese catalyst contains about 0.3~0.4% of high value recoverable metal elements such as cobalt and manganese, which are left in the liquid phase aqueous solution. The slurry also contains some organic condensate of about 10~20%, and the rest is mostly water, accounting for about 70%. In the past, the above CTA residue slurry was mostly treated by high temperature heat treatment of waste liquids. After high temperature heat treatment, high value metals such as cobalt and manganese form high value oxidation ashes, which are hardly recoverable and result in waste, while large amounts of heavy oil energy are used to vaporize the water in the slurry. ²⁰²³ the heat treata ²⁰²² cess, which not only results in invisible waste of high value metals such as cobalt and manganese, but also consumes large amounts of energy and invariably results in large amounts of greenhouse gas emissions in the environment. In the CTA residue slurry, the high value recoverable elements such as cobalt and manganese are contained in 0.3~0.4% of the slurry itself, and after a series of organic coagulation removal and metal precipitation filtration and dewatering, the content of high value metals such as cobalt and manganese in the filtered sludge cake is increased to more than 5% for subsequent recovery and reuse process.

Recycling process



The recycled products can be applied as oxidation catalyst for the CTA process, which can lead to cost reduction of cobalt and manganese catalysts in the process while indirectly reducing the operation cost of customers and waste burial, thus achieving a win-win-win situation for the company, customers and the environment.



Production Process
Technology
High efficiency
recovery process
with the best
recovery rate in the
industry

5.4 Greenhouse Gas and Air Pollution Emissions

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

5.4.1 Climate related information implementation situation

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

5.4.2. Climate Risk Management

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

5.4.3 Climate Opportunity Management

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

5.4.4. Transition Risk Status Analysis

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

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

5.4.5 Physical Risk Status Analysis

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

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

5.4.6 Climate Scope Performance

Area 1: However, there was no data available for the disclosure of the total direct carbon emissions in 2023 as the inventory operation has not yet been established. An external organization, nevertheless, has been arranged to certify the data, and the inventory operation will be completed and disclosed by the end of December 2025 in accordance with the law.

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

Year	2023	2023	2022	2022		
Area 2	Total emissions (Metric tons CO ₂ e)	Intensity Metric tons CO ₂ e/NT\$ million	Total emissions (Metric tons CO ₂ e)	Intensity Metric tons CO ₂ e/NT\$ million	Assurance body	Assurance description (Note 3)
Parent company	2,902	1,583	3,198	625	NA	NA
Subsidiary	Calculation in progress in accordance with the law	Calculation in progress in accordance with the law	Calculation in progress in accordance with the law	Calculation in progress in accordance with the law		
Total	2,902	1,583	3,198	625		

The total emissions from energy consumption in 2023 was 2,902 tons, decreasing by 9% from 3,198 tons in 2022

The 2023 emission scenarios for Area 2 are as follows:

Project	Unit	Year 2023	Year 2022
Purchased tap water	kg CO ₂	16,434	17,802
Purchased Power	kg CO ₂	2,223,318	2,629,188
Purchase of heavy oil	kg CO ₂	0	317,078
Purchased natural gas	kg CO ₂	662,443	234,108
Total greenhouse gas emissions	kg CO ₂	2,902,195	3,198,176
Individual Operating Revenue	thousand dollars	1,833,738	5,110,732
CO Strength	CO/Thousand NTD	1.5827	0.6258

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

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

Note: Natural gas will be available in October 2022.

5.5 Water Pollution Prevention and Control

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

The quantity and cost of wastewater treatment for the last 3 years are as follows:

Annual	Annual handling fee (tons)	Annual treatment fee (NTD)	Entity oxidation catalyst production (tons)
2023	84,463	1,110,886	9,403
2022	93,765	1,088,318	12,635
2021	84,220	928,723	13,852

5.6 Waste Management

The Company cherishes natural resources and actively promotes waste reduction and resource recycling. The generated waste is primarily general business waste, mainly including inorganic sludge. The waste is managed according to the EPA classification regulations, and is properly disposed of by disposal and treatment companies licensed in Taiwan with the aim of turning the waste into resources. During the operation and cleanup processes, there were no major leakage incidents in 2023.

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

Year	Non-hazardous waste				Hazardous waste	Unit: Metric tons
	Domestic waste	Organic Sludge	Total	Waste plastic	Waste liquid	Total
2021	44.59	129.88	408.67	-	37.95	408.67
2022	27.53	33.03	190.97	-	10.46	190.97
2023	36.14	62.46	215.13	1.94	6.74	215.13
						13%

"In 2023, the total business waste generation was 215.13 metric tons, the total hazardous waste generation in the product production process was 6.74 metric tons, and the recycling percentage was 0%. The general business waste generated was 215.13 metric tons, with an increase of 13% from the total business waste generation of 190.97 metric tons in 2022. The amount of waste recycled was 0 tons, and the waste recycling rate was 0."

5.7 Environmental Investments and Expenditures

Environmental investment:

Unit: NTD thousands

Type of investment equipment	Content	Amount of expenses
Energy saving, waste reduction and reuse	Recycling Equipment	14,843
Total		14,843

Environmental Protection Expenses:

Unit: NTD Thousands

Waste disposal costs	2023	2022
Wastewater Treatment Costs	541	928
Sludge treatment cost	2,358	2053
Domestic Waste Fee	493	298
Total	3,392	3,279

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

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

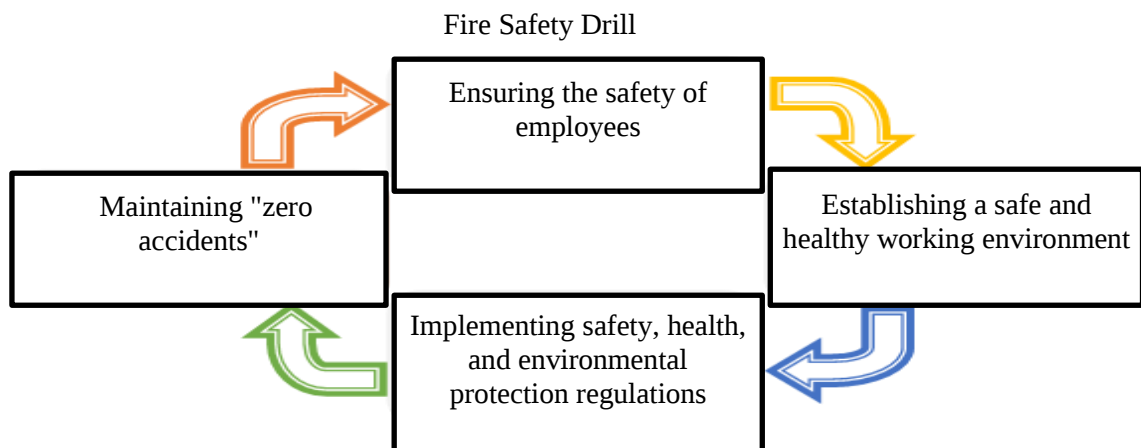


5.8 Safety, Health and Disaster Prevention

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

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

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



Operating Environment Inspection

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

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

Emergency Response Mechanism

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

The scope of the changeable area and the responsible unit

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

Emergency Response Plan

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

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

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

Emergency Response Organization Responsibilities

Strain organization	Job Title
Chief Commander (Vice President) Deputy Commander (President)	1. To direct all emergency response actions, grasp the disaster situation and take necessary disaster relief measures. 2. Report the current status of disaster rescue to the supervisor and execute disaster relief according to instructions. 3. Direct the post-disaster rehabilitation work, supervise the handling of property insurance claims investigation matters. 4. Convene to review the causes of accidents and preventive measures. 5. Declare and release the alert status.
Area Commander (Top executives of each unit) Field commander	1. Command the disaster site to prevent the expansion of the incident, carry out the necessary evacuation procedures, rescue personnel, equipment, documents and hazardous materials, and report the disaster to the Chief Emergency Commander. 2. Responsible for the allocation and dispatch of tasks in support of disaster relief personnel. 3. Control the use of disaster relief equipment, manpower, and the supply support status. 4. Investigate the cause of the accident, and review the prevention and improvement measures, with specific improvement plans reporting. 5. The competent authorities to enter the factory to investigate the operation of the assistance and information provided.
Rescue Team	1. Prevent the expansion of the disaster. 2. Removal of field hazards. 3. Assist the fire department in disaster relief. 4. Apply appropriate fire-fighting equipment and devices to put out fires.
Reporting Team	1. Establish a temporary reporting center. 2. Appropriate in-venue announcements. 3. Assist in communicating the commander's instructions and liaising with emergency response teams and support units.
Shelter Guidance Team	1. Set up site isolation with safety warning signs, and the implementation of security. 2. Control personnel are not allowed to enter the control area without permission. 3. Guide and control the evacuation of people in all areas and floors in accordance with the evacuation routes indicated. 4. Personnel inventory.
Safety Protection Team	1. Ensure the emergency power supply and disable the use of fire and electric facilities such as boilers. 2. Shut down the equipment in operation. 3. Assist the commander in disaster judgment and command.
Ambulance Team	1. Emergency ambulance setup. 2. Emergency treatment of injured personnel. 3. Contact and provide information to firefighters.

Contingency Processing Steps:

1.Fire Emergency

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

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

2. Leakage

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

3. Explosion

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

4. Earthquake

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

measures.

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

5. Typhoon

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

6. Failure of prevention equipment

- A. Operators should immediately notify the site team leader and unit supervisor.

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

Refuge and evacuation

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

Education Training

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

For contingency education and training, the plan is implemented every year when the next year's emergency response plan is proposed, including self-defense fire training. The training should be reported to the local fire department, and the results should be reported to the local fire department immediately after implementation to fill in the information.

The implementation of fire-fighting, reporting, and evacuation guidance training shall be held at least twice a year for at least 2 hours each time to confirm the effectiveness of the system and shall be recorded for reference.

Emergency response training is conducted in accordance with the "Emergency Response Team". Due to the excellent results of the implementation, we have "zero disaster



Emergency shower facilities

accidents" in the year 2023.



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

5.9 Control and Use of Toxic and Chemical Materials

* Toxic chemical substance use instructions

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

* Toxic chemical substance management

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

5.10 Information Security Policy

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

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

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

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

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

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

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

3. CE-110, system recovery plan system

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

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

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

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

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

5. The reports on the operation made to the Board of Directors are as follows:

Term/Date	Communication	Communication Results
2023.11.3	Information security report	None
2023.11.3	Appointment of the Company's new information security officer	Passed through voting by directors present

2024.3.13	Information processing and hacker intrusion handling report	Passed through voting by directors present
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5.11 Occupational safety and health

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

Annual	Actual number of hours invested	Injury Rate	Occupational disease rate	LDR	Absence rate	Deaths on duty
2023	101,921	-	-	-	0.80%	-
2022	105,517	-	-	-	0.12%	-
2021	107,349	-	-	-	0.30%	-

Description:

1. Mechema did not have any work-related accidents in the year 2023, so the injury rate is 0%.
2. There was no occupational disease incident in the year 2023, and therefore, the occupational disease rate is 0%.
3. In 2023, there was no incident in which a worker was unable to work due to occupational disease or occupational accident.
The LDR totaled 0%.
4. Absence rate = $0.8\%(\text{number of personal leave hours} + \text{sick leave hours} + \text{vaccination leave hours}) / \text{actual number of hours put in} \times 100\%$

5.12 Violation of Laws and Regulations

5.12.1 Penalties

Year		2023	2022
Item		None	Violation of Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act
	Penalty-imposing Agency	None	Department of Environmental Protection
	Violation	None	Excessive reported generation
	Penalty Amount	None	6,000
	Total	None	6,000

6. Corporate Commitment

6.1 Staff Overview

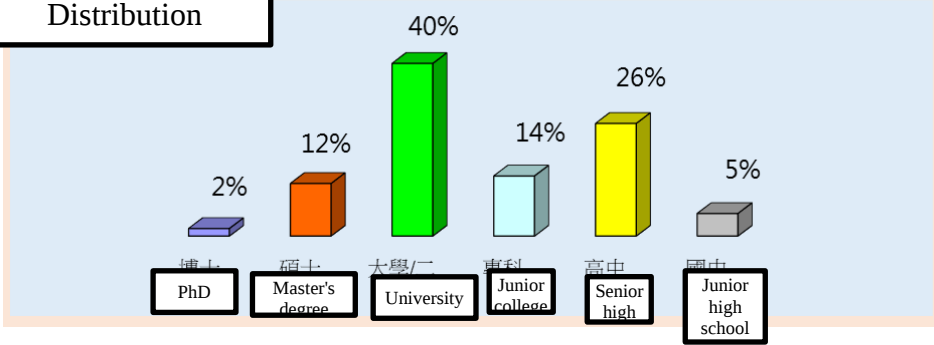
Talent determines organizational performance, and outstanding talent will be the main source of tomorrow's competitive advantage of enterprises. To make our employees enjoy their work, we are committed to creating a harmonious labor-management relationship and a safe and friendly workplace. We also continuously improve the working environment through employee satisfaction surveys, protect the legal rights and working conditions of employees, and provide a variety of employee benefits and education and training. All employees are required to abide by group discipline, the code of integrity for employees, and business ethics. We treat all employees fairly and equally, and establish multiple labor-management communication channels to build employees cohesion and strengthen talent retention, allowing for the continuous growth of both the Company and our employees and improving the operational performance of the Company.

Employee satisfaction: The percentile rank of the Company's overall employee satisfaction score is 65, which indicates our employee satisfaction is higher than that of industry peers.

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

Year		2023	2022
Number of employees	Direct Labor	19	22
	Indirect Labor	37	35
	Total	56	57
Average age		42	40
Average length of service		8	7
Education	PhD	1	1
Distribution	Master	8	7
Ratio	University	25	23
(%)	College	7	8
	High School	12	15
	Below high school	3	3

Education
Distribution



6.2 Staff Employment

In order to meet the needs of the company's operation strategy, the company will continue to recruit new employees in Taiwan every year. Salaries will be paid in accordance with the "Regulations on Salary Management" and will be higher than the basic wages stipulated in the Labor Standards Law, recruiting a total of 7 people in 2023 to meet the manpower demand of the company's long-term business development.

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

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

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

2023 New Employee Rate Analysis (Taiwan)				
Year	2022			
Gender	Male		Female	
Item	Number of people	Percentage	Number of people	Percentage
Under 30 years old	0	0%	0	0%
30-50 years old	5	9%	0	0%
Over 50 years old	1	2%	1	2%
TOTAL	6	11%	1	2%

In 2023, there were a total of 56 employees in Taiwan, with an average seniority of 8 years and an average age of 42 years. In terms of manpower structure, due to the industrial characteristics of the manufacturing industry and process operation restrictions, the proportion of male employees is higher (female employees account for 27% of all employees), but there is still a significant proportion of female supervisors (4% of supervisors at manager level or above).

202-1 Ratios of standard entry level wage by gender compared to local minimum wage

2023				2022			
Factory		Ratio of standard entry-level wage to local minimum wage		Factory		Ratio of standard entry-level wage to local minimum wage	
		Minimum standard wage	Local legal minimum wage			Minimum standard wage	Local legal minimum wage
Taiwan	Male			Taiwan	Male		
	Female				Female		

202-2 Proportion of senior management hired from the local community

Item	2023		2022	
	Number of employees	Percentage	Number of employees	Percentage
Taoyuan City				
Other counties and cities				

Note: Senior executives hired from the local community refer to those whose household registration is in Taoyuan City

405-2 Ratio of basic salary and remuneration of women to men

2023					2022				
Item	Average annual remuneration (NT\$ thousand)		Remuneration ratio		Item	Average annual remuneration (NT\$ thousand)		Remuneration ratio	
	Female	Male	Female	Male		Female	Male	Female	Male
Managers					Managers				
Non-managers					Non-managers				

Note 1: Those who have been in service for less than 6 months are not included in the

statistics.

2023 Age Analysis of Employees at Managerial Level and Above (Taiwan Region)				
Age	Male		Women	
	Number of people	Percentage	Number of people	Percentage
Under 30 years old	0	0%	0	0%
30-50 years old	7	12%	1	2%
Over 50 years old	4	7%	1	2%

Staff Manpower Employment Analysis (Taiwan)					
Year		2023		2022	
Total number of employees		56		57	
Domestic Staff	Male	33	59%	32	56%
	Female	15	27%	14	25%
Foreign Employees	Male	7	13%	10	18%
	Female	1	2%	1	2%
Management Staff	Male	11	20%	11	19%
	Female	3	5%	2	4%
Administrative Staff	Male	11	20%	10	18%
	Female	12	21%	12	21%
Production Technicians	Male	18	32%	21	37%
	Female	1	2%	1	2%
Fixed Term Contractors	Male	0	0%	0	0%
	Female	0	0%	0	0%

Employee Benefit Statistics (Taiwan)

Unit: NTD thousand

Year	Total in 2023	Total in 2022
Salary and Fees	42,919	58,422
Employee Insurance Premium	4,709	4,363
Post-employment benefits	1,952	1,730
Other employee benefit costs	2,553	4,165
Total	52,133	68,680

Employee Turnover Analysis

Year	2023				2022			
Number of employees	56				57			
Gender	Male		Female		Male		Female	
Item	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Under 30 years old	6	11%	0	0%	4	7%	0	0%
30-50 years old	4	7%	0	0%	6	11%	3	5%
Over 50 years old	2	4%	0	0%	0	0%	0	0%
TOTAL	12	21%	0	0%	10	18%	3	5%

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

Unit: NTD thousand

2023			2022			Difference from the previous year		
Number of full-time employees without supervisory responsibilities	Average employee salaries	Median salary	Number of full-time employees without supervisory responsibilities	Average employee salaries	Median salary	Number of full-time employees without supervisory responsibilities	Average employee salaries	Median salary
46	816	694	47	811	693	-1	5	1

6.3 Staff Cultivation

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

For the year 2023, the total number of hours of training for the employees reached 94.5 hours and the total cost of employee training was \$26 thousand For the year 2022, the total number of hours of training for the employees reached 99 hours and the total cost of employee training was \$20 thousand.

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

Item	Number of shifts	Total number of people	Total Hours	Total cost (in thousands)
Training for new recruits	9	9	22.5	0
Professional Training	12	36	60	18
Supervisor Training	7	3	12	8
General Studies Training	0	0	0	0

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

Item	Number of shifts	Total number of people	Total Hours	Total cost (in thousands)
Training for new recruits	13	13	32	0
Professional Training	10	40	55	16
Supervisor Training	3	3	12	6
General Studies Training	0	0	0	0



6.4 Employee Communication Channel

Mechema values the conveyance of employees' opinions. To maintain unfettered two-way communication channels and good labor-management relations, the Company has set up an internal email address for employees to express their opinions or report inappropriate matters such as sexual harassment. Labor-management meetings are held regularly to communicate matters. A total of four meetings were held in 2023 to entitle employees the right to receive information and express their opinions on the Company's business management activities and decisions. In accordance with the Labor Standards Act, quarterly labor-management meetings are convened. Two labor representatives are openly elected according to the procedures of the Regulations for Implementing Labor-Management Meeting. In addition, monthly meetings are held regularly for all employees to encourage each employee to express their opinion with respect to related matters, where management is immediately aware of the problems and can respond accordingly.

Grievance channel: Employees can express their opinions and make anonymous grievances during the monthly meeting.

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



Monthly Meeting & Gift Exchange

6.5 Employee Care and Welfare

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



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

Staff Welfare Committee

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

Welfare Programs provided by Staff Welfare Committee

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

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

Promoting Gender Equality

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

Childcare leave for employees

Never miss out on the chance to witness the precious process of a child’s growth even with an extremely tight schedule. The intention of the government to specify parental leave and the payment of childcare leave without pay is to ensure that workers can retain their jobs during childcare, stabilize their employment, and receive allowances that protect their basic livelihood with a smooth transition back to the workplace after childbirth. In 2023, there are 0 people eligible for parental leave, 0 of whom actually applied for parental leave without pay, and 0 of whom returned to work after parental leave. The following table shows the analysis:

Year	2023			2022		
Gender/Total	Male	Female	Total	Male	Female	Total
Item	Number of people	Number of people	Number of people	Number of people	Number of people	Number of people
The number of people eligible to apply for childcare leave	0	0	0	0	1	1
The actual number of applicants for childcare leave	0	0	0	0	1	1
The number of people expected to return to work in the current year after the childcare leave	0	0	0	0	1	1
Number of childcare reinstatement	0	0	0	0	0	0
The number of people who continued to work for one year after the previous year's childcare leave suspension and reinstatement	0	0	0	0	0	0
Current year application rate for childcare leave	0	0%	0%	0	0%	0%
Current year of childcare reinstatement rate	0	0%	0%	0	0%	0%

Retirement and Compensations

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

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

Other Benefits

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

In addition, we arranged overseas company trips to Jeju in South Korea or Northern Thailand. During the domestic company trip to National Museum of Marine Science and Technology, we also organized group recreational activities to provide employees with physical and mental rest.

6.6 Employee Health and Safety

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

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

The health checkups performed in 2023 are as follows:

Subject	Existing employees (once a year)	
Type	General health checkup	Special health checkup
Number of employees		

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

Implementation of on-site health services	Mechema Headquarters
Number of on-site visits by physicians	
Number of on-site visits by nurses	
Total number of employees receiving face-to-face interviews	

In order to maintain the work environment and the safety of employees, Mechema has established the "Safety and Health Code of Practice", "Hazard Awareness Plan" and "Factory Emergency Mechanism Plan Management Regulations" in accordance with the Occupational Safety and Health Act to provide safety protection measures at the operation site, with safety shoes, helmets, goggles, protective masks, activated carbon masks, acid, and alkali resistant gloves, aprons, work clothes and other safety protection equipment provided to the site operators. Employees and bicycle commuters can apply for full-covered helmets, and all employees are provided with safety and health training, including training on abnormal causes of accidents, special operation safety, chemical awareness, fire drills, and emergency disaster response, to raise employees' awareness of safety in preventing disasters.

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

6.7 Expatriate Staff

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

6.8 Modern Slavery Policy Statement

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

and ethical manner in compliance with the laws of each country in which we operate. This statement has been prepared in accordance with Section 54 of the UK Modern Day Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010 (SB 657) and constitutes the Group's Modern Slavery Statement for the accounting year ending 13 March 2024

6.9 Conflict Minerals Prohibition Statement

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

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

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

6.10 Prohibition of Child Labor Statement

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

Child Labor Prevention Program:

1. Before hiring any applicant, the Company will inquire the applicant about relevant information that proves the applicant's age with the corresponding proof and will only proceed with the hiring process upon the confirmation.

2. When hiring an employee, the hiring unit shall re-assure the age of the employee.

3. The company conducts child labor prevention campaigns from time to time for human resources units to enhance recruiters' understanding of "policies and regulations against child labor". The policy of prohibiting child labor is based on the minimum working age stipulated in the Labor Law of Taiwan, and we hereby declare

Child Labor Prevention Program:

1. If child labor is discovered, the child laborer will be removed from the workplace immediately.

2. Immediately contact the parents or legal guardians of the child laborer and arrangement for the child laborer to be returned to his or her parents or legal guardians as soon as possible.

3. Meanwhile, a full understanding of their situation will be made and, if necessary, a referral will be made to the Social Bureau of the government agency for assistance.

6.11 Environmental Policy

- Complying with environmental regulations; Responding to green environmental protection
- Pollution prevention as a priority; Treatment costs reduction

- Making the best use of limited resources; Practicing recycling
- Encouraging all employees to participate; Self-awareness of environmental protection
- Commitment to continuous improvement; Ensuring sustainable operations

6.12 Corporate Social Responsibility Policy

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

In recent years, owing to global warming and climate change, food safety and industrial safety incidents, the public has been paying close attention to the issue of corporate social responsibility. The management of our company understands that the concept of business operation has gradually evolved from the pursuit of profit maximization to the requirement that companies should adhere to corporate ethics and take positive benefits to society as the starting point with care to employees, society, and the environment. Furthermore, our company has obtained the ISO9001 quality system certification to produce reliable products in compliance with environmental protection regulations.

For over 30 years, we have specialized in core chemical materials and applications. We firmly believe that sound corporate governance to protect shareholders' rights and interests together with fulfilling corporate social responsibility are the responsibilities of a corporate citizen and the cornerstone of sustainable development. Through this report, we hope to let our stakeholders, such as investors, employees, upstream and downstream partners, neighbors and authorities, understand our efforts in economic, environmental and social aspects, and to regularly review our strategic direction and effectiveness in corporate governance, environmental protection and social justice. The contents of this report may not be perfect, and however, we intend to offer this report to our stakeholders, including investors, employees, upstream and downstream business partners, neighbors, and authorities, to appreciate our efforts in economic, environmental, and social aspects. At the same time, this report's publication will be a regular self-examination of our strategic direction and effectiveness in corporate governance, environmental protection, and social justice.

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

6.13 Human Rights Policy

Mechema International Group Human Rights Policy

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

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

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

7. Local community

Mechema has been deeply rooted in the local community for over 20 years, expanding its production and creating job opportunities in a timely manner to prosper the local economy. With active efforts to establish good community relations, the company sponsors festivals and activities in the vicinity of the plant and donates in kind, while inviting disadvantaged groups to perform at tailgate events and encouraging employees to participate in social welfare activities as a means of integrating the company and its employees into the community and contributing to society. In 2023, Mechema did not have any operations with a significant actual or potential negative impact on the local community.

7.1 Support for Domestic Cultural Development

The Company invited Bird and Water Dance Ensemble to perform at the Company's year-end party to support the development of domestic cultural performances.

7.2 Support for the mentally and physically challenged at Guanyin Love Bakery

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

7.3 Community Involvement

Mechema actively participated in the celebrations held near the factory and donated to the Fude Temple in the Taoyuan City, Industrial District, and the Shulin Community of Taoyuan Cao Luo Fire Department in 2023.

7.4

Beach Cleanup Activities in Caota

In order to put the philosophy of ESG and the Company's corporate sustainable development policy into practice, the Company has organized beach cleanup activities to **contribute to global "marine debris monitoring"**

7.4 Beach Cleanup Activities in Caota

In order to put the philosophy of ESG and the Company's corporate sustainable development policy into practice, the Company has organized beach cleanup activities to **contribute to global "marine debris monitoring"**



Business activities that may impact the local community involve the following aspects:

- Factories' water withdrawal.

- Pollutant emission management.
- Waste management.

The Company did not perform activities with actual or potential significant negative impact on the local community as described above.

Appendix 1: GRI Standards Disclosure Comparison Table

GRI Standards	Disclosure Item2	Page	Description
General disclosures			
GRI 2: General Disclosures 2021	1. The organization and its reporting practices	2.13	
	2-1 Organizational details	30	
	2-2 Entities included in the organization's sustainability reporting	21	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	-	
	2-5 External assurance	95	
	2-6 Activities, value chain and other business relationships	17	
	2-7 Employees	70	
	2-8 Workers who are not employees	84	
	2-9 Governance structure and composition	30	
	2-10 Nomination and selection of the highest governance body	30	
	2-11 Chair of the highest governance body	30	
	2-12 Role of the highest governance body in overseeing the management of impacts	30	
	2-13 Delegation of responsibility for managing impacts	30.31	
	2-14 Role of the highest governance body in sustainability reporting	30.31	
	2-15 Conflicts of interest	42	
	2-16 Communication of critical concerns	46	
	2-17 Collective knowledge of the highest governance body	30	
	2-18 Evaluation of the performance of the highest governance body	30	
	2-19 Remuneration policies	32	
	2-20 Process to determine remuneration	32	
	2-21 Annual total compensation ratio	32	
	2-22 Statement on sustainable development strategy	46	
	2-23 Policy commitments	46	
	2-24 Embedding policy commitments	46	
	2-25 Processes to remediate negative impacts	46	
	2-26 Mechanisms for seeking advice and raising concerns	46	

2-27 Compliance with laws and regulations	46
2-28 Membership associations	26
2-29 Approach to stakeholder engagement	5
2-30 Collective bargaining agreements	79

GRI Content Index - Material Topic Index

GRI Standards	Disclosure Item2	Page	Description
Material Topic			
GRI 3: Material Topic Disclosure 2021	3-1 Process to determine material topics	9	
	3-2 List of material topics	9	
GRI 201: Economic Performance			
GRI 3: Material Topic Disclosure 2021	3-3 Management of material topics	10	
GRI 201: Economic Performance 2016			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	46	
	201-2 Financial implications and other risks and opportunities due to climate change	54.55.56.57	
	201-3 Defined benefit plan obligations and other retirement plans	76.81	
GRI 301: Materials			
GRI 3: Material Topic Disclosure 2021	3-3 Management of material topics	10	
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	53.54	
GRI 302: Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	10	
GRI 302: Energy 2016			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	50	
	302-2 Energy consumption outside of the organization	50	
	302-3 Energy intensity	50	
	302-4 Reduction of energy consumption	50	
GRI 305: Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	10	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	58	

	305-2 Energy indirect (Scope 2) GHG emissions	58
	305-3 Other indirect (Scope 3) GHG emissions	58
	305-4 GHG emissions intensity	58
	305-5 Reduction of GHG emissions	58
GRI 306: Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	59
	306-2 Management of significant waste-related impacts	59
	306-3 Waste generated	59
	306-5 Waste directed to disposal	59
GRI 401: Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	71
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	79
	401-3 Parental leave 129	81

GRI Content Index - Non-Material Topic Index

GRI Standards	Disclosure Item2	Page	Description
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	70	
	202-2 Proportion of senior management hired from the local community	73	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	23	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	42	
	205-2 Communication and training about anti-corruption policies and procedures	42	
	205-3 Confirmed incidents of corruption and actions taken	42	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	42	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	51	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	23	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	77	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	69	
	403-2 Hazard identification, risk assessment and incident investigation	69	
	403-3 Occupational health services	81	
	403-4 Worker participation, consultation, and communication on occupational health and safety	81	
	403-5 Worker training on occupational health and safety	76	
	403-6 Promotion of worker health	81	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	69	
	403-8 Workers covered by an occupational health and safety management system	69	
	403-9 Work-related injuries	69	

	403-10 Work-related ill health	69
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	76
	404-3 Percentage of employees receiving regular performance and career development reviews	76
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	77
	405-2 Ratio of basic salary and remuneration of women to men	73
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	72
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	82
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	82
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	23
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	23
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	23
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	46
	417-2 Incidents of non-compliance concerning product and service information and labeling	46
	417-3 Incidents of non-compliance concerning marketing communications	46
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	29

Appendix 2: Accountant's Independent Assurance Report

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

To: MECHEMA CHEMICALS INTERNATIONAL CORP.

1. Scope

We have been engaged by MECHEMA CHEMICALS INTERNATIONAL CORP. (the “Company”) to perform a limited assurance engagement in relation to and report on the selected sustainability information included in the Company’s 2023 Sustainability Report.

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

Management responsibility

The Company is responsible for the preparation of the Company’s 2023 Sustainability Report in accordance with appropriate criteria, including compiling in accordance with the core option of the GRI Sustainability Reporting Standards, and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Company’s 2023 Sustainability Report.

Independent Auditor’s Responsibility

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

2. Assurance

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

To conclude for limited assurance, our procedures performed included:

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

3. Limitations

Non-financial information contained within the Company’s 2023 Sustainability Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also, assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

4. Quality and Independence

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

5. Conclusion

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

KuoShuai Chen
Ernst & Young , Taiwan
August 7, 2024

Notice to Readers

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

Appendix A :

Number	Article title	Remarks	Applicable benchmarking
1	5.2.2 Total energy consumption	In 2023, the total energy consumption was 28,150 GJ, with purchased electricity accounting for 57%.	Company information
2	5.2.3 Water resource	Total water withdrawal was 104,175 tons, wastewater discharge was 84,463 tons, and total water consumption was 19,712 tons in 2023.	Company information
3	5.6 Waste management	The production of hazardous waste material was 6.74 tons in 2023.	Company information
4	5.11 Occupational safety and health	In 2023, there was no occupational accident. The rate of injury, occupational disease and loss of working days were all 0%.	Company information
5	7. Local community	Operational activities that impact local communities: ● water intake management ● pollutant emission management ● waste management In 2023, no negative news from the local community was reported at MECHEMA.	Company information
6	3.1.2 Selection of new suppliers	Specific and effective mechanisms and actions were taken by the Company to reduce the negative impact on the environment or society. The company has passed the "ISO14001:2015" environmental management system certification, the selected suppliers must meet the quality, reputation, delivery time, sample testing and	Company information

Number	Article title	Remarks	Applicable benchmarking
		other selection conditions stipulated in the Company's supplier control measures before they can be listed as qualified suppliers.	
7	5.2.1 Energy use	The production of Catalyst was 9,403 tons in 2023.	Company information

Table 1 Sustainability Disclosure Indicators - Chemical Industry

No.	Indicator	Indicator type	Annual disclosure	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, renewable energy utilization rate, and total self-consumption of energy	Quantitative	- Total energy consumption: 28,150 GJ. - Percentage of purchased electricity: 57%. - Renewable energy utilization rate and total self-consumption of energy: 0.	Gigajoule (GJ), percentage (%)	
2	Total water withdrawal, total water consumption, and wastewater (sewage) discharge, disclosed as required by law or voluntarily disclosed	Quantitative	- Total water withdrawal: 104,175 metric tons. - Total water consumption: 19,715 metric tons. - Wastewater and sewage discharge: 84,463 metric tons.	Metric tons Percentage (%)	
3	Total amount of hazardous waste generated during the product production process and the percentage of recycled hazardous waste, disclosed as required by law or voluntarily disclosed	Quantitative	- Total amount of hazardous waste: 6.74 t. - Percentage of hazardous waste recycled: 0%	Metric tons (t), rate	
4	Number and rate of occupational accident injuries	Quantitative	- There were no work-related injuries in 2023, with an injury rate of 0%. - There were no occupational disease incidents in 2023, with an occupational disease rate of 0%. - There was no incident where a worker became unable to work due to an occupational disease or an occupational	Rate (%), quantity	

			accident in 2023, with a lost day rate of 0%. The absence rate in 2023 was 0.8%.		
5	Business activities with actual or potential significant negative impact on the local community.	Qualitative description	Business activities that may impact the local community involve the following aspects: - Factories' water withdrawal. - Pollutant emission management. - Waste management. The Company did not perform activities with actual or potential significant negative impact on the local community as described above.	Not applicable	Chapter 5 Sustainable Environment
6	Concrete and effective mechanisms and actions taken by the company itself and its suppliers to reduce negative environmental or social impacts.	Qualitative description	The concrete and effective mechanisms and actions taken by the Company to reduce the negative impact on the environment are not applicable. We have passed the (ISO14001:2015) environmental management system certification. Only suppliers that meet the quality, reputation, delivery, sample testing and other selection criteria specified in the Company's Supplier Management System can they be included in the list of qualified suppliers.	Not applicable	Chapter 3 Supplier Management Chapter 5 Sustainable Environment
7	Product quality by product category	Quantitative	The output of oxidation catalysts in 2023 was 9,403 t.	Kilogram	Priced in kilograms.

